

February 18, 2019

Co-Chairs Senator Dembrow and Representative Power
Joint Committee on Carbon Reduction
900 Court St. NE
Salem, OR 97301

RE: Association of Oregon Counties Comments on HB 2020

Dear Co-Chairs Dembrow and Power,

Thank you for the opportunity to provide testimony on HB 2020 on behalf of the Association of Oregon Counties (AOC). AOC represents all 36 counties in Oregon and works to ensure that the fiscal health of counties and the state is maintained while working to ensure that vital public services are not damaged beyond repair and that all Oregon communities can grow and thrive. Representing Oregon counties since 1906, the Association of Oregon Counties unites counties to advocate, communicate, and educate through information sharing and consensus development.

AOC takes the issue of climate change and adaptation seriously and to that end, formed a Cap and Trade workgroup mid-way through 2018 to develop a set of principles that members of the workgroup agreed need to be included in any carbon-related legislation during the 2019 session. Our members, many of whom represent struggling rural counties, want to make sure that the local businesses that form the lifeblood of their communities are not negatively impacted by the imposition of a carbon cap and trade program. The principles adopted by our members include the following:

- All new transportation fuels revenue must go to the Highway Trust Fund, and all new transportation revenue from the program must be distributed via the long-standing 50-30-20 split that ensures resources reach all corners of the state;
- Support incentives and offsets protocols that reward early starters/compliers with Oregon existing renewable programs;

- Program designed and implemented to minimize the financial impact on existing Oregon manufacturing businesses, encouraging living wage jobs and increasing modern, clean energy practices;
- Complete legislative oversight on implementation of the program and investment proceeds; include local government electric officials in devising and recommending use of funds;
- Incentives and offsets to be closely tied to industry sectors where funds are generated to modernize and sustain an improved economy;
- Create a mechanism for regular legislative monitoring of increased costs to contain any upward spiraling;
- Do not create barriers to the ability to hire qualified/licensed contractors to perform infrastructure system projects with proceeds from the program;
- Ensure any offsets and incentives which are created reduce economic leakage and keep businesses in Oregon;
- Perform an economic analysis on impact to local governments; provide a funding mechanism to offset cost impacts;
- When expending funds in rural counties, create a mechanism for allocation that does not require huge administrative costs for applying for, monitoring and reporting expenditures;
- No emergency clause

Thank you for the opportunity to submit testimony on HB 2020.