House Bill 4159
Sponsored by Representatives KOTÉK, POWER, MARSH (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Modifies statewide greenhouse gas emissions reduction goals.
Authorizes Public Utilities Commission to allow rate or rate schedule to include differential rates or to reflect amounts for programs that enable public utilities to assist low-income residential customers. Authorizes commission to allow rate or rate schedule to reflect amounts for investments in infrastructure measures that support adoption of alternative forms of transportation vehicles.
Amends greenhouse gas reporting statute.
Requires Environmental Quality Commission to adopt by rule standards and requirements for reducing methane gas emissions from landfills.
Abolishes Oregon Global Warming Commission and transfers duties to Oregon Climate Board.
Provides for direct expedited review by Oregon Supreme Court of certain constitutional question related to Oregon Climate Action Program.
Requires and modifies certain reports and proposals.
Establishes Joint Committee on Climate Action.
Establishes Oregon Climate Board. Establishes within Oregon Department of Administrative Services, Climate Policy Office and Director of Climate Policy Office to advise on development of Oregon Climate Action Plan, on implementation of plan and on investments of state proceeds from program.
Declares emergency, effective on passage.

A BILL FOR AN ACT


Whereas increasing greenhouse gas emissions have warmed average temperatures in the Pacific Northwest two degrees Fahrenheit since 1900 and projections indicate that Oregon will warm by four to nine degrees Fahrenheit by 2100, creating unstable climate conditions that produce extreme weather events, recurrent drought, unpredictable snowpack and prolonged fire seasons; and

Whereas Oregonians are experiencing the effects of climate change in the form of devastating wildfires, extended smoke events, drinking and irrigation water shortages, ocean acidification, damage to marine ecosystems and food sources, loss of fish and wildlife habitat, severe harm to our agriculture, forestry and tourism industries, deterioration of natural and built infrastructure and an increase in the incidences of infectious diseases, asthma and other human health-related problems; and

Whereas the world’s leading climate scientists, including those in the Oregon Climate Change Research Institute, predict that these serious impacts of climate change will worsen if prompt action is not taken to curb greenhouse gas emissions; and

Whereas climate change has a disproportionate effect on impacted communities, such as Indian tribes, rural communities, coastal communities, workers, low-income households and people of color,

NOTE: Matter in boldfaced type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in boldfaced type.

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who typically have fewer resources for adapting to climate change and are therefore the most vul-
nerable to displacement, adverse health effects, job loss, property damage and other effects of cli-
mate change; and

Whereas increasing clean and renewable domestic energy resources and improving business and
household energy efficiency in Oregon will support critical community energy preparedness needs,
lower utility bills and support jobs that protect healthy, clean air; and

Whereas Oregon seeks to promote adaptation and resilience of the natural and built environ-
ment and to empower communities to identify and address climate change impacts; and

Whereas it is the intent of the Legislative Assembly to obtain reductions in greenhouse gas
emissions through a comprehensive, legally binding, market-based carbon pricing mechanism that
must lay out a predictable pathway to success, be flexible and adaptable to changing circumstances,
be based on best available science, recognize the benefit of Oregon’s natural and working lands in
reducing greenhouse gas emissions, invest resources in adaptation and resilience and be designed
to reduce emissions and to successfully transition to a clean energy economy with benefits available
to all Oregonians; and

Whereas linkage with other jurisdictions will create efficiencies, spur innovation and create
simplicity for businesses and can be balanced with the ability to maintain Oregon’s authority over
its greenhouse gas reduction, sequestration, mitigation, adaptation, resilience and transition activ-
ities; now, therefore,

Be It Enacted by the People of the State of Oregon:

STATEWIDE GREENHOUSE GAS EMISSIONS
REDUCTION GOALS

SECTION 1. ORS 468A.205 is amended to read:

468A.205. (1) The Legislative Assembly declares that it is the [policy] goal of this state to
achieve a reduction in anthropogenic greenhouse gas emissions levels in Oregon: [reduce
greenhouse gas emissions in Oregon pursuant to the following greenhouse gas emissions reduction
goals:]

[(a) By 2010, arrest the growth of Oregon’s greenhouse gas emissions and begin to reduce
greenhouse gas emissions.]

[(b) By 2020, achieve greenhouse gas levels that are 10 percent below 1990 levels.]

[(c) By 2050, achieve greenhouse gas levels that are at least 75 percent below 1990 levels.]

(a) To at least 45 percent below 1990 emissions levels by 2035; and

(b) To at least 80 percent below 1990 emissions levels by 2050.

(2) The Legislative Assembly declares that it is the policy of this state for state and local gov-
ernments, businesses, nonprofit organizations and individual residents to prepare for the effects of
global warming and by doing so, prevent and reduce the social, economic and environmental effects
of global warming.

(3) This section does not create any additional regulatory authority for an agency of the exec-
utive department as defined in ORS 174.112.

OREGON CLIMATE ACTION PROGRAM
(Statement of Purpose)
SECTION 2. (1) The Legislative Assembly finds and declares that the purposes of sections
2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to 59 of this 2020 Act are:
(a) To achieve a reduction in total levels of regulated emissions under sections 4 to 33
of this 2020 Act to at least 45 percent below 1990 emissions levels by 2035 and to achieve a
reduction in total regulated emissions levels to at least 80 percent below 1990 emissions levels
by 2050;
(b) To promote achievement of net-zero carbon dioxide emissions by all sectors of the
Oregon economy by 2050;
(c) To promote greenhouse gas emissions sequestration and mitigation;
(d) To promote the adaptation and resilience of this state’s natural and built
infrastructure, including forests, water systems, transportation systems and natural and
working lands, in the face of climate change;
(e) To empower eligible Indian tribes and local communities to identify and address the
impacts of climate disruption;
(f) To facilitate the development and adoption of new and existing technologies that re-
duce or sequester greenhouse gases; and
(g) To spur the development of family wage jobs by providing assistance to households,
businesses and workers impacted by climate change.
(2) Sections 2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to 59 of this 2020 Act and
the rules adopted pursuant to sections 2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to
59 of this 2020 Act may not be interpreted to limit the authority of any state agency to adopt
and implement measures to reduce greenhouse gas emissions.

(Chapter Placement)

SECTION 3. Sections 2 and 4 to 33 of this 2020 Act are added to and made a part of ORS
chapter 468A.

(General Regulatory Provisions)

SECTION 4. Definitions. As used in sections 2 and 4 to 33 of this 2020 Act:
(1) “Aggregation” means an approach for qualifying and quantifying offset projects, for
the purposes of reducing costs and increasing the development of offset projects, that allows
for the grouping together of two or more geographically separate activities undertaken by
one or more parties that result in reductions or removals of greenhouse gases in a similar
manner.
(2) “Allowance” means a tradable authorization to emit one metric ton of carbon dioxide
equivalent.
(3) “Annual allowance budget” means the number of allowances available to be allocated
during one year of the Oregon Climate Action Program.
(4) “Anthropogenic greenhouse gas emissions” means greenhouse gas emissions that are
not biogenic emissions.
(5) “Best available science” means science that:
(a) Maximizes the quality, objectivity and integrity of information, including statistical
information;
(b) Uses peer-reviewed and publicly available data; and
(c) Clearly documents and communicates risks and uncertainties in scientific citations.

(6) “Biogenic emissions” means carbon dioxide emissions generated from the combustion of biomass-derived fuels.

(7) “Biomass-derived fuels” includes:
(a) Nonfossilized and biodegradable organic material originating from plants, animals or microorganisms;
(b) Products, by-products, residues or waste from agriculture, forestry or related industries; and
(c) The nonfossilized and biodegradable organic fractions of industrial and municipal wastes, including gases and liquids recovered from:
(A) The decomposition of nonfossilized and biodegradable organic material originating from plants, animals or microorganisms; or
(B) Municipal solid waste disposed of in a landfill.

(8)(a) “Business unit” means a business operation that is located at a facility permitted as a single air contamination source under ORS 468.065, 468A.040 or 468A.155, but that is distinguishable from one or more other business operations located at the facility by:
(A) The short title and six-digit code in the North American Industry Classification System applicable to the business operation;
(B) Accounting practices for the business operation that maintain the finances for the business operation as distinct from the finances of other business operations located at the facility; and
(C) The capability of the business operation to operate separately and independently of other business operations at the facility if not colocated with the other business operations.
(b) “Business unit” does not mean a cogeneration facility.

(9) “Carbon dioxide equivalent” means the amount of carbon dioxide by weight that would produce the same global warming impact as a given weight of another greenhouse gas, based on considerations including but not limited to the best available science, including information from the Intergovernmental Panel on Climate Change.

(10) “Compliance instrument” means one allowance or one offset credit that may be used to fulfill a compliance obligation.

(11) “Compliance obligation” means the quantity of regulated emissions that are attributable to a covered entity, and for which compliance instruments must be retired, for a compliance period.

(12) “Consumer-owned utility” has the meaning given that term in ORS 757.270.

(13) “Covered entity” means a person that is designated by the Department of Environmental Quality as subject to the Oregon Climate Action Program.

(14) “Direct environmental benefits in this state” means:
(a) A reduction in or avoidance of emissions of any air contaminant in this state other than a greenhouse gas;
(b) A reduction in or avoidance of pollution of any of the waters of the state, as the terms “pollution” and “the waters of the state” are defined in ORS 468B.005; or
(c) An improvement in the health of natural and working lands in this state.

(15) “EITE entity” means a covered entity or an opt-in entity that is engaged in the manufacture of goods through one or more emissions-intensive, trade-exposed processes, as
further designated by the department pursuant to section 17 of this 2020 Act.

16) “Electric company” has the meaning given that term in ORS 757.600.

17) “Electricity service supplier” has the meaning given that term in ORS 757.600.

18) “Electric system manager” includes any entity that, as needed, operates or markets electricity generating facilities, or purchases wholesale electricity, to manage the load for wholesale or retail electricity customers within a balancing authority area that is at least partially located in Oregon, including but not limited to the following types of entities:
(a) Electric companies.
(b) Electricity service suppliers.
(c) Consumer-owned utilities.
(d) The Bonneville Power Administration.
(e) Electric generation and transmission cooperatives.

19) “Eligible Indian tribe” means each of the Burns Paiute Tribe, the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, the Confederated Tribes of the Grand Ronde Community of Oregon, the Confederated Tribes of Siletz Indians of Oregon, the Confederated Tribes of the Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation of Oregon, the Coquille Indian Tribe, the Cow Creek Band of Umpqua Tribe of Indians and the Klamath Tribes.

20) “General market participant” means a person that is not a covered entity or an opt-in entity and that intends to purchase, hold, sell or voluntarily surrender compliance instruments.

21) “Greenhouse gas” includes, but is not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride.

22) “Impacted community” means a community at risk of being disproportionately impacted by climate change as designated by the department under section 26 of this 2020 Act.

23) “Indian trust lands” means lands within this state held in trust by the United States for the benefit of an eligible Indian tribe or individual members of an eligible Indian tribe.

24) “Multistate jurisdictional electric company” means an electric company that serves electricity customers in both Oregon and one or more other states.

25) “Natural and working lands” means:
(a) Lands and waters:
(A) Actively used by an agricultural owner or operator for an agricultural operation that includes, but need not be limited to, active engagement in farming or ranching;
(B) Producing forest products;
(C) Consisting of forests, woodlands, grasslands, sagebrush steppes, deserts, freshwater and riparian systems, wetlands, coastal and estuarine areas, the submerged and submersible lands within Oregon’s territorial sea, watersheds, wildlands or wildlife habitats; or
(D) Used for recreational purposes such as parks, urban and community forests, trails, greenbelts and other similar open space land; and
(b) Lands and waters described in paragraph (a) of this subsection that are Indian trust lands or lands within the boundaries of the reservation of an eligible Indian tribe.

26) “Natural gas supplier” means any entity that is not a natural gas utility and:
(a) That procures natural gas for end use in this state; or
(b) That owns natural gas as it is imported into this state for end use in this state.

27) “Natural gas utility” means a natural gas utility regulated by the Public Utility
Commission under ORS chapter 757.

(28) “Offset credit” means a tradable credit generated by an offset project that repres-
ents a greenhouse gas emissions reduction or removal of one metric ton of carbon dioxide
equivalent.

(29) “Offset project” means a project that reduces or removes greenhouse gas emissions
that are not regulated emissions.

(30) “Opt-in entity” means a person that is not designated as a covered entity by the
department and that voluntarily chooses to participate in the Oregon Climate Action Pro-
gram as if the entity were a covered entity.

(31) “Oregon Climate Action Program” means the program adopted by rule by the Envi-
ronmental Quality Commission under section 5 (1) of this 2020 Act and in accordance with
the provisions of sections 4 to 33 of this 2020 Act.

(32) “Permitted air contamination source” means an air contamination source as defined
in ORS 468A.005 for which a permit is issued by the department pursuant to ORS 468.065,
468A.040 or 468A.155.

(33) “Registered entity” means a covered entity, opt-in entity or general market partic-
ipant that has successfully registered to participate in the Oregon Climate Action Program.

(34) “Regulated emissions” means the verified anthropogenic greenhouse gas emissions
reported by or assigned to a covered entity or opt-in entity under ORS 468A.280 that the
commission determines by rule are anthropogenic greenhouse gas emissions regulated under
sections 4 to 33 of this 2020 Act.

(35) “Surrender” means to transfer a compliance instrument to the department to fulfill
a compliance obligation or on a voluntary basis.

SECTION 5. Adoption of program; general provisions. (1)(a) The Environmental Quality
Commission, in consultation with the Oregon Climate Board, shall adopt an Oregon Climate
Action Program by rule in accordance with ORS chapter 183 and sections 4 to 33 of this 2020
Act. The program shall:

(A) Place a cap on the total anthropogenic greenhouse gas emissions that are regulated
emissions through setting annual allowance budgets for 2022 to 2050; and

(B) Provide a market-based mechanism for covered entities to demonstrate compliance
with the program.

(b)(A) The annual allowance budget for 2022 shall be a number of allowances equal to
baseline emissions as calculated under paragraph (c) of this subsection.

(B) In 2023 and each following calendar year before 2036, the number of allowances
available in each annual allowance budget shall decline by a constant amount as necessary
to accomplish a reduction in total regulated emissions levels to at least 45 percent below 1990
emissions levels by 2035.

(C) In 2036 and each following calendar year before 2051, the number of allowances
available in each annual allowance budget shall decline by a constant amount as necessary
to accomplish a reduction in total regulated emissions levels to at least 80 percent below 1990
emissions levels by 2050.

(c) The Department of Environmental Quality shall calculate baseline emissions to be
equal to a forecast of regulated emissions for 2022, informed by the three-year average of the
total, expressed in metric tons of carbon dioxide equivalent, of anthropogenic greenhouse gas
emissions attributable to all persons that the department designates to be covered entities
under the program. In calculating baseline emissions, the department shall use greenhouse
gas emissions information from the three most recent years prior to 2022 for which
greenhouse gas emissions information is available and confirmed by the department. The
department shall exclude from the calculation of baseline emissions those greenhouse gas
emissions during the three most recent years prior to 2022 that would not have been regu-
lated emissions if the Oregon Climate Action Program had been in effect during the time
that the greenhouse gas emissions occurred.

(2) Subject to section 6 of this 2020 Act, the department shall designate persons as cov-
ered entities as follows:

(a) Except as provided in paragraphs (b) and (c) of this subsection, the department shall
designate a permitted air contamination source as a covered entity if the annual regulated
emissions attributable to the air contamination source meet or exceed 25,000 metric tons of
carbon dioxide equivalent.

(b) For the purpose of regulating anthropogenic greenhouse gas emissions attributable
to the generation of electricity in this state, the department shall designate a permitted air
contamination source as a covered entity if the applicable code to the permitted air con-
tamination source under the North American Industry Classification System is 221112 and
the permitted air contamination source is a natural gas powered electric power generation
facility, regardless of whether the annual regulated emissions attributable to the permitted
air contamination source meet or exceed 25,000 metric tons of carbon dioxide equivalent.

(c) If a permitted air contamination source is a facility composed of two or more business
units colocated with a cogeneration facility that generates energy utilized by the permitted
air contamination source, the department shall designate the permitted air contamination
source as a covered entity for each individual business unit with annual regulated emissions
attributable to the business unit that meet or exceed 25,000 metric tons of carbon dioxide
equivalent. A person designated as a covered entity under this paragraph shall be a covered
entity only for addressing the annual regulated emissions attributable to the business units
for which the person is designated as a covered entity. For the purposes of this paragraph,
the department shall attribute to a business unit the annual regulated emissions from the
cogeneration facility colocated with the business unit that are proportionate to the annual
energy usage of the business unit.

(d) The department shall designate an electric system manager as a covered entity for
the purpose of addressing annual regulated emissions from outside this state that are attri-
butable to the generation of electricity that the electric system manager schedules for
delivery and consumption in this state, including wholesale market purchases for which the
energy source for the electricity is not known, and accounting for transmission and distrib-
ution line losses. For the purposes of this paragraph, the department may adopt rules as
necessary to address electricity scheduled for delivery and consumption in this state through
an energy imbalance market or other centralized market administered by a market operator.

(e) The department shall designate a natural gas supplier as a covered entity for the
purpose of addressing annual regulated emissions that are attributable to the combustion
of natural gas that is sold by the natural gas supplier for use in this state and that is either
directly consumed by or resold to persons that are not designated as covered entities under
paragraph (a), (b) or (c) of this subsection.

(f) The department shall designate a natural gas utility as a covered entity for the pur-
pose of addressing annual regulated emissions that are attributable to the combustion of natural gas that the natural gas utility imports, sells or distributes for use in this state and that are not emissions accounted for through the regulation of permitted air contamination sources under paragraph (a), (b) or (c) of this subsection or natural gas suppliers under paragraph (e) of this subsection.

(g) The department shall designate as covered entities persons not described in paragraphs (e) and (f) of this subsection that produce in Oregon, or import into Oregon, fuel that is sold or distributed for use in this state, as necessary to address annual regulated emissions that are attributable to the combustion of the fuel.

(3) The commission shall adopt rules for the market-based compliance mechanism required by subsection (1) of this section that include, but need not be limited to:

(a) Rules allowing for the trading of compliance instruments;
(b) Rules allowing registered entities to bank and carry forward allowances;
(c) Rules prohibiting the borrowing of allowances from future compliance periods;
(d) Rules allowing opt-in entities and general market participants to participate in the Oregon Climate Action Program; and
(e) Compliance periods, standards for calculating compliance obligations and procedures for covered entities and opt-in entities to fulfill their compliance obligations.

(4) The department shall require a covered entity or opt-in entity to surrender to the department the quantity of compliance instruments necessary to fulfill the covered entity’s or opt-in entity’s compliance obligation no later than the surrender date specified by the commission by rule or order.

(5) For purposes of determining the compliance obligation for a covered entity that is an electric system manager, electricity scheduled by the electric system manager that is generated from a renewable energy resource, regardless of the disposition of the renewable energy certificate associated with the electricity, shall be considered to have the emissions attributes of the underlying renewable energy resource.

(6) A natural gas utility or natural gas supplier that delivers natural gas to a customer that is a covered entity or opt-in entity may not include in the rate or bill charged to the customer any costs associated with compliance by the natural gas utility or natural gas supplier with sections 4 to 33 of this 2020 Act.

(7) In addition to any penalty provided by law, rules adopted by the commission:
(a) Shall require a covered entity or opt-in entity that fails to timely surrender to the department a sufficient quantity of compliance instruments to fulfill a compliance obligation to surrender to the department a number of compliance instruments that is in addition to the entity’s compliance obligation; and
(b) May establish a process for placing restrictions on the holding account of a registered entity determined to have engaged in a violation of a provision of sections 4 to 33 of this 2020 Act or rules adopted under sections 4 to 33 of this 2020 Act.

(8) A compliance instrument issued by the department does not constitute property or a property right.

(9)(a) All covered entities, opt-in entities and general market participants must register as registered entities to participate in the Oregon Climate Action Program.
(b) The commission shall adopt by rule registration requirements and any additional requirements necessary for registered entities to participate in auctions administered pursuant
SECTION 6. Exemptions and exclusions. (1) The Environmental Quality Commission shall exempt from regulation as a covered entity under sections 4 to 33 of this 2020 Act a cogeneration facility, as defined in ORS 758.505, that is owned or operated by a public university listed in ORS 352.002 or by the Oregon Health and Science University established under ORS 353.020.

(2) The commission shall exclude from regulated emissions under sections 4 to 33 of this 2020 Act:

(a) Greenhouse gas emissions from the combustion of fuel that is demonstrated to have been used as aviation fuel or as fuel in watercraft or railroad locomotives; and

(b) The emissions attributable to a landfill, as defined in ORS 459.005.

(3) For purposes of section 5 (2)(g) of this 2020 Act, the commission may exempt from designation as a covered entity any person that imports in a calendar year less than a de minimis amount of gasoline and diesel fuel, in total, as determined by the commission by rule. Gasoline and diesel fuel imported by persons that are related or share common ownership or control shall be aggregated in determining whether a person may be exempted under this subsection.

SECTION 7. Allocation of allowances, generally. The Department of Environmental Quality shall allocate the allowances available in each annual allowance budget as follows:

(1) The department shall allocate a number of the allowances for deposit in an allowance price containment reserve.

(2) The department may allocate a number of the allowances for deposit in a voluntary renewable electricity generation reserve. The Environmental Quality Commission shall adopt rules for the distribution of allowances from the voluntary renewable electricity generation reserve for voluntary renewable electricity generated by generating facilities that begin operations on or after January 1, 2022.

(3) The department shall allocate a number of the allowances for retirement as necessary to meet statutory requirements for retirement of allowances under the Oregon Climate Action Program.

(4) The department shall allocate a number of the allowances for direct distribution at no cost to covered entities that are electric companies pursuant to rules adopted under section 13 of this 2020 Act.

(5) The department shall allocate a number of the allowances for direct distribution at no cost to covered entities that are electric system managers other than electric companies pursuant to section 14 of this 2020 Act.

(6) The department shall allocate a number of the allowances for deposit in an electricity price containment reserve. Allowances may be directly distributed at no cost from the electricity price containment reserve only when the distribution is necessary to protect electricity ratepayers from cost increases associated with unexpected increases in regulated emissions attributable to an electric system manager that are outside of the control of the electric system manager, including but not limited to unexpected increases in regulated emissions due to hydroelectric power generation variability. The commission shall adopt rules for electric system managers to apply for direct distribution at no cost of allowances from the electricity price containment reserve. The rules shall prioritize distribution of allowances from the electricity price containment reserve to electric system managers that
experience unexpected increases in regulated emissions attributable to variation in hydro-
electric power generation to serve the load of electricity customers in Oregon.

(7) The department shall allocate a number of the allowances for direct distribution at
no cost to covered entities that are natural gas utilities pursuant to rules adopted under
section 16 of this 2020 Act.

(8) In order to mitigate leakage and pursuant to sections 17 and 19 of this 2020 Act, the
department shall allocate a number of the allowances for direct distribution at no cost to
covered entities and opt-in entities that are EITE entities.

(9) The department shall allocate a number of the allowances for deposit in an
emissions-intensive, trade-exposed process reserve. Allowances in the emissions-intensive,
trade-exposed process reserve may be directly distributed at no cost only to:
(a) EITE entities pursuant to rules adopted under section 19 (8) of this 2020 Act; or
(b) An EITE entity designated as such pursuant to section 17 (2)(a) of this 2020 Act.

(10) The department may allocate a number of the allowances for deposit in any other
reserves or accounts that the commission establishes by rule and as the department deter-
mines is necessary.

(11) The department shall allocate the allowances that are not otherwise allocated pur-
suant to subsections (1) to (10) of this section for deposit in an auction holding account for
auction pursuant to section 27 of this 2020 Act. If allowances deposited in the auction holding
account under this subsection remain unsold after two or more consecutive auctions held
pursuant to section 27 of this 2020 Act, the department may redistribute the unsold allow-
ances to the allowance price containment reserve described in subsection (1) of this section.

SECTION 8. Retirement of allowances for certain electric system managers. (1) In 2022
and each following calendar year before 2051, the Department of Environmental Quality shall
retire from the annual allowance budget, on behalf of a covered entity that is an electric
system manager, a number of allowances equal to the regulated emissions attributable to a
consumer-owned utility, if the three-year average of the annual anthropogenic greenhouse
gas emissions attributable to electricity that is scheduled, by the consumer-owned utility or
by an electric generation and transmissions cooperative, for final delivery by the consumer-
owned utility for consumption in this state is less than 25,000 metric tons of carbon dioxide
equivalent.

(2) Allowances directly retired by the department on behalf of a covered entity under this
section shall count toward fulfilling the covered entity’s compliance obligation for the com-
pliance period during which the allowances are directly retired.

SECTION 9. Retirement of allowances for covered entities that are natural gas powered
electric power generation facilities. (1) In 2022 and each following calendar year before 2027,
the Department of Environmental Quality shall retire from the annual allowance budget, on
behalf of a covered entity described in section 5 (2)(b) of this 2020 Act, a number of allow-
ances equal to the regulated emissions that are attributable to the generation in this state
by the covered entity of electricity that is:
(a) Delivered to and consumed in another state, accounting for transmission and distri-
bution line losses; and
(b) For which the capital and fuel costs associated with the generation are included in
the rates of a multistate jurisdictional electric company that are charged to electricity cus-
tomers in a state other than Oregon.
(2) Allowances directly retired by the department on behalf of a covered entity under this section shall count toward fulfilling the covered entity's compliance obligation for the compliance period during which the allowances are directly retired.

SECTION 10. Section 9 of this 2020 Act is repealed on January 2, 2027.

SECTION 11. Retirement of allowances for certain motor vehicle fuel importers and suppliers. (1) As used in this section:

(a) “Metropolitan planning area” has the meaning given that term in 49 U.S.C. 5303 (b).

(b) “Motor vehicle fuel” means any combustible gas, liquid or material of a kind used as fuel for the generation of power to propel a motor vehicle.

(2) The Department of Environmental Quality, in consultation with the Department of Transportation, shall by rule divide the State of Oregon into a standard implementation effect region and a delayed implementation effect region for purposes of phasing in the effect of the Oregon Greenhouse Gas Initiative on motor vehicle fuel prices for motor vehicle fuel delivered into the fuel tanks for propelling motor vehicles at delivery points located within the two regions. Rules adopted under this section must:

(a) Include in the standard implementation effect region, at a minimum, all areas within the boundary of the metropolitan planning area that includes Portland; and

(b) Take into account any factors relevant to the proportionate amount of greenhouse gas emissions attributable to transportation within the two regions.

(3) In 2022 and each following calendar year before 2025, the department shall retire from the annual allowance budget, on behalf of a covered entity described in section 5 (2)(d) of this 2020 Act, a number of allowances equal to 100 percent of regulated emissions attributable to the combustion of motor vehicle fuel that is:

(a) Produced in Oregon, or imported into Oregon, by the covered entity; and

(b) Delivered into a fuel tank used for propelling a motor vehicle at a delivery point with a zip code that is located within the boundary of the delayed implementation effect region established by rule under this section.

(4) Allowances directly retired by the department on behalf of a covered entity under this section shall count toward fulfilling the covered entity’s compliance obligation for the compliance period during which the allowances are directly retired. A covered entity may not include in the rate or bill charged for motor vehicle fuel delivered at a delivery point for which allowances are directly retired under this section any costs associated with compliance by the covered entity with the Oregon Climate Action Program.

SECTION 12. Section 11 of this 2020 Act is repealed on January 2, 2025.

SECTION 13. Direct distribution of allowances for electric companies. The Environmental Quality Commission shall, in consultation with the Public Utility Commission, adopt rules for allocating allowances for direct distribution at no cost to covered entities that are electric companies. Direct distributions under this section must be for the exclusive benefit of retail customers that are supplied electricity by the electric company. Rules adopted under this section must allow for an electric company to use allowances directly distributed under this section to fulfill the compliance obligation associated with electricity supplied by the electric company to serve the load of the electric company’s retail customers in Oregon, subject to the oversight of the Public Utility Commission. The rules must include provisions necessary to implement direct distributions of allowances to electric companies as follows:

(1)(a) For the purpose of aligning the effects of sections 4 to 33 of this 2020 Act with the
trajectory of emissions reductions by electric companies resulting from the requirements of ORS 469A.005 to 469A.210 and 757.518:

(A) The annual direct distributions to an electric company in 2022 and each following calendar year before 2030 must be in a number of allowances such that the electric company receives a total direct distribution of allowances over that time period equal to 100 percent of the electric company's forecast regulated emissions for 2022 and each following calendar year before 2030 associated with the electricity supplied to serve the load of the electric company's retail customers in Oregon; and

(B) The direct distribution to an electric company in 2030 must be in a number of allowances equal to 100 percent of the electric company's forecast regulated emissions associated with the electricity supplied to serve the load of the electric company's retail electricity customers in Oregon for the calendar year 2030.

(b) For purposes of this subsection, forecast regulated emissions for an electric company must be based on or contained in the following, as of January 1, 2022:

(A) The most recent integrated resource plan filed by the electric company and acknowledged by order by the Public Utility Commission;

(B) Any updates to the integrated resource plan filed by the electric company with the Public Utility Commission; or

(C) In the case of a multistate jurisdictional electric company, other information developed consistent with a methodology approved by the Public Utility Commission.

(2) In 2031 and each following calendar year before 2051, the direct distribution to an electric company under this section shall decline annually from the number of allowances directly distributed to the electric company in 2030 by a constant amount, as necessary to reduce the annual direct distributions such that the direct distribution in 2050 is a number of allowances equal to 20 percent of the average of the annual emissions of the electric company for the five most recent years prior to the effective date of this 2020 Act, as reported under ORS 468A.280.

SECTION 14. Direct distribution of allowances for certain electric system managers. (1)
The Department of Environmental Quality shall allocate allowances for direct distribution at no cost to covered entities that are electric system managers other than electric companies as follows:

(a) The direct distribution to an electric system manager under this subsection in 2022 shall be in a number of allowances equal to 100 percent of the anthropogenic greenhouse gas emissions that are:

(A) The electric system manager's 2022 baseline emissions attributable to electricity scheduled by the electric system manager for final delivery by consumer-owned utilities for consumption in this state; and

(B) Not regulated emissions for which the department has retired allowances on behalf of the electric system manager.

(b) In 2023 and each following calendar year before 2051, the direct distribution received by an electric system manager for emissions described in paragraph (a) of this subsection shall decline annually by a constant amount proportionate to the decline in the number of allowances available in annual allowance budgets pursuant to section 5 (1)(b) of this 2020 Act.

(c) Notwithstanding paragraph (b) of this subsection, the direct distribution to an electric system manager in any year may not be in a number of allowances that is less than 20 per-
cent of the number of allowances directly distributed to the electric system manager in 2022. 

(2) Proceeds from the sale by a consumer-owned utility of allowances distributed at no cost under this section must be used by the consumer-owned utility for the benefit of ratepayers, in furtherance of the purposes set forth in section 2 of this 2020 Act and as further required by the governing body of the consumer-owned utility.

(3) The governing body of a consumer-owned utility that receives or sells directly distributed allowances under this section shall, no later than September 15 of each even-numbered year, submit a report to the Joint Committee on Climate Action on the use by the consumer-owned utility of the directly distributed allowances. The report must include, but not be limited to, a description of the uses by the consumer-owned utility of proceeds from the sale of allowances distributed to the consumer-owned utility under this section.

SECTION 15. 2022 emissions baseline for electric system managers. In determining the baseline of anthropogenic greenhouse gas emissions for 2022 for an electric system manager as required by section 14 (1)(a)(A) of this 2020 Act, the Department of Environmental Quality shall consider:

(1) Anthropogenic greenhouse gas emissions information available for the electric system manager for representative years prior to 2022, as reported under ORS 468A.280;

(2) Hydroelectric power generation variability;

(3) Increases in load requirements anticipated to occur on or before January 1, 2025, due to acquisitions of large industrial customers not previously served by the electric system manager; and

(4) Any other indicators of changes in load requirements on or before January 1, 2025, that are relevant to determining an electric system manager’s 2022 baseline anthropogenic greenhouse gas emissions.

SECTION 16. Direct distribution of allowances for natural gas utilities. (1) The Environmental Quality Commission shall, in consultation with the Public Utility Commission, adopt rules for allocating allowances for direct distribution at no cost to covered entities that are natural gas utilities.

(2) Rules adopted under this section must allow for a natural gas utility to receive, directly distributed at no cost, a number of allowances equal to the regulated emissions attributable to the provision of natural gas service to the natural gas utility's low-income residential sales customers. By January 1 of the first year of each compliance period, the Environmental Quality Commission shall determine, after consultation with the Public Utility Commission, the quantity of allowances to distribute directly at no cost to a natural gas utility under this subsection. Allowances distributed to a natural gas utility under this subsection must be used by the natural gas utility only to fulfill a compliance obligation, with the benefit of the use accruing to the natural gas utility’s low-income residential sales customers in a manner authorized by the Public Utility Commission pursuant to section 61 of this 2020 Act.

(3) Subject to subsection (4) of this section and in addition to the direct distribution provided under subsection (2) of this section, rules adopted under this section must allow for a natural gas utility to receive directly distributed allowances at no cost as follows:

(a) The annual direct distribution to a natural gas utility in 2022 must be a number of allowances equal to 60 percent of the weather normalized anthropogenic greenhouse gas emissions forecast, for 2022, to be regulated emissions attributable to the natural gas utility.
(b) In 2023 and each following calendar year before 2051, the direct distribution received by a natural gas utility for emissions described in paragraph (a) of this subsection shall decline annually by a constant amount proportionate to the decline in the number of allowances available in annual allowance budgets pursuant to section 5 (1)(b) of this 2020 Act.

(4) The total annual direct distribution of allowances to a natural gas utility under subsections (2) and (3) of this section may not exceed a number of allowances equal to 75 percent of the weather normalized anthropogenic greenhouse gas emissions attributable to the natural gas utility for the year that the allowances are to be directly distributed. The Department of Environmental Quality shall reduce the number of allowances directly distributed under subsection (3) of this section for a year if necessary to comply with this subsection.

(5) The department shall require a natural gas utility to consign all allowances directly distributed under subsection (3) of this section to the state to be auctioned pursuant to section 27 of this 2020 Act.

SECTION 17. Designation of covered entities and opt-in entities engaged in emissions-intensive, trade-exposed processes as EITE entities. (1) The Department of Environmental Quality shall designate a covered entity or opt-in entity as an EITE entity, if the covered entity or opt-in entity is a permitted air contamination source and is engaged, as of the operative date of this section and as may be verified by the department, in the manufacture of goods through one or more of the following emissions-intensive, trade-exposed processes, as identified by industry group and code in the North American Industry Classification System:

(a) Aerospace Product and Parts Manufacturing, code 3364.
(b) Basic Chemical Manufacturing, code 3251.
(c) Cement and Concrete Product Manufacturing, code 3273.
(d) Foundries, code 3315.
(e) Fruit and Vegetable Preserving and Specialty Food Manufacturing, code 3114.
(f) Glass and Glass Product Manufacturing, code 3272.
(g) Iron and Steel Mills and Ferroalloy Manufacturing, code 3311.
(h) Lime and Gypsum Product Manufacturing, code 3274.
(i) Nonmetallic Mineral Mining and Quarrying, code 2123.
(j) Other Nonmetallic Mineral Product Manufacturing, code 3279.
(k) Plastics Product Manufacturing, code 3261.
(L) Pulp, Paper, and Paperboard Mills, code 3221.
(m) Sawmills and Wood Preservation, code 3211.
(n) Semiconductor and Other Electronic Component Manufacturing, code 3344.
(o) Veneer, Plywood, and Engineered Wood Product Manufacturing, code 3212.

(2)(a) The Environmental Quality Commission shall adopt by rule a procedure for designating as an EITE entity a covered entity or opt-in entity that:

(A) Begins manufacturing a good or goods in this state after the operative date of this section through an emissions-intensive, trade-exposed process listed in subsection (1) of this section; or

(B) Manufactures a good or goods through a process not listed in subsection (1) of this section that the commission, by rule, identifies as an emissions-intensive, trade-exposed process.

(b) The commission may hire or contract with a third-party organization to assist the
commission in gathering data and conducting analyses as necessary to carry out the pro-
dure required by this subsection.

(c) Rules adopted under this subsection may allow for the department to assign a good
manufactured by a covered entity or opt-in entity designated as an EITE entity pursuant to
this subsection a temporary benchmark, consistent with the processes for calculating
benchmarks under section 19 of this 2020 Act, and to adjust the temporary benchmark after
the close of the first compliance period for which the EITE entity must fulfill a compliance
obligation.

(3) A covered entity or opt-in entity that is a fossil fuel distribution and storage facility
or infrastructure, or an electric generating unit, may not be designated as an EITE entity
and may not receive allowances at no cost under section 19 of this 2020 Act.

SECTION 18. Leakage risk study. (1) No later than September 15, 2021, the Department
of Environmental Quality shall complete a study on the leakage risk of permitted air con-
tamination sources in this state that report annual verified anthropogenic greenhouse gas
emissions under ORS 468A.280 of between 10,000 and 25,000 metric tons of carbon dioxide
equivalent. The department may hire or contract with a third-party organization to assist
the department in gathering data and conducting analyses as necessary to assist the de-
partment in carrying out the study required by this section.

(2) The purpose of the study shall be to evaluate the emissions intensiveness and trade
exposure of the permitted air contamination sources described in subsection (1) of this sec-
tion and to aid the department in implementing the process for designation of EITE entities
adopted by rule under section 17 (2) of this 2020 Act.

(3) The department shall provide a report on the study to the Joint Committee on Cli-
mate Action in the manner provided in ORS 192.245.

SECTION 19. Direct distribution of allowances for EITE entities. (1) As used in this sec-
tion, “annual benchmarked emissions calculation” means the product of an emissions effi-
ciency benchmark for a good or group of goods, multiplied by the EITE entity's output,
during the calendar year prior to the calendar year in which allowances will be allocated for
direct distribution at no cost to the EITE entity, of the good or group of goods to which the
emissions efficiency benchmark applies.

(2) The annual allocation of allowances for direct distribution at no cost to an EITE en-
tity shall be a number of allowances equal to the sum total of the annual benchmarked
emissions calculations for the goods manufactured by the EITE entity, multiplied by 95 per-
cent.

(3) The Department of Environmental Quality shall establish, by order, the emissions
efficiency benchmarks for goods manufactured in this state by EITE entities.

(4) In establishing the emissions efficiency benchmarks, the department may:
(a) Establish an emissions efficiency benchmark separately for each individual good
manufactured in this state by an EITE entity; or
(b) Establish a single emissions efficiency benchmark for a group of goods manufactured
in this state by an EITE entity, if the department determines that the anthropogenic
greenhouse gas emissions attributable to the manufacture of each of the goods in the group:
(A) Are not materially different in quantity; or
(B) Cannot be distinguished as emissions attributable to any one of the goods in the

group.
(5)(a) The department shall establish emissions efficiency benchmarks based on recent years' efficiency as provided in this subsection. An emissions efficiency benchmark established based on recent years' efficiency shall be applicable for the period beginning January 1, 2022, and ending December 31, 2025. To determine each emissions efficiency benchmark, the department shall:

(A) Calculate the three-year average of the total, expressed in metric tons of carbon dioxide equivalent, of the anthropogenic greenhouse gas emissions attributable to the manufacture of the good or group of goods for which the EITE entity would have been the regulated covered entity if the Oregon Climate Action Program had been in effect during the time that the anthropogenic greenhouse gas emissions occurred; and

(B) Divide the number calculated under subparagraph (A) of this paragraph by the three-year average of the total annual output of the good or group of goods in this state by the EITE entity, using output data from the three most recent years prior to 2022.

(b) In conducting the calculation required by paragraph (a)(A) of this subsection, the department shall use anthropogenic greenhouse gas emissions information from the three most recent years prior to 2022 for which anthropogenic greenhouse gas emissions information is available and verified by the department.

(6) An EITE entity may file with the department a written request for a contested case hearing to challenge an order establishing the emissions efficiency benchmarks for goods produced by the EITE entity. The request shall be filed within 30 days after the date the order was entered. If an EITE entity requests a hearing, the hearing shall be conducted in accordance with the provisions applicable to contested case proceedings under ORS chapter 183.

(7) In order to implement this section, the Environmental Quality Commission shall adopt by rule:

(a) A means for attributing an EITE entity's anthropogenic greenhouse gas emissions to the manufacture of individual goods or groups of goods;

(b) Requirements for EITE entities to provide any pertinent records necessary for the department to verify output data; and

(c) A process for adjusting an allocation of allowances for direct distribution at no cost, if necessary, to reconcile for output variability or type of good.

(8) The commission shall adopt by rule a process for EITE entities to apply to the department for an adjustment to the allocation of allowances for direct distribution at no cost that the EITE entity may receive. The department may grant an adjustment under this subsection only for a significant change beyond the control of the EITE entity in the anthropogenic greenhouse gas emissions attributable to the manufacture of a good or group of goods in this state by the EITE entity, based on a finding by the department that the adjustment is necessary to accommodate changes to the manufacturing process that have a material impact on anthropogenic greenhouse gas emissions. Rules adopted under this subsection may provide for the department to contract with an external third-party expert to assist the department in making individual determinations on applications for adjustments.

SECTION 20. Operation of emissions efficiency benchmarks based on best available technology. (1) The amendments to section 19 of this 2020 Act by section 21 of this 2020 Act become operative on January 1, 2026.

(2) The Department of Environmental Quality shall first establish, by order, emissions
efficiency benchmarks based on best available technology for EITE entities under the amendments to section 19 of this 2020 Act by section 21 of this 2020 Act no later than January 1, 2025. An order issued under this subsection may not become effective prior to January 1, 2026.

(3) The Environmental Quality Commission may adopt or amend rules, issue orders or take any actions before the operative date specified in subsection (1) of this section that are necessary to enable the commission and the department, on and after the operative date specified in subsection (1) of this section, to carry out subsection (2) of this section and the amendments to section 19 by section 21 of this 2020 Act.

SECTION 21. Section 19 of this 2020 Act is amended to read:

Sec. 19. (1) As used in this section,

(a) “Annual benchmarked emissions calculation” means the product of an emissions efficiency benchmark for a good or group of goods, multiplied by the EITE entity’s output, during the calendar year prior to the calendar year in which allowances will be allocated for direct distribution at no cost to the EITE entity, of the good or group of goods to which the emissions efficiency benchmark applies.

(b) “Best available technology” means the fuels, processes, equipment and technology that will most effectively reduce the regulated emissions:

(A) For which an EITE entity must meet a compliance obligation; and

(B) That are associated with the manufacture by an EITE entity of a good, without changing the characteristics of the good being manufactured, that is technically feasible, commercially available, economically viable and compliant with all applicable laws.

(2) The annual allocation of allowances for direct distribution at no cost to an EITE entity shall be a number of allowances equal to the sum total of the annual benchmarked emissions calculations for the goods manufactured by the EITE entity, multiplied by 95 percent.

(3) The Department of Environmental Quality shall establish, by order, the emissions efficiency benchmarks for goods manufactured in this state by EITE entities.

(4) In establishing the emissions efficiency benchmarks, the department may:

(a) Establish an emissions efficiency benchmark separately for each individual good manufactured in this state by an EITE entity; or

(b) Establish a single emissions efficiency benchmark for a group of goods manufactured in this state by an EITE entity, if the department determines that the anthropogenic greenhouse gas emissions attributable to the manufacture of each of the goods in the group:

(A) Are not materially different in quantity; or

(B) Cannot be distinguished as emissions attributable to any one of the goods in the group.

[(5)(a) The department shall establish emissions efficiency benchmarks based on recent years’ efficiency as provided in this subsection. An emissions efficiency benchmark established based on recent years’ efficiency shall be applicable for the period beginning January 1, 2022, and ending December 31, 2025. To determine each emissions efficiency benchmark, the department shall:

[(A) Calculate the three-year average of the total, expressed in metric tons of carbon dioxide equivalent, of the anthropogenic greenhouse gas emissions attributable to the manufacture of the good or group of goods for which the EITE entity would have been the regulated covered entity if the Oregon Climate Action Program had been in effect during the time that the anthropogenic greenhouse gas emissions occurred; and]

[(B) Divide the number calculated under subparagraph (A) of this paragraph by the three-year]
average of the total annual output of the good or group of goods in this state by the EITE entity, using output data from the three most recent years prior to 2022.]

(b) In conducting the calculation required by paragraph (a)(A) of this subsection, the department shall use anthropogenic greenhouse gas emissions information from the three most recent years prior to 2022 for which anthropogenic greenhouse gas emissions information is available and verified by the department.

(5)(a) The department shall establish emissions efficiency benchmarks based on best available technology as provided in this subsection. The department shall update each emissions efficiency benchmark once every nine years. Each emissions efficiency benchmark must represent the anthropogenic greenhouse gas emissions that would be the resulting regulated emissions attributable to an EITE entity for the manufacture of a good or group of goods in this state, if the EITE entity were to use the best available technology, as of the date that the emissions intensity benchmark was last updated, that materially contributes to the regulated emissions of the EITE entity.

(b) In determining an emissions efficiency benchmark, the department shall consider:

(A) Any anthropogenic greenhouse gas emissions intensity audit reports specific to the EITE entity submitted under paragraph (c) of this subsection;

(B) The commercial availability, technical feasibility and economic viability of options to reduce anthropogenic greenhouse gas emissions, including whether pursuing those options would lead to a substantial increase in leakage risk;

(C) The fuels, processes, equipment and technology used by facilities in this state or in other jurisdictions to produce goods of comparable type, quantity and quality; and

(D) Barriers that would prevent adoption of best available technology by the EITE entity.

(6) An EITE entity may file with the department a written request for a contested case hearing to challenge an order establishing the emissions efficiency benchmarks for goods produced by the EITE entity. The request shall be filed within 30 days after the date the order was entered. If an EITE entity requests a hearing, the hearing shall be conducted in accordance with the provisions applicable to contested case proceedings under ORS chapter 183.

(7) In order to implement this section, the Environmental Quality Commission shall adopt by
(a) A means for attributing an EITE entity's anthropogenic greenhouse gas emissions to the manufacture of individual goods or groups of goods;

(b) Requirements for EITE entities to provide any pertinent records necessary for the department to verify output data; and

(c) A process for adjusting an allocation of allowances for direct distribution at no cost, if necessary, to reconcile for output variability or type of good.

(8) The commission shall adopt by rule a process for EITE entities to apply to the department for an adjustment to the allocation of allowances for direct distribution at no cost that the EITE entity may receive. The department may grant an adjustment under this subsection only for a significant change beyond the control of the EITE entity in the anthropogenic greenhouse gas emissions attributable to the manufacture of a good or group of goods in this state by the EITE entity, based on a finding by the department that the adjustment is necessary to accommodate changes to the manufacturing process that have a material impact on anthropogenic greenhouse gas emissions. Rules adopted under this subsection may provide for the department to contract with an external third-party expert to assist the department in making individual determinations on applications for adjustments.

SECTION 22. Benchmark report. No later than September 15, 2030, the Department of Environmental Quality shall provide a report to the Joint Committee on Climate Action, in the manner provided in ORS 192.245, on the emissions efficiency benchmarks established pursuant to section 19 of this 2020 Act. The report may include recommendations for legislation. The report shall assess:

(1) The anthropogenic greenhouse gas emissions intensity and trade exposure of covered entities and opt-in entities that have been designated as EITE entities pursuant to section 17 of this 2020 Act;

(2) The anthropogenic greenhouse gas emissions reduction opportunities available to the covered entities and opt-in entities described in subsection (1) of this section; and

(3) Whether the conclusions of the assessments required under subsections (1) and (2) of this section warrant an adjustment to the methods of calculating the emissions efficiency benchmarks developed pursuant to section 19 of this 2020 Act.

SECTION 23. Offsets generally; rules.

(1) Offset projects:

(a) Must be located in the United States or approved by a jurisdiction with which the State of Oregon has entered into a linkage agreement pursuant to section 31 of this 2020 Act;

(b) May not be otherwise required by law; and

(c) Must result in greenhouse gas emissions reductions or removals that:

(A) Are real, permanent, quantifiable, verifiable and enforceable; and

(B) Are in addition to greenhouse gas emissions reductions or removals otherwise required by law or legally enforceable mandate and that exceed any other greenhouse gas emissions reductions or removals that would otherwise occur in a conservative business-as-usual scenario.

(2)(a) A total of no more than eight percent of a covered entity’s or opt-in entity’s compliance obligation may be fulfilled by surrendering offset credits. A total of no more than four percent of a covered entity’s or opt-in entity’s compliance obligation may be fulfilled by surrendering offset credits generated by offset projects that do not provide direct environmental benefits in this state.
(b) The Environmental Quality Commission may by rule adopt additional restrictions on the number of offset credits that may be surrendered by a covered entity or opt-in entity that is a permitted air contamination source and that is geographically located in an impacted community if:

(A) The geographic area within which the permitted air contamination source is located is also a nonattainment area and the permitted air contamination source substantially contributes to or causes the nonattainment of air quality standards; or

(B) The permitted air contamination source is in violation of the terms or conditions of any permit required or authorized under ORS 468.065 or ORS chapter 468A and issued by the Department of Environmental Quality or a regional air quality control authority formed under ORS 468A.105.

(3) The commission shall adopt rules governing offset projects and the generation, issuance and use of offset credits. The rules must:

(a) Provide for the development of offset protocols in a manner that enables the state to pursue linkage agreements with other jurisdictions pursuant to section 31 of this 2020 Act;

(b) Take into consideration standards, rules or protocols for:

(A) Offset projects and the generation, issuance and use of offset credits, as established by other states, provinces and countries with programs comparable to the Oregon Climate Action Program; and

(B) Voluntary offset projects and the generation, issuance and use of offset credits, as established by organizations that operate offset credit registries;

(c) Allow for the broadest possible participation by landowners in developing and operating offset projects across the broadest possible variety of types and sizes of lands;

(d) Encourage opportunities for developing offset projects that provide direct environmental benefits in this state;

(e) Prioritize offset projects that benefit impacted communities, members of eligible Indian tribes and natural and working lands; and

(f) Address qualifications for persons and agencies that provide third-party verification and registration of offset projects and offset credits.

(4) The commission shall adopt by rule a process for the Department of Environmental Quality to issue early action offset credits for greenhouse gas emissions reductions or removals that occur during the period beginning on January 1, 2020, and ending on January 1, 2022. Rules adopted under this subsection may include:

(a) Designation of offset protocols under which an offset project may qualify for early action offset credits;

(b) Requirements for offset projects to be registered with qualified third-party organizations that operate offset credit registries to receive early action offset credits; and

(c) Requirements for offset credits issued by qualified third-party organizations that operate offset credit registries to be converted to offset credits issued by or acceptable under the Oregon Climate Action Program.

(5) The commission shall adopt by rule a process for the department to investigate and invalidate issued offset credits as necessary to uphold the environmental integrity of the Oregon Climate Action Program. Reasons for invalidating issued offset credits may include, but are not limited to:

(a) A misstatement, of more than five percent, of the amount of greenhouse gas emis-
sions reductions or removals attributable to an offset project for which offset credits were
issued;
(b) An environmental, health or safety violation by an offset project for which offset
credits were issued; or
(c) A determination that offset credits are duplicative of other offset credits issued for
the same greenhouse gas emissions reductions or removals through another offset credit
issuing body and that the invalidation is necessary to remedy the duplication.
(6) The commission shall establish by rule one or more offset integrity accounts. The
department shall withhold a percentage of the offset credits issued by the department for
each offset project and deposit the withheld offset credits in an offset integrity account. Uses
of offset integrity accounts may include, but need not be limited to, using offset credits de-
posited in an offset integrity account to replace offset credits that are invalidated pursuant
to rules adopted under subsection (5) of this section.
SECTION 24. Offset protocols. (1) Offset protocols, and any greenhouse gas emission in-
ventory and monitoring requirements related to the offset protocols, developed pursuant to
rules adopted under section 23 of this 2020 Act:
(a) Must be straightforward and effective to implement and administer, for both offset
project operators and persons purchasing offset credits;
(b) Must provide for flexibility for landowners in the development and operation of offset
projects;
(c) Must establish, for each offset protocol, a predetermined crediting period for which
an offset project will remain eligible to receive offset credits for greenhouse gas emissions
reductions or removals; and
(d) May make use of aggregation or other mechanisms, including cost-effective inventory
and monitoring provisions, to increase the development of offset projects by landowners
across the broadest possible variety of types and sizes of lands.
(2)(a) The Environmental Quality Commission shall collaborate and consult with the
State Forestry Department in developing and monitoring offset protocols related to forestry.
Offset protocols related to forestry that are developed pursuant to this subsection:
(A) Must prioritize reforestation, avoided forest conversion and improved forest man-
agement.
(B) Must, to the extent practicable, prioritize low-carbon-impact building materials and
urban forestry.
(C) Must have the ability to be administered consistently with the applicable state and
local land use laws of Oregon.
(D) May account for differences in forest management practices between private owners
of forestland and state or other owners of nonfederal forestlands in establishing the baselines
for the generation of offset credits by offset projects on the private, state or other nonfed-
eral forestlands.
(E) May not authorize the generation or issuance of offset credits for greenhouse gas
emissions reductions or removals that occur during the period beginning on January 1, 2022,
and ending on December 31, 2030, as the result of offset projects on state forestlands, unless
as of the effective date of this 2020 Act the state forestlands are:
(i) Trust lands as defined in ORS 273.462;
(ii) Lands in the Elliott State Forest as described in ORS 530.450;
(iii) Common School Forest Lands as described in ORS 530.460; or
(iv) Any other lands placed under the jurisdiction of the State Land Board consistent with Article VIII, section 5, of the Oregon Constitution.

(b) The commission and the department shall jointly convene a technical advisory committee to advise the commission and the department in developing and monitoring offset protocols related to forestry. The technical advisory committee must include members with expertise in offset protocols related to forestry.

(3) The commission and the Department of Environmental Quality shall collaborate and consult with all relevant state agencies, including but not limited to the State Department of Agriculture and the Oregon Watershed Enhancement Board, in developing and monitoring offset protocols related to agriculture and conservation on natural and working lands. In developing offset protocols pursuant to this subsection, the commission shall:

(a) Consider developing offset protocols for:

(A) Manure management that reduces methane emissions from agricultural operations;

(B) Avoided grassland conversion; and

(C) Other categories of offset projects that would otherwise result in the reduction of greenhouse gas emissions related to agricultural operations; and

(b) Ensure that the offset protocols have the ability to be administered consistently with the applicable state and local land use laws of Oregon.

(4) In developing any offset protocol related to a matter not addressed by subsections (2) and (3) of this section, the commission shall convene a technical advisory committee composed of persons with expertise relevant to the development of the offset protocol.

(5) The commission shall regularly review and update offset protocols developed pursuant to rules adopted under section 23 of this 2020 Act. The reviews and updates of offset protocols shall include any updates, as necessary, to the methods or technologies used for measuring and monitoring the greenhouse gas emissions reductions or removals attributable to the offset projects addressed by the offset protocols.

(6) Offset protocols shall be developed and updated by the commission pursuant to the rulemaking provisions of ORS chapter 183.

SECTON 25. Offsets; consultation and reporting. (1) In developing and updating rules and offset protocols pursuant to sections 23 and 24 of this 2020 Act, the Environmental Quality Commission:

(a) Shall consult with and consider the recommendations of:

(A) The State Department of Agriculture, the State Forestry Department, the Environmental Justice Task Force, the Oregon Watershed Enhancement Board, other relevant state agencies and eligible Indian tribes; and

(B) Persons and agencies that provide third-party verification and registration of offset projects and offset credits; and

(b) May contract with one or more persons or agencies that provide third-party verification and registration of offset projects and offset credits to assist in the development of offset protocols.

(2) The commission shall convene a compliance offsets program advisory committee to advise the commission in developing and updating rules and offset protocols pursuant to sections 23 and 24 of this 2020 Act. The compliance offsets program advisory committee shall provide guidance to the commission in designing the rules and offset protocols to promote
offset projects that provide direct environmental benefits in this state and to prioritize offset projects that benefit impacted communities, members of eligible Indian tribes and natural and working lands. The commission shall appoint at least one member to the advisory committee from each of the following groups:

(a) Scientists;
(b) Public health experts;
(c) Carbon market experts;
(d) Representatives of eligible Indian tribes;
(e) Environmental justice advocates;
(f) Labor and workforce representatives;
(g) Forestry experts;
(h) Agriculture experts;
(i) Environmental advocates;
(j) Conservation advocates; and
(k) Dairy experts.

(3)(a) No later than September 15 of the final year of each compliance period, the State Forestry Department, in collaboration with the commission, shall submit a report to the Joint Committee on Climate Action that provides an analysis of the implementation in Oregon of offset protocols related to forestry. The report shall:
(A) Describe the location and scope of offset projects in Oregon registered under offset protocols related to forestry developed pursuant to sections 23 and 24 of this 2020 Act for which offset credits have been issued under the Oregon Climate Action Program, to date, and the number of offset credits issued;
(B) Describe forestry carbon offsets marketed, registered, transferred or sold, to date, by the State Forester under ORS 526.725, 530.050 and 530.500;
(C) Include information and analysis of any cobenefits attributable to the forestry offset projects and forestry carbon offsets described under subparagraphs (A) and (B) of this paragraph; and
(D) Identify and address any significant effects attributable to the forestry offset projects and forestry carbon offsets described in subparagraphs (A) and (B) of this paragraph on the supply of wood fiber available from nonfederal forestlands to wood products manufacturing facilities in this state.
(b) The information and analysis required under paragraph (a)(D) of this subsection shall include and consider:
(A) Data identifying the exports and imports of logs harvested from nonfederal forestlands in Oregon; and
(B) Significant effects attributable to the forestry offset projects and forestry carbon offsets on the supply of wood fiber that are applicable to specific geographic areas of this state.
(c) The report required by this subsection may include recommendations by the State Forestry Department on whether a temporary suspension of acceptance of new offset project applications under offset protocols related to forestry developed pursuant to sections 23 and 24 of this 2020 Act is necessary to address any significant effects attributable to forestry offset projects on the supply of wood fiber available from nonfederal forestlands to wood products manufacturing facilities in this state. If the department recommends a temporary
suspension, the recommendation must also include recommendations for measures to mini-
mize adverse effects on landowners developing offset projects.

SECTION 26. Methodology for designating impacted communities. (1) The Environmental
Quality Commission, by rule and in consultation with the Portland State University Popu-
lation Research Center, the Oregon Health Authority and other relevant state agencies and
local agencies and officials, shall designate impacted communities. In carrying out this sec-
tion, the commission shall identify impacted communities based on a methodology that takes
into consideration geographic, socioeconomic, historic disadvantage, public health and envi-
rionmental hazard criteria. Impacted communities may include, but are not limited to:

(a) Rural communities.

(b) Coastal communities.

(c) Areas with above-average concentrations of low-income households, historically dis-
advantaged households, high unemployment, high linguistic isolation, low levels of
homeownership, high rent burden, sensitive populations or residents with low levels of edu-
cational attainment.

(d) Areas disproportionately affected by environmental pollution and other hazards that
can lead to negative public health effects, exposure or environmental degradation.

(2) The methodology required by this section must give greater weight to those criteria
that the commission determines are the most accurate measurements of vulnerability to the
impacts of climate change and ocean acidification.

(3) The commission shall review and update the methodology required by this section and
the designation of impacted communities at least once every five years.

SECTION 27. Auctions. (1) Except as provided in subsection (8) of this section, auctions
of allowances are open to registered entities.

(2) The Department of Environmental Quality shall hold auctions at least annually.

(3) The department may engage:

(a) A qualified, independent auction administrator to administer auctions; or

(b) A qualified financial services administrator to conduct financial transactions related
to the auction.

(4) The department shall issue notice for an upcoming auction prior to the auction.

(5) The department shall:

(a) Set an auction floor price for 2022 and a schedule for the floor price to increase by a
fixed percentage over inflation each calendar year.

(b) Set an allowance price containment reserve floor price for 2022 and a schedule for the
allowance price containment reserve floor price to increase by a fixed percentage over in-
flation each calendar year.

(c) Set a hard price ceiling for 2022 and a schedule for the hard price ceiling to increase
by a fixed percentage over inflation each calendar year.

(d) Take actions to minimize the potential for market manipulation and to guard against
bidder collusion, including but not limited to specifying as holding limits the maximum
number of allowances that may be held for use or trade by a registered entity at any time.

(6) In setting the auction floor price, allowance price containment reserve floor price and
hard price ceiling and adopting rules as required by subsection (5) of this section, the de-
partment shall consider:

(a) Prevailing prices for carbon in other jurisdictions; and
(b) Setting price requirements in a manner that enables the state to pursue linkage agreements pursuant to section 31 of this 2020 Act with other jurisdictions.

(7) The proceeds of an auction shall be paid to the Oregon Department of Administrative Services and deposited with the State Treasurer to be credited as follows:

(a) Auction proceeds from the sale of allowances consigned to the state for auction by a natural gas utility pursuant to section 16 of this 2020 Act shall be credited to the appropriate trust account established by the Public Utility Commission pursuant to section 56 of this 2020 Act; and

(b) Auction proceeds payable to the state shall be credited to the Auction Proceeds Distribution Fund established under section 28 of this 2020 Act.

(8) Sales of allowances from the allowance price containment reserve shall be conducted separately from the auction of other allowances for the purpose of addressing high costs of compliance instruments. Allowances unsold from the reserve sale must be made available again at future reserve sales. General market participants may not purchase allowances at reserve sales.

(9)(a) If the hard price ceiling for an auction is reached, the department shall offer for sale, at the hard price ceiling, allowances from any reserve described in section 7 of this 2020 Act or established by rule pursuant to section 7 of this 2020 Act, as necessary to meet demand from covered entities and opt-in entities. If the supplies of all allowances from all reserves are exhausted and additional sales of allowances are necessary for one or more covered entities or opt-in entities to fulfill a compliance obligation, the department may sell price ceiling allowances in addition to the allowances available in the annual allowance budget at the hard price ceiling.

(b) The proceeds from any sales of allowances pursuant to this subsection shall be paid to the Oregon Department of Administrative Services and deposited with the State Treasurer to be credited as follows:

(A) All moneys that constitute revenues described in Article IX, section 3a, of the Oregon Constitution, shall be credited to the Transportation Decarbonization Investments Account established in section 36 of this 2020 Act;

(B) All moneys that constitute revenues described in Article VIII, section 2 (1)(g), of the Oregon Constitution, shall be credited to the Common School Fund; and

(C) Moneys remaining after meeting the requirements of subparagraphs (A) and (B) of this paragraph shall be credited to the Oregon Climate Action Program Operating Fund established under section 32 of this 2020 Act, to be used only as described in section 32 (4) of this 2020 Act.

(10) The Environmental Quality Commission:

(a) Shall adopt rules for making an unlimited number of allowances available for auction upon exceedance of the hard price ceiling set by the department under subsection (5) of this section; and

(b) May adopt rules necessary to administer auctions.


(2) The Auction Proceeds Distribution Fund shall consist of moneys transferred to the fund under section 27 of this 2020 Act. Interest earned by the fund shall be credited to the fund.
(3) The Environmental Quality Commission shall certify the amount of moneys deposited in the Auction Proceeds Distribution Fund available for distribution and shall cause the moneys to be distributed as follows:

(a) All moneys that constitute revenues described in Article IX, section 3a, of the Oregon Constitution, shall be transferred to the Transportation Decarbonization Investments Account established in section 36 of this 2020 Act;

(b) All moneys that constitute revenues described in Article VIII, section 2 (1)(g), of the Oregon Constitution, shall be transferred to the Common School Fund;

(c) An amount necessary for administration of sections 2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to 59 of this 2020 Act and rules adopted pursuant to sections 2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to 59 of this 2020 Act, other than administration paid for by moneys described in paragraphs (a) and (b) of this subsection, shall be transferred to the Oregon Climate Action Program Operating Fund established under section 32 of this 2020 Act; and

(d) Moneys remaining after the transfers under paragraphs (a) to (c) of this subsection shall be transferred to the Climate Resilience and Innovation Fund established under section 39 of this 2020 Act.

SECTION 29. Annual Oregon Climate Action Program report. The Environmental Quality Commission shall annually submit a report in the manner provided by ORS 192.245 to the Joint Committee on Climate Action detailing activity during the compliance period under the market-based compliance mechanism adopted by the commission by rule under section 5 of this 2020 Act. A report required by this section must include, but need not be limited to, aggregated information on the following for the compliance period:

(1) The number of allowances bought and sold at each auction held and all auction prices, including the floor and ceiling prices, for the allowances bought and sold at each auction;

(2) The beginning and ending balances of all auction holding accounts and reserves held by the commission;

(3) The anthropogenic greenhouse gas emissions reductions achieved during the compliance period and progress made toward achieving a reduction in total anthropogenic greenhouse gas emissions levels to at least 45 percent below 1990 levels by 2035 and a reduction in total anthropogenic greenhouse gas emissions levels to at least 80 percent below 1990 emissions levels by 2050; and

(4) The estimated impacts of the Oregon Climate Action Program on fuel prices, and on electricity and natural gas bills, in Oregon.

SECTION 30. Participation in nonprofit corporation for administrative and technical support. (1) It is the intent of the Legislative Assembly that the State of Oregon pursue membership on the board of directors of, participation in and the receipt of services from a nonprofit corporation established for the purpose of providing administrative and technical support to state and provincial greenhouse gas emissions trading programs, through which the nonprofit corporation provides for enhanced security, enhanced effectiveness of greenhouse gas emissions trading program infrastructure and lower administrative costs.

(2) The Governor may enter into agreements to secure membership for the State of Oregon on the board of directors of the nonprofit corporation described in subsection (1) of this section, and to access the benefits of the administrative and technical support provided by the nonprofit corporation, including but not limited to access to an auction platform, al-
lowance tracking systems, market monitoring services, financial services administration and other administrative services.

(3) An agreement authorized under this section to secure membership on the board of directors of the nonprofit corporation described in subsection (1) of this section or to receive the services provided by the nonprofit corporation does not constitute a linkage agreement pursuant to section 31 of this 2020 Act.

SECTION 31. Linkage with market-based compliance mechanisms in other jurisdictions.
(1) In adopting and implementing rules under sections 4 to 33 of this 2020 Act, the Environmental Quality Commission shall:

(a) Consider market-based compliance mechanisms designed to reduce greenhouse gas emissions in other jurisdictions; and

(b) Provide for implementation of the Oregon Climate Action Program in a manner that:
(A) Avoids double counting of greenhouse gas emissions or emissions reductions; and
(B) Enables the state to pursue linkage agreements pursuant to this section with other jurisdictions.

(2) The State of Oregon may not link the market-based compliance mechanism established pursuant to sections 4 to 33 of this 2020 Act and rules adopted under sections 4 to 33 of this 2020 Act with the market-based compliance mechanism of any other jurisdiction unless the commission notifies the Governor that the commission intends to link the market-based compliance mechanism and the Governor approves the proposed linkage agreement by making the following findings, as applicable to the proposed linkage agreement:

(a) The jurisdiction with which the commission proposes to enter an agreement to link has adopted program requirements for greenhouse gas emission reductions that are consistent with those required by sections 4 to 33 of this 2020 Act and will not have the effect of undermining the greenhouse gas emissions reductions or removals required or effectuated by the Oregon Climate Action Program;

(b) Under the proposed linkage agreement, the State of Oregon has sufficient authority to enforce sections 4 to 33 of this 2020 Act against any person subject to regulation under sections 4 to 33 of this 2020 Act, including any person located within the linking jurisdiction, to the maximum extent permitted by law;

(c) The proposed linkage agreement provides for enforcement of applicable laws by the commission or by the linking jurisdiction of program requirements that are consistent with those required by sections 4 to 33 of this 2020 Act; and

(d) The proposed linkage agreement and any related engagement by the State of Oregon of an independent third-party organization to provide administrative or technical services to support the implementation of sections 4 to 33 of this 2020 Act will not impose any significant liability on the state or any state agency for any failure associated with the linkage.

(3) The Governor shall issue findings pursuant to subsection (2) of this section within 45 days of receiving a notice from the commission that the commission intends to link the market-based compliance mechanism and shall provide the findings to the Legislative Assembly. The Governor, in making the findings, shall consider the advice of the Attorney General.

(4) The State of Oregon may not enter a finalized linkage agreement unless the commission has first provided a report on the proposed linkage agreement to the Joint Committee on Climate Action. The report shall include:
(a) A description of the scope of the proposed linkage agreement;
(b) An analysis by the commission of the proposed linkage agreement; and
(c) The findings issued by the Governor pursuant to subsections (2) and (3) of this section.

SECTION 32. Operating fund. (1)(a) The Oregon Climate Action Program Operating Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Climate Action Program Operating Fund shall be credited to the fund.
(b) Moneys in the Oregon Climate Action Program Operating Fund are continuously appropriated to the Department of Environmental Quality:
(A) For use by the Environmental Quality Commission and department in the performance of the duties, functions and powers vested in the commission and department by sections 2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to 59 of this 2020 Act; and
(B) To reimburse the Oregon Department of Administrative Services, the Public Utilities Commission and any other agency of the executive department as defined in ORS 174.112, for costs incurred by the agency in the performance of the duties, functions and powers vested in the agency by sections 2, 4 to 33, 35 to 38, 39, 41, 43, 44, 45, 46, 52 and 54 to 59 of this 2020 Act.
(2) The Oregon Climate Action Program Operating Fund shall consist of:
(a) Moneys deposited in the fund pursuant to ORS 468.135 and sections 27 and 28 of this 2020 Act;
(b) Moneys appropriated or otherwise transferred to the fund by the Legislative Assembly; and
(c) Other moneys deposited in the fund from any source.
(3) Civil penalties deposited in the fund under ORS 468.135 shall be deposited in a separate subaccount created in the fund and must be used only for providing technical assistance to covered entities and opt-in entities.
(4) The proceeds from sales of allowances at the hard price ceiling pursuant to section 27 (9) of this 2020 Act shall be deposited in a separate subaccount created in the fund and must be used by the Department of Environmental Quality only for the purchase and retirement of offset credits.

SECTION 33. Public records law; application. (1) The Legislative Assembly finds and declares that it is the policy of this state that the market-based compliance mechanism of the Oregon Climate Action Program operate free of abuse and disruptive activity. It is therefore the intent of the Legislative Assembly that the provisions of this section and sections 5 (3), 27, 29, 30 and 31 of this 2020 Act be implemented in a manner necessary to prevent fraud, abuse or market manipulation to the greatest extent possible while upholding the public interest in transparency in public process and government through making certain market activity information available in aggregated form.
(2) The following information obtained by the State of Oregon pursuant to sections 4 to 33 of this 2020 Act, or rules adopted pursuant to sections 4 to 33 of this 2020 Act, shall be treated as confidential business information, is exempt from disclosure under the public records law, ORS 192.311 to 192.478, and may not be disclosed to any person or entity except as provided in subsection (3) or (4) of this section:
(a) Individually identifiable information related to a registered entity's application to participate, and participation, in auctions held under section 27 of this 2020 Act, including

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but not limited to bid activity and auction results for the registered entity.

(b) Other individually identifiable information not described in paragraph (a) of this sub-
section related to the holding, transfer or surrender of compliance instruments by registered
entities.

c) Any individually identifiable information on the manufacturing output of goods, other
than emissions data submitted under ORS 468A.280, obtained by the Environmental Quality
Commission or Department of Environmental Quality as necessary to administer and imple-
ment sections 17, 18, 19 and 22 of this 2020 Act.

(3) Information described in subsection (2) of this section may be used and disclosed in
aggregated form.

(4) This section does not prohibit the disclosure of information between the Environ-
mental Quality Commission or Department of Environmental Quality and other agencies of
the executive department, as defined in ORS 174.112, jurisdictions with which the State of
Oregon has entered into a linkage agreement under section 31 of this 2020 Act or persons
engaged by the State of Oregon to provide administrative or technical services to support
implementation of sections 4 to 33 of this 2020 Act if the disclosure is necessary for purposes
of the administration and implementation of sections 4 to 33 of this 2020 Act.

(5) Any person to whom information described in subsection (2) of this section is dis-
closed under subsection (4) of this section shall treat the information as confidential business
information, exempt from disclosure under the public records law, ORS 192.311 to 192.478.
Redisclosure of individually identifiable information outside the commission or department
remains subject to the provisions of this section.

SECTION 34. Penalties. ORS 468.135 is amended to read:

468.135. (1) Any civil penalty under ORS 468.140 shall be imposed in the manner provided in
ORS 183.745.

(2) Except as provided in subsection (3) of this section, all penalties recovered under ORS
468.140 shall be paid into the State Treasury and credited to the General Fund, or in the event the
penalty is recovered by a regional air quality control authority, it shall be paid into the county
treasury of the county in which the violation occurred.

(3) Penalties recovered under ORS 468.140 for a violation of sections 4 to 33 of this 2020
Act or rules adopted pursuant to sections 4 to 33 of this 2020 Act shall be deposited in the
Oregon Climate Action Program Operating Fund established under section 32 of this 2020
Act to be used only as provided for in section 32 (3) of this 2020 Act.

INVESTMENT OF STATE PROCEEDS FROM OREGON
CLIMATE ACTION PROGRAM AUCTIONS
(Transportation Decarbonization Investments Account)

SECTION 35. Definitions. As used in sections 35 to 38 of this 2020 Act:

(1) “Building materials” means asphalt, cement, concrete or any other aggregate product,
aluminum, steel, iron, coatings for steel and iron, glass, manufactured wood products and
copper.

(2) “Eligible Indian tribe” has the meaning given that term in section 4 of this 2020 Act.

(3) “Impacted community” has the meaning given that term in section 4 of this 2020 Act.

(4) “Metropolitan planning organization” has the meaning given that term in ORS 197.629.
(5) “Nursery stock” has the meaning given that term in ORS 571.005.
(6) “Oregon Climate Action Program” has the meaning given that term in section 4 of this 2020 Act.
(7) “State contracting agency” has the meaning given that term in ORS 279A.010.
(8) “Subject to a carbon pricing program” means a building materials manufacturer whose emissions from the manufacture of goods:
   (a) Are subject to a tax or governmental regulatory program that has the effect of placing a price on greenhouse gas emissions and that is at least as stringent as the Oregon Climate Action Program, as determined by the Environmental Quality Commission by rule; or
   (b) Are directly regulated by the jurisdiction where the manufacturing facility is located for the greenhouse gas emissions attributable to the manufacturing of goods at the facility operated by the manufacturer.

SECTION 36. Transportation Decarbonization Investments Account. (1) The Transportation Decarbonization Investments Account is established as a separate account within the State Highway Fund. The Transportation Decarbonization Investments Account consists of moneys deposited in the account under sections 27 and 28 of this 2020 Act. Interest earned by the Transportation Decarbonization Investments Account shall be credited to the account.

(2) Moneys in the Transportation Decarbonization Investments Account are continuously appropriated to the Department of Transportation:
   (a) For any necessary administration by the Department of Transportation of sections 2, 4 to 33, 35 to 38, 41 and 45 of this 2020 Act; and
   (b) To be distributed for transportation projects pursuant to this section and section 37 of this 2020 Act.

(3) A transportation project may not be funded with moneys distributed from the Transportation Decarbonization Investments Account unless:
   (a) The transportation project furthers one or more of the purposes set forth in section 2 of this 2020 Act;
   (b) The transportation project may constitutionally be funded by revenues described in Article IX, section 3a, of the Oregon Constitution; and
   (c) The transportation project is consistent with the applicable local transportation system plan acknowledged under ORS chapter 197.

(4) The moneys deposited in the Transportation Decarbonization Investments Account each biennium shall be allocated as follows:
   (a) 20 percent to be used by the Department of Transportation for transportation projects selected by the Oregon Transportation Commission pursuant to section 37 of this 2020 Act and to provide technical assistance to cities and counties that receive moneys under paragraphs (b) and (c) of this subsection;
   (b) 40 percent to counties for distribution as provided in ORS 366.762; and
   (c) 40 percent to cities for distribution as provided in ORS 366.800.

(5) The amount of moneys used to provide technical assistance under subsection (4)(a) of this section may not exceed one percent of the amount of moneys deposited in the account each biennium.

(6) A county or city within a metropolitan planning organization shall consult with the
planning organization on the expenditure of moneys distributed to the county or city pursuant to subsection (4)(b) or (c) of this subsection.

(7) Expenditures from the Transportation Decarbonization Investments Account shall, to the extent feasible and consistent with law, be in addition to and not in replacement of any existing allocation or appropriation for transportation projects.

SECTION 37. Selection of transportation projects. (1) The Oregon Transportation Commission shall select the transportation projects to be funded with moneys in the Transportation Decarbonization Investments Account under section 36 (4)(a) of this 2020 Act.

(2) Prior to selecting transportation projects, the commission shall seek input from the applicable area commission on transportation.

(3) In selecting transportation projects, the Oregon Transportation Commission shall consider whether a proposed transportation project:

(a) Will further the objectives of the statewide transportation strategy on greenhouse gas emissions adopted by the commission pursuant to ORS 184.617;

(b) Will further the objectives of the biennial climate action investment plan delivered by the Climate Policy Office under section 41 of this 2020 Act; and

(c) Is consistent with or complements investments that may be funded by moneys in the Climate Resilience and Innovation Fund established under section 39 of this 2020 Act.

(4) In selecting transportation projects, the commission shall give priority to projects that:

(a) Benefit impacted communities, with a specific emphasis on rural and coastal impacted communities.

(b) Complement efforts to achieve and maintain local air quality.

(c) Provide opportunities for businesses that are owned by members of impacted communities and eligible Indian tribes to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.

(d) Promote low carbon economic development opportunities and the creation of jobs that sustain living wages.

(e) Will facilitate:

(A) The implementation of land use and transportation scenarios required to be adopted by metropolitan service districts under section 37, chapter 865, Oregon Laws 2009, and that have been approved by the Land Conservation and Development Commission; or

(B) The planning, development or implementation of land use and transportation scenarios by local governments and metropolitan planning organizations in accordance with the guidelines established by the Department of Transportation and the Department of Land Conservation and Development under ORS 184.893.

(f) Will, to the greatest extent practicable, serve to conserve, restore, preserve and enhance adjacent natural resources through the use of roadside vegetation in a manner designed to:

(A) Minimize soil erosion;

(B) Improve or maintain slope stability;

(C) Reduce storm water runoff volume and velocity;

(D) Promote water conservation and plant survivability; and

(E) Otherwise best address the full range of impacts associated with the use of the roadside vegetation.
In selecting transportation projects, the commission shall:

(a) Strive to provide for a balanced distribution over time of moneys in the Transportation Decarbonization Investments Account:

(A) Among all geographic areas of this state; and

(B) To the extent practicable, in a manner that provides equal funding support between transportation projects that result in greenhouse gas emissions reductions and transportation projects that support climate change adaptation; and

(b) To the extent practicable, provide for a distribution of moneys in the Transportation Decarbonization Investments Account during each biennium that considers the requirements of fairness and proportionality required by Article IX, section 3a (3), of the Oregon Constitution.

If a transportation project is eligible only in part to be funded by moneys deposited in the Transportation Decarbonization Investments Account, the transportation project may also be eligible to receive funding through the allocation of moneys in the Climate Resilience and Innovation Fund established in section 39 of this 2020 Act for those portions of the transportation project that may not be constitutionally funded by revenues described in Article IX, section 3a, of the Oregon Constitution.

Transportation projects selected by the commission under this section are subject to the provisions of section 46 of this 2020 Act.

Notwithstanding provisions of law requiring a contracting agency to award a contract to the lowest responsible bidder or best proposer or provider of a quotation, and except as provided in subsection (2) of this section or as prohibited by federal law, a state contracting agency, when using funds from the Transportation Decarbonization Investments Account, shall give a preference of not more than 10 percent to building materials procured from manufacturers subject to a carbon pricing program.

If the state contracting agency finds in a written determination that the building material is not available in the quantity, quality, type or time frame required for the procurement, or if the cost of the building material is more than 10 percent more than the building material costs from manufacturers not subject to a carbon pricing program, the state contracting agency may decline to give the building material preference.

If a transportation project described in section 36 (4)(a) of this 2020 Act that involves the use of roadside vegetation is funded by moneys deposited in the Transportation Decarbonization Investments Account, the Department of Transportation shall purchase the roadside vegetation from nursery stock that is grown and propagated entirely within this state. The Oregon Transportation Commission may specify by rule grades, standards, considerations and processes for roadside vegetation expenditures conducted pursuant to this subsection.

This section does not apply to emergency work, minor alterations, ordinary repairs or maintenance work for public improvements or to other construction contracts described in ORS 279C.320 (1).

The Climate Resilience and Innovation Fund is established. (1) The Climate Resilience and
Innovation Fund is established in the State Treasury, separate and distinct from the General Fund. The Climate Resilience and Innovation Fund shall consist of moneys deposited in the fund under section 28 of this 2020 Act. Interest earned by the fund shall be credited to the fund. The Oregon Department of Administrative Services shall administer the fund.

(2) Moneys in the fund are continuously appropriated to be used only for programs, projects and activities that further one or more of the purposes set forth in section 2 of this 2020 Act.

(3) The Legislative Assembly shall allocate the moneys deposited in the fund as informed by the biennial climate action investment plan delivered by the Climate Policy Office under section 41 of this 2020 Act and the report on the climate investment plan delivered by the Environmental Justice Task Force under section 43 of this 2020 Act.

(4) Of the moneys deposited in the fund each biennium:
   (a) 10 percent shall be allocated for uses that directly benefit eligible Indian tribes, as defined in section 4 of this 2020 Act; and
   (b) $10 million shall be allocated for deposit in the Just Transition Fund established in section 47 of this 2020 Act to be used to establish a Just Transition Program and develop a Just Transition Plan pursuant to section 48 of this 2020 Act.

(5) Allocations from the Climate Resilience and Innovation Fund shall, to the maximum extent feasible and consistent with law, be in addition to and not in replacement of any existing allocations or appropriations for programs, projects and activities.

(6) Programs, projects and activities funded by moneys allocated from the Climate Resilience and Innovation Fund are subject to the provisions of section 46 of this 2020 Act.

SECTION 40. Temporary provision for uses of Climate Resilience and Innovation Fund moneys during 2021-2023 biennium. Notwithstanding section 39 (2) and (3) of this 2020 Act and in addition to and not in lieu of the allocations described in section 39 (4) of this 2020 Act and any other appropriation, for the biennium ending June 30, 2023, the following amounts of moneys deposited in the Climate Resilience and Innovation Fund are appropriated to the Oregon Department of Administrative Services to be transferred for deposit as follows:

(1) $100 million for deposit in the Wildfire Response and Prevention Fund established under section 49 of this 2020 Act;
(2) $50 million for deposit in the Clean Water Protection Fund established under section 50 of this 2020 Act; and
(3) $20 million for deposit in the Working Lands Fund established under section 51 of this 2020 Act.

(Investment Planning, Reporting and Audits)

SECTION 41. Biennial climate action investment plan. (1) As used in this section:
(a) “Best available science” has the meaning given that term in section 4 of this 2020 Act.
(b) “Eligible Indian tribe” has the meaning given that term in section 4 of this 2020 Act.
(c) “Impacted community” has the meaning given that term in section 4 of this 2020 Act.
(2) No later than June 1 of each even-numbered year and in the manner provided in ORS 192.245, the Climate Policy Office shall deliver a biennial climate action investment plan to the Environmental Justice Task Force, the Oregon Transportation Commission, the Governor, the Joint Committee on Climate Action and the Joint Committee on Transportation. The
climate action investment plan shall identify the short-term and long-term opportunities for
uses of state proceeds from auctions conducted under section 27 of this 2020 Act that further
the purposes set forth in section 2 of this 2020 Act and that are consistent with the re-
quirements of the Oregon Constitution.

(3) The biennial climate action investment plan must:
(a) Be based on consideration of the best available science, and the best economic infor-
mation available, as of the time of the preparation of the plan; and
(b) Include an analysis of how the programs, projects and activities that may be funded
by the investment or expenditure of state proceeds from auctions conducted under section
27 of this 2020 Act would serve to effectively further the purposes set forth in section 2 of
this 2020 Act.

(4) In preparing the biennial climate action investment plan, the office shall consult with:
(a) The Department of Transportation, the Public Utility Commission, the Environmental
Justice Task Force and any other relevant agencies of the executive department as defined
in ORS 174.112; and
(b) Representatives of eligible Indian tribes.

SECTION 42. The Climate Policy Office shall deliver the first biennial climate action in-
vestment plan as required by section 41 of this 2020 Act no later than June 1, 2022.

SECTION 43. Environmental Justice Task Force review of biennial climate action in-
vestment plan; report. The Environmental Justice Task Force shall review and develop rec-
ommendations in response to the biennial climate action investment plan required under
section 41 of this 2020 Act and shall, no later than August 1 of each even-numbered year and
in the manner provided in ORS 192.245, deliver a report on the task force’s recommendations
to the Governor and the Joint Committee on Climate Action.

SECTION 44. Use of biennial climate investments plan in budget process. In preparing
the Governor's budget as required under ORS 291.202, the Governor shall consider the rec-
ommendations contained in the biennial climate action investment plan prepared by the Cli-
mate Policy Office under section 41 of this 2020 Act.

SECTION 45. Biennial expenditure reporting and audits. (1) All agencies of the executive
department as defined in ORS 174.112, counties, cities and all other public and private entities
receiving moneys distributed or allocated from the Transportation Decarbonization Invest-
ments Account shall annually report to the Department of Transportation on the expendi-
ture of the moneys received and the results of the expenditures. No later than January 1 of
each even-numbered year, the department shall deliver a biennial report, in the manner
provided in ORS 192.245, to the Oregon Transportation Commission, the Governor, the Joint
Committee on Climate Action and the Joint Committee on Transportation describing:
(a) The transportation projects funded by moneys from the Transportation
Decarbonization Investments Account;
(b) How the transportation projects met the requirements of section 36 of this 2020 Act;
and
(c) The results of the transportation projects in furthering the purposes set forth in
section 2 of this 2020 Act.

(2) All agencies of the executive department, counties, cities and all other public and
private entities receiving moneys distributed or allocated from the Climate Resilience and
Innovation Fund shall annually report to the Climate Policy Office on the expenditure of the
moneys received and the results of the expenditures. No later than January 1 of each even-numbered year, the office shall deliver a biennial report, in the manner provided in ORS 192.245, to the Governor and the Joint Committee on Climate Action describing:

(a) The investments from the Climate Resilience and Innovation Fund;

(b) Whether the investments met the requirements for allocations under section 39 of this 2020 Act; and

(c) The effectiveness of those investments in furthering the purposes set forth in section 2 of this 2020 Act.

(3) (a) The Climate Policy Office and the Department of Transportation jointly shall select an independent third-party organization to prepare a biennial audit of:

(A) All transportation projects funded by moneys from the Transportation Decarbonization Investments Account; and

(B) All programs, projects or activities funded by moneys from the Climate Resilience and Innovation Fund.

(b) The office and the department shall provide for the audit report prepared by the independent third-party organization under this section to be transmitted, together with the reports required under subsections (1) and (2) of this section, to the Oregon Transportation Commission, the Governor, the Joint Committee on Climate Action and the Joint Committee on Transportation.

(Labor and Contracting Requirements Applicable to Investments of Certain State Proceeds from Oregon Climate Action Program Auctions)

SECTION 46. Construction projects funded by certain auction proceeds; requirements. (1) If a construction project receives more than $50,000 in funding from moneys distributed from the Transportation Decarbonization Investments Account established under section 36 of this 2020 Act or the Climate Resilience and Innovation Fund established under section 39 of this 2020 Act, the primary contractor participating in the construction project:

(a) Shall pay the prevailing rate of wage for an hour's work in the same trade or occupation in the locality where the labor is performed;

(b) Shall offer health care and retirement benefits to the employees performing the labor on the construction project;

(c) Shall participate in an apprenticeship program registered with the State Apprenticeship and Training Council;

(d) May not be a contractor listed by the Commissioner of the Bureau of Labor and Industries under ORS 279C.860 as ineligible to receive a contract or subcontract for public works;

(e) Must demonstrate a history of material compliance with the rules and other requirements of the Construction Contractors Board and of the Workers' Compensation Division, the Building Codes Division and the Occupational Safety and Health Division of the Department of Consumer and Business Services; and

(f) Must demonstrate a history of compliance with federal and state wage and hour laws.

(2) A farm labor contractor, as defined in ORS 658.405, may not receive moneys distributed from the Transportation Decarbonization Investments Account or the Climate
Resilience and Innovation Fund unless the farm labor contractor is in compliance with all licensing and any other requirements or regulations imposed upon farm labor contractors pursuant to ORS 658.405 to 658.511.

(3)(a) The Oregon Department of Administrative Services, in consultation with the Attorney General, shall adopt model rules that specify labor, workforce and contracting procedures for state agencies to use in administering funds for construction projects that receive more than $50,000 in funding from moneys distributed from the Transportation Decarbonization Investments Account or the Climate Resilience and Innovation Fund. The department shall adopt the rules in accordance with ORS chapter 183.

(b) Model rules adopted under this subsection shall require the use of a project labor agreement for construction projects that receive more than $200,000 in funding from moneys distributed from the Transportation Decarbonization Investments Account or the Climate Resilience and Innovation Fund. For all other construction projects funded as described in paragraph (a) of this subsection, the model rules shall:

(A) Establish measurable, enforceable goals for the training and hiring of persons who are members of impacted communities, as defined in section 4 of this 2020 Act, and for contracting with businesses that are owned or operated by members of impacted communities; and

(B) Establish wage, benefit and labor relations standards consistent with the provisions of this section.

(c) The model rules shall promote best practices in procurement and contracting.

(d)(A) The model rules shall require that, in each contract awarded by a state agency for a construction project funded as described in paragraph (a) of this subsection, cement, concrete, steel, iron, coatings for steel and iron and manufactured products that the contractor purchases for the project and that become part of a permanent structure be produced in the United States.

(B) The requirement in subparagraph (A) of this paragraph shall not apply if the administering agency finds that:

(i) The requirement is inconsistent with the public interest;

(ii) Cement, concrete, steel, iron, coatings for steel and iron and manufactured products required for the project are not produced in the United States in sufficient and reasonably available quantities and with satisfactory quality; or

(iii) The requirement set forth in subparagraph (A) of this paragraph will increase the costs of the project, exclusive of labor costs involved in final assembly for manufactured products, by 25 percent or more.

(C) Notwithstanding a finding by the administering agency under paragraph (d)(B) of this subsection, a contractor shall spend at least 75 percent of the total amount the contractor spends in connection with the construction project on cement, concrete, steel, iron, coatings for steel and iron and manufactured products that become part of a permanent structure to purchase cement, concrete, steel, iron, coatings for steel and iron and manufactured products that are produced in the United States.

(e) Before adopting or amending a rule under this subsection, the department shall consult with representatives of labor, contractors and other knowledgeable persons.

(4) Except as provided in subsection (5) of this section, a state agency charged with administering funds for construction projects that receive more than $50,000 in funding from
moneys distributed from the Transportation Decarbonization Investments Account or the Climate Resilience and Innovation Fund may not adopt the administering agency's own rules for labor and workforce procedures related to administering funds allocated from the Transportation Decarbonization Investments Account or the Climate Resilience and Innovation Fund and shall be subject to the model rules adopted by the department under this section.

(5) The Department of Transportation may adopt the department's own rules specifying labor, workforce and contracting procedures for use in administering funds for transportation projects that receive more than $50,000 in funding from moneys in the Transportation Decarbonization Investments Account. Rules adopted by the department pursuant to this subsection must meet the requirements of subsection (3) of this section.

(Funds and Activities Supported by Distributions from Climate Resilience and Innovation Fund)

SECTION 47. Just Transition Fund. (1) The Just Transition Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Just Transition Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Higher Education Coordinating Commission to be used to carry out the purposes described in section 48 of this 2020 Act.

(2) The fund shall consist of moneys deposited in the fund from any source.

(3) The fund shall include a reserve account, which shall consist of moneys allocated or appropriated to the fund by the Legislative Assembly for deposit in the reserve account. The reserve account shall be maintained and used by the commission only for the purposes described in section 48 (2)(b) of this 2020 Act.

SECTION 48. Just Transition Program and Just Transition Plan. (1) The Higher Education Coordinating Commission, in consultation with the State Workforce and Talent Development Board, the Employment Department and other interested state agencies, shall:

(a) Establish a Just Transition Program for the purpose of distributing moneys, other than moneys deposited in the reserve account, that are deposited in the Just Transition Fund established under section 47 of this 2020 Act; and

(b) Establish a Just Transition Plan for:

(A) The implementation and administration of the Just Transition Program; and

(B) The use of moneys deposited in the reserve account of the Just Transition Fund.

(2)(a) Moneys distributed through the Just Transition Program shall be distributed to support economic diversification, job creation, job training and other employment services.

(b) Moneys deposited in the reserve account of the Just Transition Fund may be used only to fund programs and activities that provide financial support for workers dislocated or adversely affected by climate change or climate change policies.

(3) Each even-numbered year, the commission shall deliver a report, in the manner provided in ORS 192.245, to the Governor and the Joint Committee on Climate Action on the Just Transition Plan. The report shall include:

(a) Information on implementing the Just Transition Program;

(b) Recommendations regarding the level of funding necessary to carry out activities pursuant to the Just Transition Program; and
(c) Recommendations regarding the maintenance and use of the reserve account of the Just Transition Fund, including but not limited to recommendations regarding:

(A) The funding necessary to maintain the reserve account at a level necessary to carry out the provisions of subsection (2)(b) of this section, based on an evaluation of the impacts of climate change or climate change policies on workers; and

(B) The use of moneys deposited in the reserve account for the replacement of wages or benefits for workers dislocated or adversely affected by climate change or climate change policies.

(4) The commission shall seek to develop and implement the Just Transition Program in a manner that is consistent with and complementary to other local, state and federal programs, policies and incentives that serve to carry out the activities described in subsection (2) of this section, including but not limited to activities undertaken by the commission under ORS 660.318. The Just Transition Program may include, but need not be limited to, a competitive grant program.

(5) The commission may adopt rules as necessary to administer this section, including but not limited to rules that set standards for awarding grants.

(6) A grant program adopted as part of the Just Transition Program may:

(a) Encourage, but not require, a grant applicant to provide matching funds for completion of the project, program or activity for which a grant is awarded; and

(b) Allow a grant applicant to appeal to the commission for reevaluation of any determination of grant funding.

(7) The commission may perform activities necessary to ensure that recipients of moneys distributed from the Just Transition Fund comply with applicable requirements. If the commission determines that a recipient has not complied with applicable requirements, the commission may order the recipient to refund all moneys distributed from the fund. Moneys refunded pursuant to this subsection shall be paid to the commission and deposited with the State Treasurer for credit to the Just Transition Fund.

(8) The commission shall appoint a just transition advisory committee. The committee shall be composed of representatives from communities and workplaces that have the potential to be adversely affected by climate change or climate change policies and shall include members representing labor and management. The committee shall:

(a) Advise the commission in developing rules under this section;

(b) Provide recommendations for grant awards and other expenditures from the Just Transition Fund, including expenditures from the reserve account of the Just Transition Fund; and

(c) Provide other recommendations related to the Just Transition Plan and the Just Transition Program.

SECTION 49. Wildfire Response and Prevention Fund. (1) The Wildfire Response and Prevention Fund is established in the State Treasury, separate and distinct from the General Fund. The Wildfire Response and Prevention Fund shall consist of moneys deposited in the fund from any source.

(2) Moneys in the Wildfire Response and Protection Fund are continuously appropriated to the State Forestry Department for wildfire response efforts that further one or more of the purposes set forth in section 2 of this 2020 Act, as informed by the recommendations of any council formed by the Governor to address wildfire response.
(3) Wildfire response efforts that may be supported by moneys in the fund include but are not limited to:

(a) Projects under the Good Neighbor Authority Agreement as that term is defined in ORS 526.275;
(b) Forest restoration projects administered by or in coordination with the Oregon Watershed Enhancement Board;
(c) Community projects in coordination with the State Fire Marshal for promoting or creating defensible spaces to protect buildings from wildfire; and
(d) Distributed energy projects, in coordination with the State Department of Energy, that serve to mitigate wildfire risk or promote wildfire resilience.

(4) Moneys deposited in the Wildfire Response and Prevention Fund may not be used to support wildfire suppression activities.

(5) The State Department of Forestry may adopt any rules necessary for the administration of this section.

SECTION 50. Clean Water Protection Fund. (1) The Clean Water Protection Fund is established in the State Treasury, separate and distinct from the General Fund. The Clean Water Protection Fund shall consist of moneys deposited in the fund from any source.

(2) Moneys in the Clean Water Protection Fund are continuously appropriated to the Water Resources Department for programs, projects and activities further one or more of the purposes set forth in section 2 of this 2020 Act and that serve to protect water resources in the face of increased temperatures, sustained drought, or other impacts on the water resources of this state by climate change.

(3) Programs, projects and activities that may be funded by moneys deposited in the fund include, but are not limited to irrigation modernization projects and municipal water projects.

(4) The Water Resources Department may adopt any rules necessary for the administration of this section.

SECTION 51. Working Lands Fund. (1) The Working Lands Fund is established in the State Treasury, separate and distinct from the General Fund. The Working Lands Fund shall consist of moneys deposited in the fund from any source.

(2) Moneys in the Working Lands Fund are continuously appropriated to the Oregon Watershed Enhancement Board to:

(a) In coordination with the Department of Transportation, provide grants for modernization of farm equipment in a manner that will provide demonstrated benefits to farmworkers in the form of decreased emissions exposures; and
(b) Transfer, in amounts determined appropriate by the board, to the Oregon Agricultural Heritage Fund for providing grants under ORS 541.984 that meet the requirements of this section and ORS 541.984.

(3) The Oregon Watershed Enhancement Board may adopt rules necessary for the administration of this section.

(Common School Fund)

SECTION 52. Moneys deposited in the Common School Fund under sections 27 and 28 of this 2020 Act are continuously appropriated to the Department of State Lands to be used in
a manner that:
   (1) Is consistent with the requirements of the Oregon Constitution; and
   (2) Furthers one or more of the purposes set forth in section 2 of this 2020 Act.

PROVISIONS RELATED TO THE PUBLIC UTILITY COMMISSION

SECTION 53. Sections 54 to 59, 61 and 62 of this 2020 Act are added to and made a part of ORS chapter 757.

SECTION 54. As used in sections 54 to 59 of this 2020 Act:
   (1) “Allowance” has the meaning given that term in section 4 of this 2020 Act.
   (2) “Electric company” has the meaning given that term in ORS 757.600.
   (3) “Natural gas utility” means a natural gas utility regulated by the Public Utility Commission under ORS chapter 757.
   (4) “Oregon Climate Action Program” has the meaning given that term in section 4 of this 2020 Act.

SECTION 55. (1) If, rather than surrendering the allowances to fulfill its compliance obligation, an electric company sells allowances that were directly distributed at no cost to the electric company under section 13 of this 2020 Act, the Public Utility Commission shall require the proceeds received by the electric company through the sale:
   (a) To be spent by the electric company for the exclusive benefit of retail customers that are supplied electricity by the electric company; and
   (b) To be used only for activities that serve to reduce greenhouse gas emissions or provide assistance to the electric company’s retail customers, in furtherance of the purposes set forth in section 2 of this 2020 Act.
   (2) Subject to subsection (1) of this section, an electric company shall prioritize the use of proceeds received by the electric company from the sale of allowances that were directly distributed at no cost to the electric company for:
      (a) Providing weatherization, energy efficiency improvements, bill assistance or rate assistance to the electric company’s low-income residential customers;
      (b) Accelerated transportation electrification;
      (c) Investments and activities that serve to reduce greenhouse gas emissions through actions such as energy efficiency improvements, voltage optimization, portfolio optimization and renewable energy procurement; and
      (d) Facilitating integration and utilization of variable energy resources through investments in programs and technologies such as demand response, smart grid communication and control systems, grid connected end uses and energy storage.
   (3) An electric company that receives allowances directly distributed at no cost under section 13 of this 2020 Act shall develop a plan for the use of the allowances and file the plan with the commission. The plan must be revised and updated on a schedule established by the commission by rule. At a minimum, a plan must contain:
      (a) A strategy for the use of proceeds received by the electric company from the sale of the allowances in compliance with this section; and
      (b) A description of any previous uses of proceeds received by the electric company from the sale of the allowances.
   (4) The commission shall, pursuant to ORS 756.040 and after consultation with the
Housing and Community Services Department, adopt rules for the implementation and enforcement of this section.

SECTION 56. (1) The Public Utility Commission, as trustee, shall establish a separate trust account for the benefit of each natural gas utility. Moneys in each trust account shall consist of proceeds from the sale of allowances consigned to the state for auction, pursuant to section 16 of this 2020 Act, by the natural gas utility for which the trust account is established. The commission shall establish the trust account with the State Treasurer for the natural gas utility. The State Treasurer may invest moneys deposited in the trust accounts as provided in ORS 293.701 to 293.857. Interest earned by a trust account must be credited to the account. Upon request by a natural gas utility, the commission shall require the State Treasurer to transfer from the natural gas utility's trust account to the natural gas utility amounts necessary to pay for programs or activities found to be consistent with the plan required under subsection (2) of this section.

(2) A natural gas utility shall develop a plan for meeting the requirements of this section and file the plan for acknowledgment with the commission as part of each of the natural gas utility's integrated resource plan filings, as further specified by the commission by rule.

(3) A plan must:

(a) Identify a portfolio of approaches in furtherance of the purposes set forth in section 2 of this 2020 Act;

(b) Provide that no less than 25 percent of the proceeds from the sale of allowances consigned to the state for auction by the natural gas utilities pursuant to section 16 of this 2020 Act be used for nonvolumetric bill credits or other rate relief for residential, commercial and industrial sales customers; and

(c) Address the impacts of the regulated emissions attributable to the natural gas utility with due consideration of the risks associated with climate change and the need for urgent action to address greenhouse gas reductions, through one or more of the following approaches:

(A) Implementation of programs, activities or technologies designed to reduce greenhouse gas emissions through weatherization and more efficient residential, commercial and industrial use of natural gas by sales customers, including programs for low and moderate income residential customers;

(B) Development of renewable natural gas or renewable hydrogen infrastructure and the provision of renewable natural gas or renewable hydrogen to the natural gas utility's sales customers;

(C) Provision of renewable thermal resources for sales customers;

(D) Provision of natural gas or renewable natural gas to vehicles and the necessary related infrastructure in the utility's service territory as consistent with section 62 of this 2020 Act; or

(E) Implementation of pilot projects or research, development and demonstration activities to determine the cost and viability of activities described in subparagraphs (A) to (D) of this paragraph.

(4) The commission may adopt rules for the implementation and enforcement of this section.

SECTION 57. (1) An electric company shall develop and file with the Public Utility Commission an initial plan under section 55 of this 2020 Act no later than December 31, 2022.
(2) A natural gas utility shall develop and file with the Public Utility Commission an initial plan under section 56 of this 2020 Act no later than June 30, 2022.

SECTION 58. No later than September 15 of each even-numbered year, the Public Utility Commission shall, in the manner provided by ORS 192.245, provide a report to the Joint Committee on Climate Action and to the Climate Policy Office on:

(1) How electric companies have made use of allowances that were directly distributed at no cost to each electric company, including a description of how any proceeds received by the electric company from the sale of the allowances were used; and

(2) How natural gas utilities have expended proceeds from the sale of allowances consigned to the state for auction by the natural gas utilities pursuant to section 16 of this 2020 Act.

SECTION 59. The Public Utility Commission shall establish processes and mechanisms to ensure timely cost recovery for prudent and reasonable costs incurred by public utilities associated with compliance with the Oregon Climate Action Program. The processes and mechanisms shall be established to address situations in which compliance with the Oregon Climate Action Program results in public utilities incurring costs for which cost recovery mechanisms otherwise authorized by law are not adequate.

SECTION 60. ORS 757.259 is amended to read:

757.259. (1) In addition to powers otherwise vested in the Public Utility Commission, and subject to the limitations contained in this section, under amortization schedules set by the commission, a rate or rate schedule:

(a) May reflect:

(A) Amounts lawfully imposed retroactively by order of another governmental agency; or

(B) Amounts deferred under subsection (2) of this section.

(b) Shall reflect amounts deferred under subsection (3) of this section if the public utility so requests.

(2) Upon application of a utility or ratepayer or upon the commission’s own motion and after public notice, opportunity for comment and a hearing if any party requests a hearing, the commission by order may authorize deferral of the following amounts for later incorporation in rates:

(a) Amounts incurred by a utility resulting from changes in the wholesale price of natural gas or electricity approved by the Federal Energy Regulatory Commission;

(b) Balances resulting from the administration of Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980;

(c) Direct or indirect costs arising from any purchase made by a public utility from the Bonneville Power Administration pursuant to ORS 757.663, provided that such costs shall be recovered only from residential and small-farm retail electricity consumers;

(d) Amounts accruing under a plan for the protection of short-term earnings under ORS 757.262 (2); or

(e) Identifiable utility [expenses] costs or revenues, including the cost of capital, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

(3) Upon request of the public utility, the commission by order shall allow deferral of amounts provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.
(4) The commission may authorize deferrals under subsection (2) of this section beginning with the date of application, together with interest established by the commission. A deferral may be authorized for a period not to exceed 12 months beginning on or after the date of application. However, amounts deferred under subsection (2)(c) and (d) or (3) of this section are not subject to subsection (5), (6), (7), (8) or (10) of this section, but are subject to such limitations and requirements that the commission may prescribe and that are consistent with the provisions of this section.

(5) Unless subject to an automatic adjustment clause under ORS 757.210 (1), amounts described in this section shall be allowed in rates only to the extent authorized by the commission in a proceeding under ORS 757.210 to change rates and upon review of the utility’s earnings at the time of application to amortize the deferral. The commission may require that amortization of deferred amounts be subject to refund. The commission’s final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the commission that the amount was prudently incurred by the utility.

(6) Except as provided in subsections (7), (8) and (10) of this section, the overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility’s gross revenues for the preceding calendar year.

(7) The commission may allow an overall average rate impact greater than that specified in subsection (6) of this section for natural gas commodity and pipeline transportation costs incurred by a natural gas utility if the commission finds that allowing a higher amortization rate is reasonable under the circumstances.

(8) The commission may authorize amortizations for an electric utility under this section with an overall average rate impact not to exceed six percent of the electric utility’s gross revenues for the preceding calendar year. If the commission allows an overall average rate impact greater than that specified in subsection (6) of this section, the commission shall estimate the electric utility’s cost of capital for the deferral period and may also consider estimated changes in the electric utility’s costs and revenues during the deferral period for the purpose of reviewing the earnings of the electric utility under the provisions of subsection (5) of this section.

(9) The commission may impose requirements similar to those described in subsection (8) of this section for the amortization of other deferrals under this section, but may not impose such requirements for deferrals under subsection (2)(c) or (d) or (3) of this section.

(10) The commission may authorize amortization of a deferred amount for an electric utility under this section with an overall average rate impact greater than that allowed by subsections (6) and (8) of this section if:

(a) The deferral was directly related to extraordinary power supply expenses incurred during 2001;

(b) The amount to be deferred was greater than 40 percent of the revenue received by the electric utility in 2001 from Oregon customers; and

(c) The commission determines that the higher rate impact is reasonable under the circumstances.

(11) If the commission authorizes amortization of a deferred amount under subsection (10) of this section, an electric utility customer that uses more than one average megawatt of electricity at any site in the immediately preceding calendar year may prepay the customer’s share of the deferred amount. The commission shall adopt rules governing the manner in which:

(a) The customer’s share of the deferred amount is calculated; and

(b) The customer’s rates are to be adjusted to reflect the prepayment of the deferred amount.
(12) The provisions of this section do not apply to a telecommunications utility.

SECTION 61. The Public Utility Commission may, in such manner as the commission considers proper, allow a rate or rate schedule of a public utility to include differential rates or to reflect amounts for programs that enable the public utility to assist low-income residential customers. Rates or rate schedules allowed under this section must minimize the shifting of costs to ratepayers that do not qualify for low-income assistance.

SECTION 62. (1) As used in this section:
(a) “Electric company” has the meaning given that term in ORS 757.600.
(b) “Natural gas utility” means a natural gas utility regulated by the Public Utility Commission under ORS chapter 757.

(2) The Public Utility Commission may allow a rate or rate schedule of an electric company or natural gas utility to reflect amounts for investments in infrastructure measures that support the adoption of alternative forms of transportation vehicles if the investments are consistent with and meet the requirements of subsection (3) of this section.

(3) An investment in infrastructure measures that support the adoption of alternative forms of transportation vehicles is a utility service and a benefit to utility ratepayers if:
(a) The infrastructure measures will support the adoption of alternative vehicles that are powered by electricity, compressed natural gas or hydrogen; and
(b) The investment can be reasonably anticipated to:
(A) Cost-effectively reduce transportation sector greenhouse gas emissions over time; and
(B) Benefit the electric company's or natural gas utility's customers. Benefits may include, but need not be limited to:
(i) Distribution or transmission management benefits;
(ii) System efficiencies or other economic values inuring to the benefit of ratepayers over the long term; or
(iii) Increased ratepayer choice by providing greater deployment of a variety of fueling technologies to increase availability and access to publicly available fueling stations for alternative forms of transportation vehicles.

REQUIREMENTS FOR ETHANOL CONTENT IN GASOLINE

SECTION 63. ORS 646.913 is amended to read:

646.913. (1) Except as provided in subsection (4) of this section, a wholesale dealer, retail dealer or nonretail dealer may not sell gasoline or offer gasoline for sale unless the gasoline contains at least 10 percent denatured fuel ethanol by volume. Gasoline that contains anhydrous ethanol in concentrations between 9.2 percent and 10 percent by volume complies with the requirement set forth in this subsection.

(2) The State Department of Agriculture shall adopt standards for gasoline blended with ethanol that is sold in this state. The standards that the department adopts shall require that the gasoline blended with ethanol:
(a) Contains ethanol that is derived from agricultural or woody waste or residue;
(b) Complies with the volatility requirements specified in 40 C.F.R. part 80;
(c) Complies with ASTM International specification D 4814, Standard Specification for Automotive Spark-Ignition Engine Fuel;
(d) Is not blended with casinghead gasoline, absorption gasoline, drip gasoline or natural gaso-
line after the gasoline has been sold, transferred or otherwise removed from a refinery or terminal;
and
(e) Contains denatured fuel ethanol that complies with ASTM International specification D 4806,
Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automo-

(3) The department may review specifications adopted by ASTM International, or equivalent
organizations, and federal regulations and revise the standards adopted under this section as nec-
essary.

(4) A wholesale dealer, retail dealer or nonretail dealer may sell or offer for sale gasoline that
is not blended with ethanol if the gasoline has an octane rating, as defined in ORS 646.945, of 91
or above or if the gasoline is for use in:
(a) An aircraft:
   (A) With a supplemental type certificate approved by the Federal Aviation Administration that
       allows the aircraft to use gasoline that is intended for use in motor vehicles; or
   (B) Issued a type certificate by an aircraft engine manufacturer that allows the aircraft to use
       gasoline that is intended for use in motor vehicles;
(b) An aircraft that has been issued an experimental certificate, as described in 14 C.F.R. 21.191,
    by the Federal Aviation Administration and for which the manufacturer's specifications require the
    use of gasoline that is intended for use in motor vehicles;
(c) A light-sport aircraft, as defined in 14 C.F.R. 1.1, for which the manufacturer's specifications
    require the use of gasoline that is intended for use in motor vehicles;
(d) A vintage aircraft, as defined by the Oregon Department of Aviation by rule, for which the
    manufacturer's specifications require the use of gasoline that is intended for use in motor vehicles;
(e) An antique vehicle, as defined in ORS 801.125;
(f) A Class I all-terrain vehicle, as defined in ORS 801.190;
(g) A Class III all-terrain vehicle, as defined in ORS 801.194;
(h) A Class IV all-terrain vehicle, as defined in ORS 801.194 (2);
(i) A racing activity vehicle, as defined in ORS 801.404;
(j) A snowmobile, as defined in ORS 801.490;
(k) Tools, including but not limited to lawn mowers, leaf blowers and chain saws; or
(L) A watercraft.

BIENNIAL STATEWIDE ENERGY BURDEN REPORT

SECTION 64. (1) No later than November 1 of each even-numbered year, the Housing and
Community Services Department and the State Department of Energy shall jointly transmit
to the Governor and the Legislative Assembly a biennial statewide energy burden report. The
Housing and Community Services Department and the State Department of Energy shall
jointly adopt rules for gathering data necessary to prepare the report. In adopting rules un-
der this section, the Housing and Community Services Department and the State Department
of Energy shall consult with consumer-owned utilities as defined in ORS 757.600 regarding
the availability and collection of data necessary to develop the report.

(2) The purposes of the biennial statewide energy burden report are to:
(a) Establish a baseline for assessing the energy burden experienced by the residents of
this state on a statewide level, by county and by utility service territory, and for assessing
the differences in regional or demographic data that may impact the energy burden experi-
cenced;

(b) Develop and maintain an inventory of all programs in Oregon that contribute to re-
ducing energy burden that are funded through state, federal or utility programs and include
in the inventory a description of the annual funding necessary for each program and the
sources for funding received;

(c) Explore new statewide mechanisms for reducing energy burden, with an emphasis on
addressing the specific needs of renters, mobile home and manufactured dwelling park resi-
dents and residents of multifamily housing;

(d) Develop and provide recommendations for restructuring programs or for creating new
programs to enhance efforts for addressing energy burden in this state; and

(e) Develop and provide recommendations for improving the delivery of services for re-
ducing energy burden by improving data gathering and knowledge sharing between state
agencies, utilities, community action agencies and other organizations that implement en-
ergy assistance programs.

(3) The Housing and Community Services Department, in consultation with the State
Department of Energy, shall convene an Energy Burden and Poverty Working Group to
provide guidance and assistance to the departments in developing the biennial statewide en-
ergy burden report. The working group shall include representatives of low-income and en-
vironmental justice communities, consumer-owned utilities, investor-owned utilities, at least
one community action agency and organizations that implement energy assistance on a
statewide level. The Housing and Community Services Department shall provide staff support
to the working group. The working group shall meet regularly, as is necessary for the
working group to review the statewide progress in addressing energy burden since issuance
of the previous biennial statewide energy burden report and to assist in developing the up-
coming biennial statewide energy burden report.

GREENHOUSE GAS EMISSIONS REGISTRATION AND REPORTING

SECTION 65. ORS 468A.280 is amended to read:

ORS 468A.280. [(1) In addition to any registration and reporting that may be required under ORS
468A.050, the Environmental Quality Commission by rule may require registration and reporting by:]

(1) As used in this section:

(a) “Air contamination source” has the meaning given that term in ORS 468A.005.

(b) “Greenhouse gas” has the meaning given that term in section 4 of this 2020 Act.

(2) The Environmental Quality Commission by rule may require registration and report-
ing of information necessary to determine greenhouse gas emissions by:

(a) A person in control of an air contamination source of any class for which registration
and reporting is required under ORS 468A.050.

[(a)] (b) [Any] A person who imports, sells, allocates or distributes electricity for use in this
state [electricity, the generation of which emits greenhouse gases].

[(b)] (c) [Any] A person who imports, sells or distributes for use in this state [fossil] fuel that
generates greenhouse gases when combusted.

(3) A person required to register and report under subsection (2) of this section shall
register with the Department of Environmental Quality and make reports containing information that the commission by rule may require that is relevant to determining and verifying greenhouse gas emissions. The commission may by rule require the person to provide an audit by an independent and disinterested third party to verify that the greenhouse gas emissions information reported by the person is true and accurate.

[(2)] (4) Rules adopted by the commission under this section for electricity that is imported, sold, allocated or distributed for use in this state may require reporting of information necessary to determine greenhouse gas emissions from generating facilities used to produce the electricity and related electricity transmission line losses.

[(3)(a)] (5)(a) The commission shall allow consumer-owned utilities, as defined in ORS 757.270, to comply with reporting requirements imposed under this section by the submission of a report prepared by a third party. A report submitted under this paragraph may include information for more than one consumer-owned utility, but must include all information required by the commission for each individual utility.

(b) For the purpose of determining greenhouse gas emissions related to electricity purchased from the Bonneville Power Administration by a consumer-owned utility, as defined in ORS 757.270, the commission may require only that the utility report:

(A) The number of megawatt-hours of electricity purchased by the utility from the Bonneville Power Administration, segregated by the types of contracts entered into by the utility with the Bonneville Power Administration; and

(B) The percentage of each fuel or energy type used to produce electricity purchased under each type of contract.

[(4)(a)] (6)(a) Rules adopted by the commission pursuant to this section for electricity that is purchased, imported, sold, allocated or distributed for use in this state by an electric company, as defined in ORS 757.600, must be limited to the reporting of:

(A) The generating facility fuel type and greenhouse gas emissions emitted from generating facilities owned or operated by the electric company;

(B) The number of megawatt-hours of electricity generated by the electric company for use in this state;

[(B)] (C) Greenhouse gas emissions emitted from transmission equipment owned or operated by the electric company;

[(C)] (D) The number of megawatt-hours of electricity purchased by the electric company for use in this state, including information, if known, on:

(i) The seller of the electricity to the electric company; and

(ii) The original generating facility fuel type or types; and

[(D)] (E) An estimate of the amount of greenhouse gas emissions attributable to:

(i) Electricity purchases made by a particular seller to the electric company;

(ii) Electricity purchases from an unknown origin or from a seller who is unable to identify the original generating facility fuel type or types;

[(iii) Electricity purchases for which a renewable energy certificate under ORS 469A.130 has been issued but subsequently transferred or sold to a person other than the electric company;]

[(iv)] (iii) Electricity transmitted for others by the electric company; and

[(v)] (iv) Total energy losses from electricity transmission and distribution equipment owned or operated by the electric company.
(b) Pursuant to paragraph (a) of this subsection, a [multijurisdictional] multistate jurisdictional electric company may rely upon a cost allocation methodology approved by the Public Utility Commission for reporting emissions allocated in this state.

[(5)] (7) Rules adopted by the commission under this section for [fossil] fuel that is imported, sold or distributed for use in this state may require reporting of the type and quantity of the fuel and any additional information necessary to determine the [carbon content] greenhouse gas emissions associated with the use or combustion of the fuel. [For the purpose of determining greenhouse gas emissions related to liquefied petroleum gas, the commission shall allow reporting using publications or submission of data by the American Petroleum Institute but may require reporting of such other information necessary to achieve the purposes of the rules adopted by the commission under this section.]

[(6)] (8) To an extent that is consistent with the purposes of the rules adopted by the commission under this section, the commission shall minimize the burden of the reporting required under this section by:

(a) Allowing concurrent reporting of information that is also reported to another state agency;
(b) Allowing electronic reporting;
(c) Allowing use of good engineering practice calculations in reports, or of emission factors published by the United States Environmental Protection Agency;
(d) Establishing thresholds for the amount of specific greenhouse gases that may be emitted or generated without reporting;
(e) Requiring reporting by the fewest number of persons in a fuel distribution system that will allow the commission to acquire the information needed by the commission; or
(f) Other appropriate means and procedures determined by the commission.

[(7) As used in this section, “greenhouse gas” has the meaning given that term in ORS 468A.210.]

(9) The commission may adjust by rule the registration and reporting requirements under subsection (2) of this section if necessary to accommodate participation in an energy imbalance market by persons that import, sell, allocate or distribute electricity, or as necessary to otherwise address developments in electricity markets.

(10) The department may require a person for which registration and reporting is required under subsection (2) of this section to provide any pertinent records related to verification of greenhouse gas emissions in order to determine compliance with and to enforce this section and rules adopted pursuant to this section.

(11) If a person required to register and report under subsection (2) of this section fails to submit a report under this section, the department may develop an assigned emissions level for the person if necessary for the purpose of regulating persons under sections 4 to 33 of this 2020 Act.

(12)(a) By rule, the commission may establish a schedule of fees for registration and reporting under this section. Before establishing fees pursuant to this subsection, the commission shall consider the total fees for each person subject to registration and reporting under this section.

(b) The commission shall limit the fees established under this subsection to the anticipated cost of developing, implementing and analyzing data collected under greenhouse gas emissions registration and reporting programs.

(13) Emissions data submitted to the department under this section is public information
and may not be designated as confidential for purposes of disclosure under the public records law, ORS 192.311 to 192.478.

REGULATION OF LANDFILL METHANE EMISSIONS

SECTION 66. Section 67 of this 2020 Act is added to and made a part of ORS chapter 468A.

SECTION 67. (1) As used in this section:
(a) “Anthropogenic greenhouse gas emissions” has the meaning given that term in section 4 of this 2020 Act.
(b) “Carbon dioxide equivalent” has the meaning given that term in section 4 of this 2020 Act.
(c) “Hazardous waste” has the meaning given that term in ORS 466.005.
(d) “Land disposal site” has the meaning given that term in ORS 459.005.
(e) “Landfill” has the meaning given that term in ORS 459.005.
(f) “Solid waste” has the meaning given that term in ORS 459.005.

(2) It is the intent of the Legislative Assembly that the standards and requirements adopted by rule under this section be at least as stringent as the most stringent standards and requirements for reducing methane gas emissions from landfills adopted among the states having a boundary with Oregon.

(3) The Environmental Quality Commission shall adopt by rule standards and requirements for reducing methane gas emissions from landfills.

(4) The following landfills are exempt from standards and requirements adopted by rule under this section:
(a) Landfills that emit less than 25,000 metric tons of carbon dioxide equivalent in anthropogenic greenhouse gas emissions annually, as reported under ORS 468A.280.
(b) Landfills that receive only hazardous waste.
(c) Landfills that receive only waste from building demolition or construction.
(d) Land disposal sites that are closed as of the effective date of this 2020 Act and are no longer receiving solid waste, are maintained in compliance with ORS 459.268 and have less than 450,000 metric tons of waste in place.

(5) Rules adopted under this section shall include but need not be limited to:
(a) Reporting requirements related to waste in place, calculated landfill gas heat input capacity, and landfill surface emissions monitoring.
(b) Methane gas collection and control system requirements for landfills with reported calculated landfill gas heat input capacity exceeding 3 million British thermal units per hour.
(c) Standards and requirements for methane surface emissions, monitoring and corrective actions.
(d) Alternative compliance measures and methods that may be applied for certain landfills on a case-by-case basis.
(e) Standards and requirements for records retention, landfill closure notification, methane gas collection and control device removal or modification and annual operating reports.

SECTION 68. The Environmental Quality Commission shall adopt rules under section 67 of this 2020 Act in time for the rules to become operative no later than July 1, 2022.
OREGON GLOBAL WARMING COMMISSION
(Abolish and Transfer of Duties to Oregon Climate Board)

SECTION 69. (1) The Oregon Global Warming Commission is abolished. On the operative
date of this section, the tenure of office of the members of the Oregon Global Warming
Commission ceases.

(2) All the duties, functions and powers of the Oregon Global Warming Commission are
imposed upon, transferred to and vested in the Oregon Climate Board.

SECTION 70. (1) The chairperson of the Oregon Global Warming Commission shall de-
deliver to the Oregon Climate Board all records and property within the jurisdiction of the
chairperson that relate to the duties, functions and powers transferred by section 69 of this
2020 Act.

(2) The chairperson of the Oregon Climate Board shall take possession of the records and
property.

(3) The Governor shall resolve any dispute between the Oregon Global Warming Com-
mission and the Oregon Climate Board relating to transfers of records and property under
this section, and the Governor's decision is final.

SECTION 71. (1) The unexpended balances of amounts authorized to be expended by the
Oregon Global Warming Commission for the biennium beginning July 1, 2019, from revenues
dedicated, continuously appropriated, appropriated or otherwise made available for the pur-
pose of administering and enforcing the duties, functions and powers transferred by section
69 of this 2020 Act are transferred to and are available for expenditure by the Oregon Climate
Board for the biennium beginning July 1, 2019, for the purpose of administering and enforcing
the duties, functions and powers transferred by section 69 of this 2020 Act.

(2) The expenditure classifications, if any, established by Acts authorizing or limiting
expenditures by the Oregon Global Warming Commission remain applicable to expenditures
by the Oregon Climate Board under this section.

SECTION 72. The transfer of duties, functions and powers to the Oregon Climate Board
by section 69 of this 2020 Act does not affect any action, proceeding or prosecution involving
or with respect to such duties, functions and powers begun before and pending at the time
of the transfer, except that the Oregon Climate Board is substituted for the Oregon Global
Warming Commission in the action, proceeding or prosecution.

SECTION 73. (1) Nothing in sections 69 to 76 of this 2020 Act, the amendments to stat-
utes by sections 78 to 83 of this 2020 Act or the repeal of statutes by section 77 of this 2020
Act relieves a person of a liability, duty or obligation accruing under or with respect to the
duties, functions and powers transferred by section 69 of this 2020 Act. The Oregon Climate
Board may undertake the collection or enforcement of any such liability, duty or obligation.

(2) The rights and obligations of the Oregon Global Warming Commission legally incurred
under contracts, leases and business transactions executed, entered into or begun before the
operative date of section 69 of this 2020 Act are transferred to the Oregon Climate Board.
For the purpose of succession to these rights and obligations, the Oregon Climate Board is
a continuation of the Oregon Global Warming Commission and not a new authority.

SECTION 74. Notwithstanding the transfer of duties, functions and powers by section 69
of this 2020 Act, the rules of the Oregon Global Warming Commission in effect on the oper-
ative date of section 69 of this 2020 Act continue in effect until superseded or repealed by
rules of the Oregon Climate Board. References in rules of the Oregon Global Warming Commission to the Oregon Global Warming Commission or an officer of the Oregon Global Warming Commission are considered to be references to the Oregon Climate Board or an officer of the Oregon Climate Board.

SECTION 75. Whenever, in any statutory law or resolution of the Legislative Assembly or in any rule, document, record or proceeding authorized by the Legislative Assembly, reference is made to the Oregon Global Warming Commission or an officer or employee of the Oregon Global Warming Commission, the reference is considered to be a reference to the Oregon Climate Board or an officer of the Oregon Climate Board.

SECTION 76. For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel may substitute for words designating the “Oregon Global Warming Commission” or its officers, wherever they occur in statutory law, words designating the “Oregon Climate Board” or its officers.

(Repeals)


(Amendments to Statutes)

SECTION 78. ORS 468A.235 is amended to read:

468A.235. The [Oregon Global Warming Commission] **Oregon Climate Board** shall recommend ways to coordinate state and local efforts to reduce greenhouse gas emissions in Oregon consistent with the greenhouse gas emissions reduction goals established by ORS 468A.205 and shall recommend efforts to help Oregon prepare for the effects of [global warming] **climate change**. The Office of the Governor and state agencies working on multistate and regional efforts to reduce greenhouse gas emissions shall inform the [commission] **board** about these efforts and shall consider input from the [commission] **board** for such efforts.

SECTION 79. ORS 468A.240 is amended to read:

468A.240. (1) In furtherance of the greenhouse gas emissions reduction goals established by ORS 468A.205, the [Oregon Global Warming Commission] **Oregon Climate Board** may recommend statutory and administrative changes, policy measures and other recommendations to be carried out by state and local governments, businesses, nonprofit organizations or residents. In developing its recommendations, the [commission] **board** shall consider economic, environmental, health and social costs, and the risks and benefits of alternative strategies, including least-cost options. The [commission] **board** shall solicit and consider public comment relating to statutory, administrative or policy recommendations.

[(2) The commission shall examine greenhouse gas cap-and-trade systems, including a statewide and multistate carbon cap-and-trade system and market-based mechanisms, as a means of achieving the greenhouse gas emissions reduction goals established by ORS 468A.205.]

[(3) The commission shall examine possible funding mechanisms to obtain low-cost greenhouse gas emissions reductions and energy efficiency enhancements, including but not limited to those in the natural gas industry.]

SECTION 80. ORS 468A.245 is amended to read:
468A.245. The [Oregon Global Warming Commission] Oregon Climate Board shall develop an outreach strategy to educate Oregonians about the scientific aspects and economic impacts of [global warming] climate change and to inform Oregonians of ways to reduce greenhouse gas emissions and ways to prepare for the effects of [global warming] climate change. The [commission] board, at a minimum, shall work with state and local governments, the Climate Policy Office, the State Department of Energy, the Department of Education, the Higher Education Coordinating Commission and businesses to implement the outreach strategy.

SECTION 81. ORS 468A.255 is amended to read:
468A.255. The [Oregon Global Warming Commission] Oregon Climate Board may recommend to the Governor the formation of citizen advisory groups to explore particular areas of concern with regard to the reduction of greenhouse gas emissions and the effects of [global warming] climate change.

SECTION 82. ORS 468A.260 is amended to read:
468A.260. The [Oregon Global Warming Commission] Oregon Climate Board shall submit a report to the Legislative Assembly, in the manner provided by ORS 192.245, by March 31 of each odd-numbered year that describes Oregon’s progress toward achievement of the greenhouse gas emissions reduction goals established by ORS 468A.205. The report may include relevant issues and trends of significance, including trends of greenhouse gas emissions, emerging public policy and technological advances. The report also may discuss measures the state may adopt to mitigate the impacts of [global warming] climate change on the environment, the economy and the residents of Oregon and to prepare for those impacts.

SECTION 83. ORS 352.823 is amended to read:
352.823. (1) The Oregon Climate Change Research Institute is established at Oregon State University. In administering the institute, Oregon State University may seek the cooperation of other public universities listed in ORS 352.002.
(2) The purpose of the Oregon Climate Change Research Institute is to:
(a) Facilitate research by faculty at public universities listed in ORS 352.002 on climate change and its effects on natural and human systems in Oregon;
(b) Serve as a clearinghouse for climate change information;
(c) Provide climate change information to the public in integrated and accessible formats;
(d) Support the [Oregon Global Warming Commission] Oregon Climate Board in developing strategies to prepare for and to mitigate the effects of climate change on natural and human systems; and
(e) Provide technical assistance to local governments to assist them in developing climate change policies, practices and programs.
(3) The Oregon Climate Change Research Institute shall assess, at least once each biennium, the state of climate change science, including biological, physical and social science, as it relates to Oregon and the likely effects of climate change on the state. The institute shall submit the assessment to the Legislative Assembly in the manner provided in ORS 192.245 and to the Governor.
(4) State agencies may contract with the Oregon Climate Change Research Institute to fulfill agency needs regarding the collection, storage, integration, analysis, dissemination and monitoring of climate change information, research and training.

SECTION 84. ORS 468A.265 is amended to read:
468A.265. As used in ORS 468A.265 to 468A.277:
(1) “Biodiesel” means a motor vehicle fuel consisting of mono-alkyl esters of long chain fatty
acids derived from vegetable oils, animal fats or other nonpetroleum resources, not including palm oil.

(2) “Clean fuels program” means the program adopted by rule by the Environmental Quality Commission under ORS 468A.266 (1)(b).

(3) “Compliance period” means the calendar year during which a regulated party must demonstrate compliance with the low carbon fuel standards through participation in the clean fuels program.

(4) “Credit” means a unit of measure generated when a fuel with a carbon intensity that is less than the applicable low carbon fuel standard is produced, imported or dispensed for use in Oregon, such that one credit is equal to one metric ton of carbon dioxide equivalent.

(5) “Credit aggregator” means a person who voluntarily registers to participate in the clean fuels program to facilitate credit generation on behalf of a credit generator and to trade credits with regulated parties, credit generators and other credit aggregators.

(6) “Credit generator” means a person eligible to generate credits by providing fuels for use in Oregon with carbon intensities less than the applicable low carbon fuel standard.

(7) “Deferral” means a delay or change in the applicability of a scheduled applicable low carbon fuel standard for a period of time, accomplished pursuant to an order issued under ORS 468A.273 or 468A.274.

(8) “Deficit” means a unit of measure generated when a fuel with a carbon intensity that is more than the applicable low carbon fuel standard is produced, imported or dispensed for use in Oregon, such that one deficit is equal to one metric ton of carbon dioxide equivalent.

(9) “Greenhouse gas” [has the meaning given that term in ORS 468A.210] includes, but is not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride.

(10) “Low carbon fuel standard” means a standard adopted by the commission by rule under ORS 468A.266 for the reduction of greenhouse gas emissions, on average, per unit of fuel energy.

(11) “Motor vehicle” has the meaning given that term in ORS 801.360.

(12) “Regulated party” means a person responsible for complying with the low carbon fuel standards.

(13) “Small deficit” means a net deficit balance at the end of a compliance period, after retirement of all credits held by a regulated party, that does not exceed a percentage set by the commission by rule of the total number of deficits that the regulated party generated for a compliance period and that may not be greater than 10 percent of the total number of deficits that the regulated party generated for a compliance period.

SECTION 85. ORS 468A.279 is amended to read:

468A.279. (1) As used in this section:

(a) “Greenhouse gas” has the meaning given that term in ORS 468A.210

(b) “Motor vehicle” has the meaning given that term in ORS 801.360.

(2) The Environmental Quality Commission may adopt by rule standards and requirements described in this section to reduce greenhouse gas emissions.

(3)(a) The commission may adopt requirements to prevent the tampering, alteration and modification of the original design or performance of motor vehicle pollution control systems.

(b) Before adopting requirements under this section, the commission shall consider the anti-tampering requirements and exemptions of the State of California.

(4) The commission may adopt requirements for motor vehicle service providers to check and
inflate tire pressure according to the tire manufacturer's or motor vehicle manufacturer's recom-
mended specifications, provided that the requirements:
(a) Do not apply when the primary purpose of the motor vehicle service is fueling vehicles; and
(b) Do not require motor vehicle service providers to purchase equipment to check and inflate
tire pressure.
(5) The commission may adopt restrictions on engine use by commercial ships while at port, and
requirements that ports provide alternatives to engine use such as electric power, provided that:
(a) Engine use shall be allowed when necessary to power mechanical or electrical operations if
alternatives are not reasonably available;
(b) Engine use shall be allowed when necessary for reasonable periods due to emergencies and
other considerations as determined by the commission; and
(c) The requirements must be developed in consultation with representatives of Oregon ports
and take into account operational considerations, operational agreements, international protocols
and limitations, the ability to fund the purchase and use of electric power equipment and the po-
tential effect of the requirements on competition with other ports.
(6) In adopting rules under this section, the commission shall evaluate:
(a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;
(b) Potential adverse impacts to public health and the environment, including but not limited to
air quality, water quality and the generation and disposal of waste in this state;
(c) Flexible implementation approaches to minimize compliance costs; and
(d) Technical and economic studies of comparable greenhouse gas emissions reduction measures
implemented in other states and any other studies as determined by the commission.
(7) The provisions of this section do not apply to:
(a) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.
(b) Farm tractors, as defined in ORS 801.265.
(c) Implements of husbandry, as defined in ORS 801.310.
(d) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

SECTION 86. ORS 757.528 is amended to read:
757.528. (1) Unless modified by rule by the State Department of Energy as provided in this sec-
tion, the greenhouse gas emissions standard that applies to consumer-owned utilities is 1,100 pounds
of greenhouse gases per megawatt-hour for a generating facility.
(2) Unless modified pursuant to subsection (4) of this section, the greenhouse gas emissions
standard includes only carbon dioxide emissions.
(3) For purposes of applying the emissions standard to cogeneration facilities, the department
shall establish an output-based methodology to ensure that the calculation of emissions of
greenhouse gases for cogeneration facilities recognizes the total usable energy output of the process
and includes all greenhouse gases emitted by the facility in the production of both electrical and
thermal energy.
(4) The department shall review the greenhouse gas emissions standard established under this
section no more than once every three years. After public notice and hearing, and consultation with
the Public Utility Commission, the department may:
(a) Modify the emissions standard to include other greenhouse gases as defined in ORS
468A.210 468A.265, with the other greenhouse gases expressed as their carbon dioxide equivalent; and
(b) Modify the emissions standard based upon current information on the rate of greenhouse gas

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emissions from a commercially available combined-cycle natural gas generating facility that:

(A) Employs a combination of one or more gas turbines and one or more steam turbines and
produces electricity in the steam turbines from waste heat produced by the gas turbines;

(B) Has a heat rate at high elevation within the boundaries of the Western Electricity Coordinating Council; and

(C) Has a heat rate at ambient temperatures when operating during the hottest day of the year.

(5) In modifying the greenhouse gas emissions standard, the department shall:

(a) Use an output-based methodology to ensure that the calculation of greenhouse gas emissions
through cogeneration recognizes the total usable energy output of the process and includes all
greenhouse gases emitted by the generating facility in the production of both electrical and thermal
energy; and

(b) Consider the effects of the emissions standard on system reliability and overall costs to
electricity consumers.

(6) If upon a review conducted pursuant to subsection (4) of this section, the department deter-
dines that a mandatory greenhouse gas emissions limit has been established pursuant to state or
federal law, the department shall issue a report to the appropriate legislative committees of the
Legislative Assembly stating which portions, if any, of the greenhouse gas emissions standard are
no longer necessary as a matter of state law.

EXPEDITED JUDICIAL REVIEW TO SUPREME COURT;
EXPIRATION

SECTION 87. (1) It is the intent of the Legislative Assembly that the provisions of this
2020 Act relating to the receipt of moneys by the state through the sale of allowances by
auction under section 27 of this 2020 Act do not render this 2020 Act a bill for raising revenue
subject to the provisions of Article IV, sections 18 and 25 (2), of the Oregon Constitution.

(2) Original jurisdiction is conferred on the Supreme Court to determine whether this
2020 Act is a bill for raising revenue subject to the provisions of Article IV, sections 18 and
25 (2), of the Oregon Constitution.

(3)(a) Any person interested in or affected or aggrieved by, or who will be affected or
aggrieved by, section 27 of this 2020 Act may petition for judicial review under this section.
A petition for review must be filed within 60 days after the effective date of this 2020 Act.

(b) The petition must state facts showing how the petitioner is interested, affected or
aggrieved and the grounds upon which the petition is based.

(4) The petitioner shall serve a copy of the petition by registered or certified mail upon
the Department of Environmental Quality, the Oregon Department of Administrative Ser-
vices, the Director of the Climate Policy Office, the Attorney General and the Governor.

(5) Proceedings for review under this section shall be given priority over all other mat-
ters before the Supreme Court.

(6) In the event that the Supreme Court determines that there are factual issues in the
petition, the Supreme Court may appoint a special master to hear evidence and to prepare
recommended findings of fact.

SECTION 88. (1) Original jurisdiction to determine whether auctions conducted under
section 27 of this 2020 Act impose a tax that is subject to the provisions of Article IX, section
3a, of the Oregon Constitution, is conferred on the Supreme Court.
(2)(a) Any person interested in or affected or aggrieved by, or who will be affected or
aggrieved by, section 27 of this 2020 Act may petition for judicial review under this section.
A petition for review must be filed within 60 days after the effective date of this 2020 Act.
(b) The petition must state facts showing how the petitioner is interested, affected or
aggrieved and the grounds upon which the petition is based.
(3) The petitioner shall serve a copy of the petition by registered or certified mail upon
the Department of Environmental Quality, the Oregon Department of Administrative Ser-
vices, the Director of the Climate Policy Office, the Attorney General and the Governor.
(4) Proceedings for review under this section shall be given priority over all other mat-
ters before the Supreme Court.
(5) In the event that the Supreme Court determines that there are factual issues in the
petition, the Supreme Court may appoint a special master to hear evidence and to prepare
recommended findings of fact.

SECTION 89. If section 27 of this 2020 Act is judicially declared by the Supreme Court
to not impose a tax subject to the provisions of Article IX, section 3a, of the Oregon Con-
stitution, then the Climate Policy Office shall, as part of the next biennial climate action
investment plan due pursuant to section 41 of this 2020 Act after the date of the judicial
declaration:
(1) Identify specific opportunities for using state proceeds from auctions conducted under
section 27 of this 2020 Act each biennium to reduce greenhouse gas emissions associated with
transportation through investments in transportation electrification, compressed natural gas
and hydrogen fuel vehicles and infrastructure, and low-emission and zero-emission transit;
(2) Identify specific opportunities for using state proceeds from auctions conducted under
section 27 of this 2020 Act each biennium to reduce greenhouse gas emissions through the
replacement of medium-duty trucks and heavy-duty trucks powered by diesel engines or the
repower or retrofit of diesel engines that power medium-duty trucks and heavy-duty trucks;
(3) Identify specific opportunities for using state proceeds from auctions conducted under
section 27 of this 2020 Act each biennium to reduce greenhouse gas emissions related to ag-
riculture, with a priority given to the replacement, repowering or retrofitting of nonroad
equipment to reduce emissions that present serious risks to farmworker health; and
(4) Make recommendations, including recommendations for legislation, for modifying the
distributions of state proceeds from auctions as provided for in sections 27, 28, 35 to 38 and
39 of this 2020 Act, and the repeal or amendment of any other statutes or session laws, as
necessary to:
(a) Address the judicial declaration by the Supreme Court that section 27 of this 2020 Act
does not impose a tax that is subject to the provisions of Article IX, section 3a, of the
Oregon Constitution; and
(b) Implement the opportunities identified pursuant to subsections (1) to (3) of this sec-
tion.

SECTION 90. Section 89 of this 2020 Act becomes operative on January 2 of the year
following the date that section 27 of this 2020 Act is judicially declared by the Supreme Court
to not impose a tax that is subject to the provisions of Article IX, section 3a, of the Oregon
Constitution.

SECTION 91. Sections 89 and 90 of this 2020 Act are repealed on the earlier of:
(1) The date that section 27 of this 2020 Act is judicially declared by the Supreme Court
1 to impose a tax that is subject to the provisions of Article IX, section 3a, of the Oregon
2 Constitution; or
3 (2) January 2, 2027.
4
5 SECTION 92. (1) Original jurisdiction to determine whether auctions conducted under
6 section 27 of this 2020 Act impose a tax or excise that is subject to the provisions of Article
7 VIII, section 2 (1)(g), of the Oregon Constitution, is conferred on the Supreme Court.
8 (2)(a) Any person interested in or affected or aggrieved by, or who will be affected or
9 aggrieved by, section 27 of this 2020 Act may petition for judicial review under this section.
10 A petition for review must be filed within 60 days after the effective date of this 2020 Act.
11 (b) The petition must state facts showing how the petitioner is interested, affected or
12 aggrieved and the grounds upon which the petition is based.
13 (3) The petitioner shall serve a copy of the petition by registered or certified mail upon
14 the Department of Environmental Quality, the Oregon Department of Administrative Ser-
15 vices, the Director of the Climate Policy Office, the Attorney General and the Governor.
16 (4) Proceedings for review under this section shall be given priority over all other mat-
17 ters before the Supreme Court.
18 (5) In the event that the Supreme Court determines that there are factual issues in the
19 petition, the Supreme Court may appoint a special master to hear evidence and to prepare
20 recommended findings of fact.
21
22 REPORTS AND REVIEWS
23
24 SECTION 93. Initial implementation report. On or before September 15, 2021, the De-
25 partment of Environmental Quality and the Oregon Department of Administrative Services
26 shall report on the actions being taken to prepare for the implementation of sections 4 to
27 33 of this 2020 Act to the Joint Committee on Climate Action.
28
29 SECTION 94. Offset implementation report. On or before September 15, 2031, the De-
30 partment of Environmental Quality shall conduct a review and provide a report to the Joint
31 Committee on Climate Action, in the manner provided by ORS 192.245, on the implementation
32 of sections 23 to 25 of this 2020 Act and rules adopted under section 23 of this 2020 Act. The
33 report may include recommendations for legislation. The review and report must:
34 (1) Assess the implementation of laws and policies for offset projects and the use of offset
35 credits by covered entities;
36 (2) Include a review of:
37 (a) Offset project development costs and the time it takes for state agencies to review
38 offset projects;
39 (b) To date, the offset projects developed and the offset credits generated and issued
40 under rules adopted and offset protocols developed pursuant to sections 23 to 25 of this 2020
41 Act;
42 (c) To date, the offset credits that have been invalidated pursuant to section 23 (5) of this
43 2020 Act;
44 (d) Offset credit prices and offset credit market conditions; and
45 (e) Advancements in the methods or technologies used for measuring and monitoring the
46 greenhouse gas emissions reductions or removals attributable to offset projects;
47 (3) Identify barriers to the adoption of offset protocols; and

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(4) Make determinations and recommendations regarding whether changes to laws and policies are necessary or advisable to address any negative impacts related to offset projects or offset credits or to best align the laws or policies for offset projects and the use of offset credits by covered entities with the purposes set forth in section 14 of this 2020 Act.

SECTION 95. Report on certain exclusions from regulated emissions. (1) No later than January 1, 2025, the Department of Environmental Quality shall conduct research and submit a report, in the manner provided by ORS 192.245, to the Joint Committee on Climate Action regarding the exclusion from regulated emissions, as provided in section 6 (2)(a) of this 2020 Act, of the greenhouse gas emissions from aviation fuel and fuel used in watercraft and railroad locomotives. The purpose of the report shall be to provide analysis of the anticipated effect of amending section 6 of this 2020 Act and any other statutes as necessary such that, beginning in the first compliance period that begins after January 1, 2027, the greenhouse gas emissions from the combustion of fuel described in section 6 (2)(a) of this 2020 Act would be included in regulated emissions.

(2) In carrying out the provisions of this section, the department shall research and provide analysis on:
   (a) Whether the aviation, marine and railroad industries in Oregon are reducing greenhouse gas emissions consistent with the best available technologies and energy alternatives;
   (b) Whether other jurisdictions that have adopted carbon pricing mechanisms require aviation fuels, marine fuels or railroad fuels to comply with those carbon pricing mechanisms;
   (c) The costs and economic impacts of eliminating the exclusion provided under section 6 (2)(a) of this 2020 Act, analyzed separately for each industry that would be impacted by the elimination of the exclusion; and
   (d) The environmental impacts of eliminating the exclusion provided under section 6 (2)(a) of this 2020 Act, analyzed separately for each industry that would be impacted by the elimination of the exclusion.

SECTION 96. Credit proposal. (1) The Department of Transportation, in consultation with the Department of Revenue, the Legislative Revenue Officer and any other relevant state agencies, shall develop a proposal for a program or process for issuing the following refunds or credits of moneys received by the state as proceeds from auctions of allowances conducted under section 27 of this 2020 Act, in order to offset estimated increases in motor vehicle fuel costs in Oregon attributable to the regulation of motor vehicle fuel producers and importers as covered entities under sections 4 to 33 of this 2020 Act:
   (a) A refund or credit available, in an amount up to 100 percent of the estimated increase in the cost of motor vehicle fuel used to propel motor vehicles on the highways of this state, to individuals with an adjusted gross income that does not exceed 250 percent of the federal poverty guidelines based on the individual's household size and household members.
   (b) One or more refunds or credits available, in order to offset the estimated increase in the cost of motor vehicle fuel used to propel motor vehicles that are not operated on the highways of this state, for motor vehicle fuel that is used in farm vehicles, motor vehicles used in the forest products industry or motor vehicles otherwise used in the agricultural and natural resource sectors.

(2) On or before September 15, 2020, and in the manner provided by ORS 192.245, the
Department of Transportation shall provide a report detailing the proposal and steps, which may include recommendations for legislation, necessary to implement the proposal to the Joint Committee on Climate Action and the Joint Committee on Transportation.

SECTION 97. Section 75, chapter 750, Oregon Laws 2017, is amended to read:

Sec. 75. (1) The Oregon Transportation Commission shall conduct a biennial study. The purpose of the study is to determine:
(a) The proportionate share that users of vehicles that are powered by different means should pay for the costs of maintenance, operation and improvement of the highways in this state; and
(b) Whether users of vehicles that are powered by different means are paying that share.

(2) If the commission determines that users are not paying a proportionate share, then the commission may include in the report recommendations for legislation.

(3) This section applies to users paying the vehicle registration fee under ORS 803.420 (6)(a).

(4) The commission shall report the results of the study to the Road User Fee Task Force established under ORS 184.843, the Joint Committee on Transportation established under [section 26 of this 2017 Act] ORS 171.858 and the Joint Committee on Climate Action established under section 101 of this 2020 Act, in the manner provided by ORS 192.245, no later than September 15, [2023] of each odd-numbered year, beginning in 2021.

SECTION 98. Section 76, chapter 750, Oregon Laws 2017, is amended to read:

Sec. 76. Section 75, chapter 750, Oregon Laws 2017, [of this 2017 Act] is repealed on January 2, [2024] 2030.

SECTION 99. Residential home heating assistance program proposal. (1) The Housing and Community Services Department, in consultation with the Climate Policy Office, the Oregon Housing Stability Council and interested stakeholders, shall develop a proposal for assisting households that for residential home heating use propane, fuel oil or other fossil fuels that are not natural gas. The proposal shall give priority to assisting low-income households or impacted communities, as defined in section 4 of this 2020 Act, through:
(a) Bill assistance; and
(b) Weatherization, including options for upgrading to more efficient home heating equipment or to home heating systems powered by less greenhouse gas emissions-intensive power sources.

(2) The department shall develop the proposal in a manner intended to achieve the following goals:
(a) Reducing greenhouse gas emissions;
(b) Saving energy;
(c) Reducing the energy burden experienced by households; and
(d) Reducing residential home heating service disparities in historically underserved populations.

(3) The proposal required by this section may be for any combination of:
(a) The development of a single new program;
(b) The development of multiple new programs or activities to achieve different goals as outlined in subsection (2) of this section; or
(c) Utilization of existing programs or partnerships to deliver assistance to households.

(4) On or before September 15, 2021, and in the manner provided by ORS 192.245, the Housing and Community Services Department shall provide a report detailing the proposal, and steps, which may include recommendations for legislation, necessary to implement the
SECTION 100. Commercial and industrial natural gas and propane user emissions reduction program proposal. (1) The Oregon Business Development Department shall:

(a) Conduct the analysis described in subsection (2) of this section; and

(b) Based on the analysis described in subsection (2) of this section, develop a proposal for a program to serve the needs identified in the analysis in a manner that furthers one or more of the purposes set forth in section 2 of this 2020 Act.

(2) The department shall analyze and determine the commercial needs in this state for loans or other financial assistance to commercial and industrial natural gas users or propane users for projects or activities to:

(a) Increase the energy efficiency of or reduce the greenhouse gas emissions from natural gas or propane-fueled equipment used in industrial or commercial facilities;

(b) Facilitate replacing existing equipment in order to reduce greenhouse gas emissions; and

(c) Reduce process emissions.

(3) In conducting the analysis and designing a proposal for a program as required by this section, the department may consult and contract for services as necessary with state or federal agencies or nongovernmental entities that have expertise in climate or energy policy or in industrial energy efficiency, or other relevant expertise.

(4) On or before September 15, 2021, and in the manner provided by ORS 192.245, the department shall provide a report to the Joint Committee on Climate Action detailing the analysis conducted and the proposal developed pursuant to this section and the steps, which may include recommendations for legislation, necessary to implement the proposal.

JOINT COMMITTEE ON CLIMATE ACTION

SECTION 101. (1) There is established the Joint Committee on Climate Action.

(2) The joint committee consists of members of the Senate appointed by the President of the Senate and members of the House of Representatives appointed by the Speaker of the House of Representatives.

(3) The President of the Senate and the Speaker of the House of Representatives shall each appoint one cochair for the joint committee with the duties and powers necessary for the performance of the functions of the offices as the President and the Speaker determine.

(4) The joint committee has a continuing existence and may meet, act and conduct its business during sessions of the Legislative Assembly or any recess thereof and in the interim between sessions.

(5) The term of a member shall expire upon the date of the convening of the odd-numbered year regular session of the Legislative Assembly next following the commencement of the member’s term.

(6)(a) If there is a vacancy for any cause, the appointing authority shall make an appointment to become immediately effective.

(b) When a vacancy occurs in the membership of the joint committee in the interim between odd-numbered year regular sessions, until the vacancy is filled:

(A) The membership of the joint committee shall be considered not to include the vacant position for the purpose of determining whether a quorum is present; and

[60]
(B) A majority of the remaining members constitutes a quorum.

(7)(a) Members of the joint committee shall receive an amount equal to that authorized under ORS 171.072 from funds appropriated to the Legislative Assembly for each day spent in the performance of their duties as members of the joint committee or any subcommittee of the joint committee in lieu of reimbursement for in-state travel expenses.

(b) Notwithstanding paragraph (a) of this subsection, when engaged in out-of-state travel, members shall be entitled to receive their actual and necessary expenses in lieu of the amount authorized by this subsection. Payment shall be made from funds appropriated to the Legislative Assembly.

(8) The joint committee may not transact business unless a quorum is present. Except as provided in subsection (6)(b)(B) of this section, a quorum consists of a majority of joint committee members from the House of Representatives and a majority of joint committee members from the Senate.

(9) Action by the joint committee requires the affirmative vote of a majority of joint committee members from the House of Representatives and a majority of joint committee members from the Senate.

(10) The joint committee may adopt rules necessary for the operation of the joint committee.

(11) The Legislative Policy and Research Director may employ persons necessary for the performance of the functions of the joint committee. The director shall fix the duties and amounts of compensation of the employees. The joint committee shall use the services of continuing legislative staff, without employing additional persons, to the greatest extent practicable.

(12) All agencies of state government, as defined in ORS 174.111, are directed to assist the joint committee in the performance of the duties of the joint committee and, to the extent permitted by laws relating to confidentiality, to furnish information and advice the members of the joint committee consider necessary to perform their duties.

SECTION 102. (1) The Joint Committee on Climate Action shall:

(a) Provide general legislative oversight of policy related to climate, including but not limited to the Oregon Climate Action Program established under sections 4 to 33 of this 2020 Act;

(b) Examine and prioritize the uses of state proceeds from auctions conducted under section 27 of this 2020 Act; and

(c) Make recommendations related to the uses of state proceeds from auctions conducted under section 27 of this 2020 Act to the Joint Committee on Ways and Means.

(2) In developing recommendations under subsection (1)(c) of this section, the Joint Committee on Climate Action shall consider:

(a) The biennial expenditure reports and audit report required by section 45 of this 2020 Act;

(b) The biennial climate action investment plan required by section 41 of this 2020 Act;

(c) The recommendations of the Environmental Justice Task Force required by section 43 of this 2020 Act; and

(d) The Just Transition Plan required by section 48 of this 2020 Act.

CLIMATE POLICY OFFICE ESTABLISHED
SECTION 103. Climate Policy Office. (1) The Climate Policy Office is established within the Oregon Department of Administrative Services.

(2) The office shall:

(a) Coordinate state actions toward achieving reductions in greenhouse gas emissions in accordance with ORS 468A.205 and other statutes, rules and policies that govern the state's or state agencies' actions to reduce greenhouse gas emissions; and

(b) Carry out the duties, functions and powers vested in the office by law.

(3) The office may advise, consult and cooperate with other agencies of the state, political subdivisions, other states, eligible Indian tribes as defined in section 4 of this 2020 Act or the federal government, with respect to any proceedings and all matters pertaining to the reduction of greenhouse gas emissions levels in Oregon.

(4) The office may adopt rules in accordance with ORS chapter 183 and may employ personnel, including specialists and consultants, purchase materials and supplies and enter into contracts necessary to exercise and carry out the duties, functions and powers of the office.

(Director of the Climate Policy Office)

SECTION 104. Director. (1) The Climate Policy Office is under the supervision and control of a director, who is responsible for the performance of the duties, functions and powers of the office.

(2) The Governor shall appoint the Director of the Climate Policy Office, subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565. The director holds office at the pleasure of the Governor.

(3) The director shall be paid a salary as provided by law or, if not so provided, as prescribed by the Governor.

(4) Subject to the approval of the Governor, the director may organize and reorganize the administrative structure of the office as the director considers appropriate to properly conduct the work of the office.

(5) The director may divide the functions of the office into administrative divisions. The director may appoint an individual to administer each division. The administrator of each division serves at the pleasure of the director and is not subject to the provisions of ORS chapter 240. Each individual appointed under this subsection must be well qualified by technical training and experience in the functions to be performed by the individual.

(6) Subject to any applicable provisions of ORS chapter 240, the director shall appoint all subordinate officers and employees of the office, prescribe their duties and fix their compensation.

SECTION 105. ORS 244.050 is amended to read:

244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon Government Ethics Commission a verified statement of economic interest as required under this chapter:

(a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.

(b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem
judicial officer who does not otherwise serve as a judicial officer.

(c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.

(d) The Deputy Attorney General.

(e) The Deputy Secretary of State.

(f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the Legislative Policy and Research Director, the Secretary of the Senate, the Chief Clerk of the House of Representatives and the Legislative Equity Officer.

(g) The president and vice presidents, or their administrative equivalents, in each public university listed in ORS 352.002.

(h) The following state officers:

(A) Adjutant General.

(B) Director of Agriculture.

(C) Manager of State Accident Insurance Fund Corporation.

(D) Water Resources Director.

(E) Director of Department of Environmental Quality.

(F) Director of Oregon Department of Administrative Services.

(G) State Fish and Wildlife Director.

(H) State Forester.

(I) State Geologist.

(J) Director of Human Services.

(K) Director of the Department of Consumer and Business Services.

(L) Director of the Department of State Lands.

(M) State Librarian.

(N) Administrator of Oregon Liquor Control Commission.

(O) Superintendent of State Police.

(P) Director of the Public Employees Retirement System.

(Q) Director of Department of Revenue.

(R) Director of Transportation.

(S) Public Utility Commissioner.

(T) Director of Veterans’ Affairs.

(U) Executive director of Oregon Government Ethics Commission.

(V) Director of the State Department of Energy.

(W) Director and each assistant director of the Oregon State Lottery.

(X) Director of the Department of Corrections.

(Y) Director of the Oregon Department of Aviation.

(Z) Executive director of the Oregon Criminal Justice Commission.

(AA) Director of the Oregon Business Development Department.

(BB) Director of the Office of Emergency Management.

(CC) Director of the Employment Department.

(DD) Chief of staff for the Governor.

(EE) Director of the Housing and Community Services Department.

(FF) State Court Administrator.

(GG) Director of the Department of Land Conservation and Development.

(HH) Board chairperson of the Land Use Board of Appeals.

(II) State Marine Director.
(JJ) Executive director of the Oregon Racing Commission.
(KK) State Parks and Recreation Director.
(LL) Public defense services executive director.
(MM) Chairperson of the Public Employees’ Benefit Board.
(NN) Director of the Department of Public Safety Standards and Training.
(OO) Executive director of the Higher Education Coordinating Commission.
(PP) Executive director of the Oregon Watershed Enhancement Board.
(QQ) Director of the Oregon Youth Authority.
(RR) Director of the Oregon Health Authority.
(SS) Deputy Superintendent of Public Instruction.

**TT** Director of the Climate Policy Office.

(i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within the Governor’s office.

(j) Every elected city or county official.

(k) Every member of a city or county planning, zoning or development commission.

(L) The chief executive officer of a city or county who performs the duties of manager or principal administrator of the city or county.

(m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.

(n) Every member of a governing body of a metropolitan service district and the auditor and executive officer thereof.

(o) Each member of the board of directors of the State Accident Insurance Fund Corporation.

(p) The chief administrative officer and the financial officer of each common and union high school district, education service district and community college district.

(q) Every member of the following state boards and commissions:

(A) Governing board of the State Department of Geology and Mineral Industries.

(B) Oregon Business Development Commission.

(C) State Board of Education.

(D) Environmental Quality Commission.

(E) Fish and Wildlife Commission of the State of Oregon.

(F) State Board of Forestry.

(G) Oregon Government Ethics Commission.

(H) Oregon Health Policy Board.

(I) Oregon Investment Council.


(K) Oregon Liquor Control Commission.

(L) Oregon Short Term Fund Board.

(M) State Marine Board.

(N) Mass transit district boards.

(O) Energy Facility Siting Council.

(P) Board of Commissioners of the Port of Portland.

(Q) Employment Relations Board.

(R) Public Employees Retirement Board.

(S) Oregon Racing Commission.

(T) Oregon Transportation Commission.

(U) Water Resources Commission.
(V) Workers’ Compensation Board.
(W) Oregon Facilities Authority.
(X) Oregon State Lottery Commission.
(Z) Columbia River Gorge Commission.
(AA) Oregon Health and Science University Board of Directors.
(BB) Capitol Planning Commission.
(CC) Higher Education Coordinating Commission.
(DD) Oregon Growth Board.
(EE) Early Learning Council.

**FF Oregon Climate Board.**

(r) The following officers of the State Treasurer:
   (A) Deputy State Treasurer.
   (B) Chief of staff for the office of the State Treasurer.
   (C) Director of the Investment Division.

(s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725 or 777.915 to 777.953.

(t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.

(u) Every member of a governing board of a public university listed in ORS 352.002.

(v) Every member of the board of directors of an authority created under ORS 465.600 to 465.621.

(2) By April 15 next after the date an appointment takes effect, every appointed public official on a board or commission listed in subsection (1) of this section shall file with the Oregon Government Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.

(3) By April 15 next after the filing deadline for the primary election, each candidate described in subsection (1) of this section shall file with the commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.

(4) Not later than the 40th day before the date of the statewide general election, each candidate described in subsection (1) of this section who will appear on the statewide general election ballot and who was not required to file a statement of economic interest under subsections (1) to (3) of this section shall file with the commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.

(5) Subsections (1) to (3) of this section apply only to persons who are incumbent, elected or appointed public officials as of April 15 and to persons who are candidates on April 15.

(6) If a statement required to be filed under this section has not been received by the commission within five days after the date the statement is due, the commission shall notify the public official or candidate and give the public official or candidate not less than 15 days to comply with the requirements of this section. If the public official or candidate fails to comply by the date set by the commission, the commission may impose a civil penalty as provided in ORS 244.350.

**Oregon Climate Board**

SECTION 106. (1) In order to ensure close correspondence among the Climate Policy Office, the Department of Environmental Quality, the public interest and state climate policies,
there is created the Oregon Climate Board.

(2) The following shall serve as nonvoting, ex officio members of the board:

(a) One member jointly appointed by the President of the Senate and the Speaker of the House of Representatives who is a member of either the Senate or the House of Representatives and who is also a member of the Republican party and serves as a member of a committee of the Legislative Assembly related to climate;

(b) One member jointly appointed by the President of the Senate and the Speaker of the House of Representatives who is a member of either the Senate or the House of Representatives and who is also a member of the Democratic party and serves as a member of a committee of the Legislative Assembly related to climate;

(c) One member who represents the Oregon Climate Change Research Institute;

(d) The chairperson of the Environmental Justice Task Force;

(e) The Director of Agriculture;

(f) The Director of the Department of Environmental Quality;

(g) A member of the Public Utility Commission;

(h) The Director of Transportation;

(i) The Director of the Housing and Community Services Department;

(j) The Water Resources Director;

(k) The Director of the State Department of Energy;

(l) The Director of the Oregon Health Authority; and

(m) The State Forester.

(3) The Governor shall appoint 11 voting members to the board, subject to confirmation by the Senate as provided in ORS 171.562 and 171.565. Members of the board appointed under this subsection must be residents of this state well informed in energy and climate issues and shall include the following:

(a) One member who is a tribal representative;

(b) Two members who have expertise in the energy sector;

(c) One member who represents environmental interests;

(d) One member who is an economist or who has experience and expertise in conservation finance;

(e) One member who has expertise in industrial energy use;

(f) One member with expertise in sustainable transportation issues;

(g) One member who has expertise in agriculture;

(h) One member who has expertise in forestry; and

(i) Two at-large members.

SECTION 107. (1) The term of office of each voting member appointed to the Oregon Climate Board is four years, but the members of the board may be removed by the Governor. Before the expiration of the term of a voting member, the Governor shall appoint a successor to assume the duties of the voting member on July 1 of the next following year.

(2) A voting member is eligible for reappointment, but no voting member may serve more than two consecutive terms. In case of a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.

(3) The Governor shall select one of the voting members as chairperson and another as vice chairperson, for terms and with duties and powers necessary for the performance of the functions of the offices as the board determines.
(4) A majority of the voting members of the board constitutes a quorum for the trans-
action of business.

(5) The board shall meet once during each calendar quarter at a time and place deter-
mined by the chairperson. The board shall endeavor to hold meetings at various locations
throughout this state. The board may hold additional meetings at times and places deter-
mined by the chairperson or the Director of the Climate Policy Office, or as requested by a
majority of the voting members.

(6)(a) Members of the board who are not members of the Legislative Assembly are not
entitled to compensation but may be reimbursed from funds available to the board for actual
and necessary travel and other expenses the members incur in the performance of the
members’ official duties in the manner and amount provided in ORS 292.495.

(b) Members of the committee who are members of the Legislative Assembly shall be
entitled to payment of per diem and expense reimbursement under ORS 171.072, payable from
funds appropriated to the Legislative Assembly.

SECTION 108. Notwithstanding the term of office specified by section 107 of this 2020 Act,
of the voting members first appointed by the Governor to the Oregon Climate Board:

(1) Two shall serve for terms ending July 1, 2021.
(2) Two shall serve for terms ending July 1, 2022.
(3) Two shall serve for terms ending July 1, 2023.
(4) Three shall serve for terms ending July 1, 2024.

SECTION 109. (1) The Oregon Climate Board shall:

(a) Advise the Environmental Quality Commission regarding the implementation, admin-
istration and enforcement of the Oregon Climate Action Program established under sections
4 to 33 of this 2020 Act;

(b) Advise the Climate Policy Office regarding the implementation, administration and
enforcement of the programs and activities of the Climate Policy Office; and

(c) Carry out any other duties, functions and powers vested in the office by law.

(2) In advising the commission and the office pursuant to subsection (1)(a) and (b) of this
section, the board shall take into consideration best available science. As used in this sub-
section, “best available science” means science that:

(a) Maximizes the quality, objectivity and integrity of information, including statistical
information;

(b) Uses peer-reviewed and publicly available data; and

(c) Clearly documents and communicates risks and uncertainties in scientific citations.

(3) The board shall hold public hearings and provide an opportunity for public comment
in carrying out the board’s activities under this section.

(4) The office shall provide clerical, technical and management personnel to serve the
board. Other agencies shall provide support as requested by the office or the board.

(5) The board may adopt by rule such standards and procedures as the board considers
necessary for the operation of the board.

APPROPRIATIONS

SECTION 110. In addition to and not in lieu of any other appropriation, there is appro-
priated to the Department of Environmental Quality, for the biennium ending June 30, 2021,
out of the General Fund, the amount of __________ for carrying out the provisions of this 2020 Act.

OPERATIVE DATE

SECTION 111. (1)(a) Sections 69 to 76 of this 2020 Act, the amendments to statutes by sections 78 to 86 of this 2020 Act and the repeal of statutes by section 77 of this 2020 Act become operative on January 1, 2021.

(b) The Oregon Global Warming Commission and the Climate Policy Office may adopt rules or take any actions before the operative date specified in paragraph (a) of this subsection that are necessary to enable the commission and the office, on and after the operative date specified in paragraph (a) of this subsection, to carry out the provisions of sections 69 to 76 of this 2020 Act, the amendments to statutes by sections 78 to 86 of this 2020 Act and the repeal of statutes by section 77 of this 2020 Act.

(2)(a) Sections 2, 3, 4 to 33 and 35 to 59 of this 2020 Act and the amendments to statutes by sections 34 and 60 of this 2020 Act become operative on January 1, 2022.

(b) The Director of the Climate Policy Office, the Climate Policy Office, the Public Utility Commission, the Housing and Community Services Department, the State Department of Energy, the Oregon Department of Administrative Services, the Environmental Quality Commission, the Department of Environmental Quality, the Department of Transportation and the Governor may adopt rules, issue orders or take any actions before the operative date specified in paragraph (a) of this subsection that are necessary to enable the director, the office, the commissions, the departments and the Governor, on and after the operative date specified in paragraph (a) of this subsection, to carry out the provisions of sections 2, 3, 4 to 33 and 35 to 59 of this 2020 Act and the amendments to statutes by sections 34 and 60 of this 2020 Act.

(c)(A) If, in adopting rules, issuing orders or taking any actions before the operative date specified in paragraph (a) of this subsection as authorized by paragraph (b) of this subsection, information is obtained by the State of Oregon that is information described in section 33 (2)(a) to (c) of this 2020 Act, the information shall be treated as confidential business information, is exempt from disclosure under the public records law, ORS 192.311 to 192.478, and may not be disclosed to any person or entity except as provided in subparagraphs (B) and (C) of this paragraph.

(B) Information described in subparagraph (A) of this paragraph may be used and disclosed in aggregated form.

(C) This paragraph does not prohibit the disclosure of information between the Climate Policy Office and other agencies of the executive department, as defined in ORS 174.112, or persons engaged by the State of Oregon to provide administrative or technical services to support the implementation of sections 4 to 33 of this 2020 Act if the disclosure is necessary for purposes of adopting rules, issuing orders or taking any actions before the operative date specified in paragraph (a) of this subsection to carry out the provisions of sections 2, 3, 4 to 33 and 35 to 59 of this 2020 Act and the amendments to statutes by sections 34 and 60 of this 2020 Act.

CAPTIONS
SECTION 112. The unit and section captions used in this 2020 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2020 Act.

EMERGENCY CLAUSE

SECTION 113. This 2020 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2020 Act takes effect on its passage.