SB 1530-27 (LC 19) 2/4/20 (MAM/ps)

Requested by Senator COURTNEY

## PROPOSED AMENDMENTS TO SENATE BILL 1530

- On page 1 of the printed bill, line 3, delete "468.135," and insert 468.953,".
- On page 2, delete lines 35 through 38 and insert:
- 4 "SECTION 3. Sections 97 to 100, 102 to 105, 107 and 107a of this 2020
- 5 Act are added to and made a part of ORS chapter 468.".
- On page 5, line 6, delete "or" and insert a comma and after "tribe" insert
- 7 "or lands otherwise owned by an eligible Indian tribe".
- 8 After line 22, insert:
- 9 "(32) 'Person' has the meaning given that term in ORS 468.005.".
- In line 23, delete "(32)" and insert "(33)".
- In line 25, delete "(33)" and insert "(34)".
- In line 28, delete "(34)" and insert "(35)".
- In line 30, delete "(35)" and insert "(36)".
- On page 6, line 37, delete "imports, sells or distributes" and insert
- 15 "sells".
- On page 7, line 1, after "the" insert "permitted".
- In line 5, after "subsection" insert ", unless the permitted air contam-
- ination source has an applicable code of 221112 under the 2017 North Amer-
- 19 ican Industry Classification System".
- Delete lines 41 and 42.
- In line 43, delete "(8)(a)" and insert "(7)(a)".

- On page 8, delete lines 3 through 6 and insert:
- "(8) In adopting rules pursuant to this section or any other rulemaking authority provided under sections 4 to 32 of this 2020 Act, the board shall:
- "(a) Endeavor to develop the rules in a manner that does not preclude participation by the State of Oregon in regional greenhouse gas emissions reduction programs; and
- "(b) Avoid rules under which greenhouse gas emissions or greenhouse gas emissions reductions are counted more than once.".
- 9 Delete lines 18 through 45.

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- On page 9, delete lines 1 through 21 and insert:
- "SECTION 7. Allocation of allowances, generally. The Office of
  Greenhouse Gas Regulation shall allocate the allowances available in
  each annual allowance budget as follows:
- 14 "(1) The office shall allocate a number of the allowances for deposit 15 in an allowance price containment reserve.
  - "(2) The office shall allocate for retirement a number of the allowances as necessary to meet statutory requirements for retirement of allowances under the Oregon Greenhouse Gas Initiative.
  - "(3) The office 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 14 of this 2020 Act.
  - "(4) The office 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 15 of this 2020 Act.
  - "(5) The office shall allocate a number of the allowances for deposit in an electricity price containment reserve. Allowances may be directly distributed to covered entities that are electric system managers at no cost from the electricity price containment reserve only when the distribution is necessary to protect retail customers from cost in-

- creases associated with unexpected increases in regulated emissions 1 attributable to an electric system manager that are outside of the 2 control of the electric system manager, including but not limited to 3 unexpected increases in regulated emissions due to hydroelectric 4 power generation variability. The Oregon Greenhouse Gas Reduction 5 Board shall adopt rules for electric system managers to apply for di-6 rect distribution at no cost of allowances from the electricity price 7 containment reserve. The rules shall prioritize distribution of allow-8 9 ances from the electricity price containment reserve to electric system managers that experience unexpected increases in regulated emissions 10 attributable to variation in hydroelectric power generation to serve the 11 load of retail customers in Oregon. 12
  - "(6) The office shall allocate a number of the allowances for direct distribution at no cost to covered entities that are natural gas utilities pursuant to section 17 of this 2020 Act.
- "(7) In order to mitigate leakage and pursuant to sections 19 and
  20 of this 2020 Act, the office shall allocate a number of the allowances
  for direct distribution at no cost to covered entities that are EITE
  entities.
- "(8) The office 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:
- 24 "(a) EITE entities pursuant to rules adopted under section 20 (8) of 25 this 2020 Act; or
- 26 "(b) An EITE entity designated as such pursuant to section 19 (2) 27 of this 2020 Act.
- "(9) The office may allocate a number of the allowances for deposit in any other reserves or accounts, including but not limited to a voluntary renewable electricity generation reserve, that the board estab-

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- lishes by rule and as the office determines is necessary.
- "(10) The office shall allocate the allowances that are not otherwise
- allocated pursuant to subsections (1) to (9) of this section for deposit
- 4 in an auction holding account for auction pursuant to section 28 of
- 5 this 2020 Act. If allowances deposited in the auction holding account
- 6 under this subsection remain unsold after two or more consecutive
- 7 auctions held pursuant to section 28 of this 2020 Act, the office may
- 8 redistribute the unsold allowances to the allowance price containment
- 9 reserve described in subsection (1) of this section.".
- On page 10, line 18, delete "22112" and insert "221112".
- On page 11, delete lines 18 through 25 and insert:
- 12 "(A) A delivery point with a zip code that is located outside the bounda-
- 13 ries of:
- "(i) Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Hood
- River, Jackson, Josephine, Lane, Lincoln, Linn, Marion, Multnomah, Polk,
- 16 Tillamook, Washington and Yamhill Counties; and
- "(ii) The City of Bend and the City of Klamath Falls; or".
- In line 29, after "(4)" insert "The electors or the governing body of" and
- 19 delete the second "a".
- In line 39, delete "exceed 19" and insert "exceeds 20".
- On page 12, line 22, delete the second "electricity".
- 22 On page 13, line 6, delete "2022" and insert "2023".
- On page 14, delete lines 7 through 9 and insert:
- "(d) The regulated emissions addressed by designation of a person as a
- covered entity under section 5 (2)(b) or (c) of this 2020 Act attributable to
- 26 natural gas use or combustion by trade-exposed natural gas users that re-
- 27 ceive natural gas on the natural gas utility's distribution system, as deter-
- 28 mined by the office after consultation with the commission.".
- 29 After line 29, insert:
- "(b) Bakeries and Tortilla Manufacturing, code 3118.".

- In line 30, delete "(b)" and insert "(c)".
- In line 31, delete "(c)" and insert "(d)".
- In line 32, delete "(d)" and insert "(e)".
- In line 33, delete "(e)" and insert "(f)".
- In line 34, delete "(f)" and insert "(g)".
- In line 35, delete "(g)" and insert "(h)".
- 7 In line 36, delete "(h)" and insert "(i)".
- 8 In line 37, delete "(i)" and insert "(j)".
- 9 In line 38, delete "(j)" and insert "(k)".
- In line 39, delete "(k)" and insert "(L)".
- In line 40, delete "(L)" and insert "(m)".
- In line 41, delete "(m)" and insert "(n)".
- In line 42, delete "(n)" and insert "(o)".
- In line 43, delete "(o)" and insert "(p)".
- In line 44, delete "(p)" and insert "(q)".
- In line 45, delete "(q)" and insert "(r)".
- On page 15, line 1, delete "(r)" and insert "(s)".
- In line 2, delete "(s)" and insert "(t)".
- In line 3, delete "(t)" and insert "(u)".
- In line 4, delete "(u)" and insert "(v)".
- In line 5, delete "(v)" and insert "(w)".
- In line 6, delete "(w)" and insert "(x)".
- In line 7, delete "(x)" and insert "(y)".
- In line 9, delete "(y)" and insert "(z)".
- In line 10, delete "(z)" and insert "(aa)".
- In line 11, delete "(aa)" and insert "(bb)".
- In line 12, delete "(bb)" and insert "(cc)".
- In line 13, delete "(cc)" and insert "(dd)".
- In line 14, delete "(dd)" and insert "(ee)".
- In line 15, delete "(ee)" and insert "(ff)".

- On page 17, line 21, delete "natural gas".
- In line 22, after "Act" insert "of natural gas purchased as described in section 24 (1) of this 2020 Act".
- On page 18, line 15, delete "or the office" and delete the comma and insert "and the office may".
- 6 Delete lines 20 through 45 and delete page 19.
- 7 On page 20, delete lines 1 through 29 and insert:
- 8 "SECTION 22. Section 20 of this 2020 Act is amended to read:
- 9 "Sec. 20. (1) As used in this section[,]:

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- "(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 for 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.
- "(3) The Office of Greenhouse Gas Regulation 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 office 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 office determines that the anthropogenic greenhouse gas emissions attributable to the manu-
- 7 facture of each of the goods in the group:
- 8 "(A) Are not materially different in quantity; or
- 9 "(B) Cannot be distinguished as emissions attributable to any one of the goods in the group.
- "[(5)(a) The office 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 office 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 Greenhouse Gas Initiative 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.]
- "[(b) In conducting the calculation required by paragraph (a) of this subsection, the office:]
- "[(A) Shall use anthropogenic greenhouse gas emissions information and output data from the three most recent years prior to 2022 for which anthropogenic greenhouse gas emissions information is available and verified by the office; and]

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- "[(B) Shall exclude from the data described in subparagraph (A) of this paragraph the anthropogenic greenhouse gas emissions attributable to combustion by an EITE entity described in section 24 of this 2020 Act of natural gas purchased as described in section 24 (1) of this 2020 Act.]
- "(5)(a) The office shall establish emissions efficiency benchmarks 5 based on best available technology as provided in this subsection. The 6 office shall update each emissions efficiency benchmark once every 7 nine years. Each emissions efficiency benchmark must represent the 8 anthropogenic greenhouse gas emissions that would be the resulting 9 regulated emissions attributable to an EITE entity for the manufac-10 ture of a good or group of goods in this state, if the EITE entity were 11 to use the best available technology, as of the date that the emissions 12 efficiency benchmark was last updated, that materially contributes to 13 the regulated emissions of the EITE entity. 14
- 15 "(b) In determining an emissions efficiency benchmark, the office 16 shall:
- "(A) Consider any anthropogenic greenhouse gas emissions intensity audit reports specific to the EITE entity submitted under paragraph (c) of this subsection;
  - "(B) Consider the technical feasibility, commercial availability and economic viability of options to reduce anthropogenic greenhouse gas emissions;
  - "(C) Consider 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;
  - "(D) Consider barriers that would prevent adoption of best available technology by the EITE entity; and
- "(E) Exclude from any calculation the anthropogenic greenhouse gas emissions attributable to combustion by an EITE entity described in section 24 of this 2020 Act of natural gas purchased as described in

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section 24 (1) of this 2020 Act.

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- "(c) An EITE entity may submit to the office, for consideration in 2 adopting emissions efficiency benchmarks, an anthropogenic 3 greenhouse gas emissions intensity audit report produced by a quali-4 fied, independent third-party organization. The audit report must: 5
- "(A) Include an analysis of the current fuels, processes, equipment 6 and technology that materially contribute to the regulated emissions of the EITE entity attributable to the manufacture of each good or 8 group of goods by the EITE entity and the resulting emissions intensity per unit of output for each good or group of goods.
  - "(B) Include an analysis of the best available technology to produce the goods manufactured by the EITE entity and the resulting anthropogenic greenhouse gas emissions intensity per unit of output for each good or group of goods if best available technology were used by the EITE entity. The analysis required by this subparagraph must, to the greatest extent practicable, consider the factors described in paragraph (b)(C) and (D) of this subsection.
  - "(C) Based on the analyses required under subparagraphs (A) and (B) of this paragraph, provide an estimate of the anthropogenic greenhouse gas emissions intensity per unit of output to produce the same goods or groups of goods at the same facility if the facility used the best available technology.
  - "(6) An EITE entity may file with the office 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 Oregon Greenhouse Gas Re-

- 1 duction Board 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 office 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 board shall adopt by rule a process for EITE entities to apply 9 to the office for an adjustment to the allocation of allowances for direct 10 distribution at no cost that the EITE entity may receive. The office may 11 grant an adjustment under this subsection only for a significant unantic-12 ipated change in the anthropogenic greenhouse gas emissions attributable to 13 the manufacture of a good or group of goods in this state by the EITE entity, 14 based on a finding by the office that the adjustment is necessary to accom-15 modate changes to the manufacturing process that have a material impact 16 on anthropogenic greenhouse gas emissions. Rules adopted under this sub-17 section may provide for the office to contract with an external third-party 18 expert to assist the office in making individual determinations on applica-19 tions for adjustments.". 20
- In line 42, after "(1)" delete the rest of the line and delete line 43 and insert "If an EITE entity purchases natural gas from a person that is not a covered entity described in section 5 (2)(b) or (c) of this 2020 Act, in addition to the annual allo-".
- On page 21, line 4, delete "natural gas combustion" and insert "the combustion of natural gas purchased as described in this subsection".
- In line 13, delete "natural" and insert "the combustion of natural gas purchased as described in this subsection; and".
- Delete line 14.
- In line 17, delete "natural gas combustion" and insert "the combustion

- of natural gas purchased as described in this subsection".
- In line 33, delete "Pro-".
- In line 34, delete "gram" and insert "Revolving Loan".
- On page 24, line 1, after "shall" insert "include a method by which, upon
- an affirmative recommendation under section 27 (2)(c) of this 2020 Act, offset
- 6 protocols for new offset projects are adjusted to".
- 7 In line 25, delete "update" and insert "recommend to the board updates
- 8 to".
- On page 25, line 24, after "Act" insert ", or a temporary adjustment of the
- offset protocols," and after "suspension" insert "or adjustment".
- In line 29, after "suspension" insert "or adjustment".
- On page 28, line 4, after "Regulation" delete the rest of the line and delete
- 13 line 5 and insert ":
- "(a) In the performance of the duties, functions and powers vested in the
- office by law; and
- 16 "(b) To provide, at the request of another state agency, for the re-
- 17 imbursement or advance payment of reasonable expenses incurred by the
- 18 state agency to administer duties required of the state agency by sections
- 19 2, 4 to 32, 38 to 40, 41, 42, 43 and 45 to 53 of this 2020 Act and rules adopted
- 20 pursuant to sections 2, 4 to 32, 38 to 40, 41, 42, 43 and 45 to 53 of this 2020
- 21 Act, if the expenses of the state agency cannot otherwise reasonably be paid
- 22 from moneys available to the state agency for payment of the administrative
- 23 expenses.".
- In line 7, delete "ORS 468.135 and sections 28 and 29" and insert "sections
- 25 28, 29 and 107a".
- In line 12, delete "ORS 468.135" and insert "section 107a of this 2020
- 27 Act".
- On page 29, after line 19, insert:
- "(3) 'Eligible Indian tribe' has the meaning given that term in section 4
- 30 of this 2020 Act.

- "(4) 'Impacted community' has the meaning given that term in section 4
- 2 of this 2020 Act.".
- 3 In line 20, delete "(3)" and insert "(5)".
- 4 In line 22, delete "(4)" and insert "(6)".
- 5 Delete lines 30 through 33 and insert:
- 6 "(c) A transportation greenhouse gas emissions reduction plan adopted
- 7 by a county or city and that has been approved by the Oregon Greenhouse
- 8 Gas Reduction Board.".
- 9 In line 34, delete "(5)" and insert "(7)".
- In line 38, delete "(6)" and insert "(8)".
- In line 40, delete "(7)" and insert "(9)".
- In line 41, delete "(8)" and insert "(10)".
- In line 43, delete "(9)" and insert "(11)".
- In line 44, delete "(10)" and insert "(12)".
- On page 30, line 3, delete "Oregon Greenhouse Gas Reduction".
- On page 31, line 12, after the semicolon insert "and".
- Delete lines 13 through 16.
- In line 17, delete "(c)" and insert "(b)".
- In line 20, after "governments." delete the rest of the line and delete lines
- 20 21 through 23 and insert: "(1) A local government shall be allocated a share
- of the moneys described in section 34 (4)(b) of this 2020 Act if, as of the date
- of the allocation:
- "(a) The local government has adopted a metropolitan climate plan; and
- "(b) The local government has jurisdiction over an area for which a cov-
- ered entity described in section 5 (2)(d) of this 2020 Act is not the beneficiary
- of allowances retired under section 13 of this 2020 Act.".
- In line 26, after the semicolon insert "and".
- Delete lines 27 through 30.
- In line 31, delete "(c)" and insert "(b)".
- On page 32, line 2, delete "and".

In line 4, delete the period and insert "; and

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- "(d) A local government shall consult with affected eligible Indian tribes and with community organizations representing impacted communities.".
- On page 33, delete lines 11 through 42 and insert:
- "SECTION 39. Climate Investments Fund. (1) The Climate Investments Fund is established in the State Treasury, separate and distinct from the General Fund. The Climate Investments Fund shall consist of moneys deposited in the fund under sections 28 and 29 of this 2020 Act. Interest earned by the fund shall be credited to the fund. The Office of Greenhouse Gas Regulation shall administer the fund.
  - "(2) Moneys in the fund are continuously appropriated to the office to be distributed by the office as provided in this section. The office shall keep a record of moneys deposited in and distributed out of the fund.
  - "(3)(a) Moneys distributed pursuant to this section must 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.
  - "(b) A majority of the moneys distributed pursuant to this section must be used in a manner that benefits impacted communities.
  - "(c) Moneys distributed to the State Forestry Department under subsection (5)(e) of this section may not be used for fire suppression efforts.
  - "(4) Of the moneys deposited in the fund each biennium, the office shall first transfer 10 percent or \$10 million, whichever is less, to the Just Transition Fund established under section 96 of this 2020 Act.
  - "(5) After transferring moneys as required by subsection (4) of this section, the office shall distribute the remaining moneys deposited in the fund each biennium as follows:
- 29 "(a) 10 percent shall be distributed pursuant to allocations made by 30 the Legislative Assembly for uses that directly benefit eligible Indian

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- "(b) 20 percent shall be distributed pursuant to allocations made by 2 the Legislative Assembly to local governments, as that term is defined 3 in ORS 174.116, for use in a manner that prioritizes greenhouse gas 4 reductions; 5
- "(c) 20 percent shall be distributed pursuant to allocations made by 6 the Legislative Assembly to agencies of state government for use in a manner that prioritizes greenhouse gas reductions;
  - "(d) 25 percent shall be distributed to the Oregon Watershed Enhancement Board for uses that benefit natural and working lands; and
  - "(e) 25 percent shall be distributed to the State Forestry Department for wildfire mitigation efforts, including but not limited to projects under the Good Neighbor Authority Agreement, as that term is defined in ORS 526.275, and as informed by the recommendations of any council formed by the Governor to address wildfire response.
  - "(6) Distributions from the 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.
  - "SECTION 39a. Biennial climate action investment plan. (1) No later than June 1 of each even-numbered year and in the manner provided in ORS 192.245, the Oregon Greenhouse Gas Reduction Board shall deliver a biennial climate action investment plan to the Legislative Assembly and the Governor. The climate action investment plan shall identify the short-term and long-term opportunities for uses of moneys allocated by the Legislative Assembly from the Climate Investments Fund established under section 39 of this 2020 Act.
  - "(2) The biennial climate action investment plan must include an analysis of how the programs, projects and activities that may be funded by the moneys allocated by the Legislative Assembly from the

- 1 Climate Investments Fund established under section 39 of this 2020 Act
- 2 would serve to effectively further the purposes set forth in section 2
- 3 of this 2020 Act.
- 4 "(3) In preparing the biennial climate action investment plan, the
- 5 board shall consult with:
- 6 "(a) Representatives of eligible Indian tribes;
- 7 "(b) Local governments, as that term is defined in ORS 174.116;
- 8 "(c) Interested agencies of state government; and
- 9 "(d) Representatives of impacted communities.
- "SECTION 39b. The Oregon Greenhouse Gas Reduction Board shall deliver the first biennial climate action investment plan as required by section 39a of this 2020 Act no later than June 1, 2022.
- "SECTION 39c. Use of biennial climate action investment plan in budget process. In preparing the Governor's budget as required under ORS 291.202, the Governor shall consider the recommendations contained in the biennial climate action investment plan prepared by the Oregon Greenhouse Gas Reduction Board under section 39a of this 2020 Act.".
- On page 34, line 22, delete "construction".
- In line 27, after "project" insert "or transportation project".
- In line 45, after "projects" insert "or transportation projects".
- On page 35, line 5, after "projects" insert "or transportation projects".
- In line 7, after "projects" insert "or transportation projects".
- Delete lines 16 through 20 and insert:
- "(d)(A) The model rules shall require that, in each contract awarded by
  a state agency for a construction project or transportation project funded
  as described in paragraph (a) of this subsection, building materials as defined
  in section 38 of this 2020 Act that the contractor purchases for the project
  and that become part of a permanent structure must be produced in the
  United States."

- Delete line 24 and insert "(ii) Building materials".
- Delete lines 30 through 35 and insert:
- 3 "(C) Notwithstanding a finding by the administering agency under sub-
- 4 paragraph (B) of this paragraph, a contractor shall spend at least 75 percent
- 5 of the total amount the contractor spends in connection with the con-
- 6 struction project or transportation project on building materials that become
- 7 part of a permanent structure on purchasing building materials that are
- 8 produced in the United States.".
- In line 39, after "projects" insert "or transportation projects".
- On page 36, line 22, after "to" insert "the Oregon Transportation Commission,".
- In line 28, after "public" insert "and private".
- On page 37, line 1, after "to" delete the rest of the line and insert ", be-
- ginning in 2025, prepare a performance audit once every five years of:".
- In line 7, after "transmitted" delete the rest of the line and line 8 and
- insert "to the Oregon Transpor-".
- On page 39, line 5, delete "natural gas or renewable natural gas" and in-
- 18 sert "renewable natural gas or hydrogen".
- In line 38, delete "transportation".
- On page 40, delete lines 12 through 21 and insert:
- 21 "(b) If a trade-exposed natural gas user is in compliance with an approved
- 22 energy management system audit and implementation plan subject to sub-
- section (3) of this section, the trade-exposed natural gas user shall receive
- 24 a nonvolumetric bill credit pursuant to a formula developed by the Public
- 25 Utility Commission by rule. The formula developed by the commission must
- 26 be designed to recognize early action, encourage ongoing efficiency im-
- 27 provements, accommodate growth of operations or output, and mitigate to
- 28 the greatest extent practicable any impacts by the Oregon Greenhouse Gas
- 29 Initiative on the rates for natural gas paid by trade-exposed natural gas us-
- 30 ers. During the following years, the commission shall use the following

- amounts for the benefit of trade-exposed natural gas users pursuant to the
- 2 formula developed under this section:
- 3 "(A) In 2025 and each year before 2030, an amount equal to the amount
- 4 of revenue generated by the sale at auction of the allowances allocated to
- 5 the natural gas utility on behalf of the users under section 17 (1)(d) of this
- 6 2020 Act for that year; and
- 7 "(B) In 2030 and each year before 2051, an amount equal to 97 percent of
- 8 the amount of revenue generated by the sale at auction of the allowances
- 9 allocated to the natural gas utility on behalf of the users under section 17
- 10 (1)(d) of this 2020 Act for that year.".
- In line 36, delete "grants or".
- In line 37, delete "received by" and insert "available to".
- In line 38, delete "Program" and insert "Revolving Loan".
- On page 41, line 22, delete "Program" and insert "Revolving Loan".
- Delete lines 25 through 42 and insert:
- "SECTION 51. (1) The Traded Sector Greenhouse Gas Reduction
- 17 Revolving Loan Fund is established in the State Treasury, separate
- and distinct from the General Fund. Interest earned by the Traded
- 19 Sector Greenhouse Gas Reduction Revolving Loan Fund shall be cred-
- 20 ited to the fund. Moneys in the fund are continuously appropriated to
- 21 the Oregon Business Development Department to issue loans under
- 22 and to administer the program adopted under subsection (3) of this
- 23 section.
- 24 "(2) The fund shall consist of:
- 25 "(a) Moneys deposited in the fund pursuant to section 50 of this 2020
- 26 Act;
- 27 "(b) Moneys appropriated or transferred to the fund by the Legis-
- 28 lative Assembly;
- 29 "(c) Repayment of moneys loaned from the fund;
- 30 "(d) Application fees required under subsection (3) of this section;

- "(e) Interest and other earnings on the moneys in the fund; and
- "(f) Gifts, grants or donations received from any source.
- 3 "(3) The department shall adopt by rule a revolving loan program
- 4 for issuing low- or zero-interest loans to finance projects or upgrades
- 5 that will result in reductions in greenhouse gas emissions. Projects
- 6 financed by loans under the program may include cost-effective
- 7 projects for switching to the use of lower-carbon-emitting fuels. To
- 8 apply for a loan under the program, a person must be a trade-exposed
- 9 natural gas user or an EITE entity described in section 24 of this 2020
- 10 Act. Rules adopted under this section shall include, but need not be
- 11 limited to, rules:
- "(a) Establishing lending guidelines for loans from the fund;
- 13 "(b) Establishing interest rates to be charged for loans;
- 14 "(c) Establishing loan application procedures; and
- 15 "(d) Establishing loan application and administrative fees.
- 16 "(4) The department may contract with an independent third-party 17 entity to administer the program adopted by rule under this section.
- "(5) Section 41 of this 2020 Act does not apply to moneys transferred by the Legislative Assembly to the Traded Sector Greenhouse Gas Reduction Revolving Loan Fund from the Climate Investments Fund established under section 39 of this 2020 Act.".
- On page 44, delete lines 2 through 28 and insert:
- 23 "SECTION 56. (1) As used in this section:
- 24 "(a) 'Electric company' has the meaning given that term in ORS 757.600.
- 26 "(b) 'Natural gas utility' means a natural gas utility regulated by 27 the Public Utility Commission under ORS chapter 757.
- 28 "(c) 'Retail electricity consumer' has the meaning given that term 29 in ORS 757.600.
- 30 "(2) The Public Utility Commission may allow an electric company

- to recover costs from all retail electricity consumers, or a natural gas utility to recover costs from all retail customers, for prudent investments in or expenses for infrastructure measures that support the adoption and service of alternative forms of transportation vehicles if the investments are consistent with and meet the requirements of subsection (3) of this section. An investment described in this section by an electric company may involve investments behind the customer meter.
- "(3) An investment in infrastructure measures that support the adoption of alternative forms of transportation vehicles is a utility service and a benefit to retail electricity consumers and retail natural gas utility customers if the investment can be reasonably anticipated to:
- "(a) Support the adoption of alternative forms of transportation vehicles that are powered by electricity, compressed natural gas, renewable natural gas or hydrogen;
  - "(b) Support reductions of transportation sector greenhouse gas emissions over time; and
- "(c) Benefit the electric company's retail electricity consumers or the natural gas utility's retail customers in ways that may include, but need not be limited to:
  - "(A) Distribution or transmission management benefits;
- "(B) System efficiencies or other economic values inuring to the benefit of retail electricity consumers or natural gas utility retail customers over the long term;
- "(C) Revenues to electric companies from electric vehicle charging to offset the electric company's fixed costs that may otherwise be charged to retail electricity consumers; or
- "(D) Increased retail electricity consumer or natural gas utility retail customer choice by providing greater deployment of a variety of

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- 1 fueling technologies to increase availability and access to publicly
- 2 available fueling stations for alternative forms of transportation ve-
- 3 hicles.".
- 4 On page 54, line 43, delete "(1) and (2)" and insert "(1), (2) or (4)".
- 5 On page 66, after line 25, insert:

## "APPLICABILITY OF OREGON GREENHOUSE GAS INITIATIVE TO ENERGY FACILITIES WITH SITE CERTIFICATES

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- "SECTION 72a. Section 72b of this 2020 Act is added to and made a part of ORS 469.300 to 469.563.
- "SECTION 72b. (1) The Legislative Assembly finds and declares that greenhouse gas emissions from energy facilities subject to site certificates or amended site certificates are a significant threat to the public health, safety or the environment.
- "(2) Notwithstanding ORS 469.401 (2), the Energy Facility Siting Council shall require a facility with a site certificate or amended site certificate in effect on or after the effective date of this 2020 Act to comply with sections 4 to 32 of this 2020 Act to the extent that compliance by the facility is required under sections 4 to 32 of this 2020 Act."
- 22 On page 67, line 38, delete "82.154" and insert "82.152".
- On page 68, delete lines 28 through 32 and insert:
- "SECTION 79. The Department of Consumer and Business Services shall adopt rules to amend the state building code as necessary to permit, in equipment or products, the use of hydrofluorocarbons or other substitutes that are not prohibited by regulations adopted by rule by the Environmental Quality Commission under section 77 of this 2020 Act."
  - On page 72, line 2, delete "between 9.2 percent and 10 percent" and insert

1 "of at least 9.2 percent".

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- On page 74, delete lines 9 through 25 and insert:
- "SECTION 88. (1) Original jurisdiction is conferred on the Supreme
  4 Court to determine:
- "(a) Whether the proceeds received from the auction or sale of an allowance conducted under section 28 of this 2020 Act are tax revenues subject to Article IX, section 3a, Oregon Constitution, when the allowance is purchased by or on behalf of a covered entity described in section 5 (2)(d) of this 2020 Act that produces in Oregon, or imports into Oregon, motor vehicle fuel; and
  - "(b) Whether Article IX, section 3a, Oregon Constitution, applies to the surrender of a compliance instrument under section 5 (4) of this 2020 Act to fulfill a compliance obligation attributable to the combustion of motor vehicle fuel.
  - "(2)(a) Any person interested in or affected or aggrieved by, or who will be affected or aggrieved by, sections 5 (4) or 28 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. The petition shall be captioned 'In the Matter of the Disposition of Carbon Allowance Auction Proceeds' and the Supreme Court shall consolidate all petitions filed under this subsection in a single proceeding with that caption. All petitioners shall be deemed parties to the consolidated proceeding. The state shall be deemed a respondent to all petitions filed under this subsection.
  - "(b) Each petition must state facts showing how the petitioner is or will be interested, affected or aggrieved and the grounds upon which the petition is based.
  - "(3) Each petitioner shall serve a copy of the petition by registered or certified mail upon the Department of Environmental Quality, the Administrator of the Office of Greenhouse Gas Regulation, the Attor-

- 1 ney General and the Governor.
- "(4) Proceedings for review under this section shall be given priority over all other matters 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.".
- 8 On page 75, line 40, delete "increases in" and insert "impacts on".
- In line 45, delete "increases in" and insert "impacts on".
- On page 76, line 7, after "costs" insert "and benefits".
- In line 8, delete "in" and insert "associated with".
- On page 77, delete lines 6 through 34 and insert:
- "SECTION 95a. (1) The Office of Greenhouse Gas Regulation shall conduct a study on whether amendments to section 13 of this 2020 Act are necessary or recommended to further the purposes set forth in section 2 of this 2020 Act.
  - "(2) The office shall submit a report on the study, which may include recommendations for legislation, in the manner provided under ORS 192.245 to an appropriate interim committee of the Legislative Assembly no later than September 15, 2022.
- "SECTION 95b. Residential home heating assistance program pro-21 posal. (1) The Housing and Community Services Department, in con-22 sultation with the Office of Greenhouse Gas Regulation, the Oregon 23 Housing Stability Council and interested stakeholders, shall develop a 24 proposal for assisting households that for residential home heating use 25 fuels that are not natural gas. The proposal shall give priority to as-26 sisting low and moderate income households or impacted communi-27 ties, as defined in section 4 of this 2020 Act, through: 28
- 29 "(a) Bill assistance;

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"(b) Weatherization; and

- "(c) 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:
- 6 "(a) Reducing greenhouse gas emissions;
- 7 "(b) Saving energy;

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- "(c) Reducing the energy burden experienced by households; and
- 9 "(d) Reducing residential home heating service disparities in his-10 torically 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) Options included in the proposal under subsection (1)(c) of this section must take into consideration the carbon intensities of fuels for the home heating equipment or systems, as those carbon intensities are assigned under the clean fuels program adopted by rule by the Environmental Quality Commission under ORS 468A.266 (1)(b) or based on another appropriate methodology.
  - "(5) 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 proposal, to the Oregon Greenhouse Gas Reduction Board and the Legislative Assembly.

## "JUST TRANSITION

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- "SECTION 96. (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 Oregon
  Greenhouse Gas Reduction Board to be used to carry out the purposes
  described in section 96a of this 2020 Act.
- 9 "(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 board only for the purposes described in section 96a (2)(b) of this 2020 Act.
  - "SECTION 96a. (1) The Oregon Greenhouse Gas Reduction Board, in consultation with the Higher Education Coordinating Commission, 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 of the Just Transition Fund, that are deposited in the Just Transition Fund established under section 96 of this 2020 Act; and
    - "(b) Establish a Just Transition Plan for:
- 25 "(A) The implementation and administration of the Just Transition 26 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,

1 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 displaced or adversely affected by climate change or climate change policies.
- "(3) Each even-numbered year, the Oregon Greenhouse Gas Reduction Board shall deliver a report, in the manner provided in ORS 192.245, to the Governor and the Legislative Assembly 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 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 programs and activities described in 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 displaced or adversely affected by climate change or climate change policies.
  - "(4) The board 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 Higher Education Coordinating Commission under ORS 660.318. The Just Transition Program may include, but need not be limited to, a competitive grant program.

- "(5) The board 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
- 9 "(b) Allow a grant applicant to appeal to the board for reevaluation 10 of any determination of grant funding.
  - "(7) The board may perform activities necessary to ensure that recipients of moneys distributed from the Just Transition Fund comply with applicable requirements. If the board determines that a recipient has not complied with applicable requirements, the board may order the recipient to refund all moneys distributed to the recipient from the fund. Moneys refunded pursuant to this subsection shall be paid to the board and deposited in the Just Transition Fund.
  - "(8) The board shall appoint a just transition advisory committee. The committee shall be composed of representatives from communities and workplaces that have the potential to be displaced adversely affected by climate change or climate change policies and shall include members representing labor and management. The committee shall:
    - "(a) Advise the board 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.".
- Delete lines 41 through 45 and insert:
- "SECTION 97. (1) The Oregon Greenhouse Gas Reduction Board is

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- established within the Department of Environmental Quality. 1
- "(2) The following shall serve as nonvoting members of the board: 2
- "(a) One member jointly appointed by the President of the Senate 3 and the Speaker of the House of Representatives who is a member of 4 either the Senate or the House of Representatives and who is also a 5 member of the Republican party and serves as a member of a com-6
- mittee of the Legislative Assembly related to climate; 7
- "(b) One member jointly appointed by the President of the Senate 8 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) The chairperson of the Environmental Justice Task Force;
  - "(d) A representative from an eligible Indian tribe, as that term in defined in section 4 of this 2020 Act, appointed by the Governor after consultation with the Commission on Indian Services;
  - "(e) One member appointed by the Governor who represents the Oregon Climate Change Research Institute;
    - "(f) The Director of the Department of Environmental Quality;
- "(g) A member of the Public Utility Commission; 20
  - "(h) The Director of Transportation;

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- "(i) One member appointed by the Governor who is a representative 22 of urban impacted communities; and 23
- "(j) One member appointed by the Governor who is a representative 24 of rural impacted communities. 25
- "(3) The Governor shall appoint seven voting members to the board, 26 subject to confirmation by the Senate as provided in ORS 171.562 and 27 171.565. Voting members of the board appointed under this subsection 28 must be residents of this state well informed on energy and climate 29 issues. At least one voting member must represent impacted commu-30

1 nities.

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- 2 "(4) The Administrator of the Office of Greenhouse Gas Regulation
- and the Office of Greenhouse Gas Regulation shall provide clerical,
- 4 technical and management personnel to serve the board. Other agen-
- 5 cies shall provide support as requested by the office or the board.".
- 6 On page 78, delete lines 1 through 36.
- 7 On page 79, delete lines 24 through 41 and insert:
- 8 "SECTION 100. (1) A person may not be eligible to be a voting 9 member of the Oregon Greenhouse Gas Reduction Board if:
- 10 "(a) The person holds any office or position under any political 11 committee or party; or
  - "(b) A business with which the person is associated, as that term is defined in ORS 244.020, is an entity directly regulated by the board.
  - "(2) If the Governor determines that any board member is in violation of subsection (1) of this section, the Governor shall remove the board member pursuant to section 98 of this 2020 Act.".
- On page 80, line 26, delete "and businesses" and insert ", businesses and community organizations that represent impacted communities".
- In line 45, delete the colon and insert "recommendations for addressing greenhouse gas emissions from the use of propane in this state.".
- On page 81, delete lines 1 through 4 and insert:
- "(4) The board may at any time convene advisory committees to assist the board in carrying out the duties set forth in this section. If the board convenes an advisory committee, it shall be composed of members appointed by the chairperson of the board. In appointing members, the chairperson shall include at least one member who represents impacted communities and shall take into consideration the geographic and demographic diversity of this state."
- 29 In line 5, delete "(4)" and insert "(5)".
- In line 9, delete "and" and insert a comma.

- In line 10, delete the first "and" and insert a comma and after "officials" insert "and community representatives,".
- In line 40, delete ", eligible Indian tribes as defined in section 4 of this 2020 Act".
- In line 41, after "government," insert "and shall make a reasonable effort to cooperate with affected eligible Indian tribes as defined in section 4 of this 2020 Act,".
  - On page 85, delete lines 20 through 30 and insert:

## "(Enforcement)

- "SECTION 107. Enforcement procedures; status of procedures. (1) Whenever the Oregon Greenhouse Gas Reduction Board has good cause to believe that any person is engaged in or is about to engage in any acts or practices that constitute a violation of a provision of sections 4 to 32 of this 2020 Act, or any rule, standard or order adopted or entered pursuant to sections 4 to 32 of this 2020 Act, the board may institute actions or proceedings for legal or equitable remedies to enforce compliance or to restrain further violations.
- "(2) The actions or proceedings authorized by subsection (1) of this section may be instituted without the necessity of prior agency notice, hearing and order, or may be instituted during an agency hearing if the hearing has been initially commenced by the board.
- "(3) The provisions of this section are in addition to and not in lieu of any other civil or criminal enforcement provisions available to the board.
- "SECTION 107a. Civil penalties. (1) In addition to any other liability or penalty provided by law, the Oregon Greenhouse Gas Reduction Board may impose a civil penalty on a person for any of the following:
  - "(a) A violation of a provision of sections 4 to 32 of this 2020 Act

- or rules adopted under sections 4 to 32 of this 2020 Act.
- "(b) Submitting any record, information or report required by sections 4 to 32 of this 2020 Act or rules adopted under sections 4 to 4 32 of this 2020 Act that falsifies or conceals a material fact or makes 5 any false or fraudulent representation.
- 6 "(2) Each day of violation under subsection (1) of this section con-7 stitutes a separate offense.
- "(3)(a) The board shall adopt by rule a schedule of civil penalties that may be imposed for violations described in subsection (1) of this section. Except as provided in paragraph (b) of this subsection, a civil penalty may not exceed \$25,000 per offense.
- "(b) In addition to any other civil penalty provided by law, the civil penalty for a violation described in subsection (1) of this section may include an amount equal to an estimate of the economic benefit received as a result of the violation.
- 16 "(4) In imposing a civil penalty pursuant to this section, the board 17 shall consider the following factors:
- 18 "(a) The history of the person incurring the civil penalty in taking 19 all feasible steps or procedures necessary or appropriate to correct any 20 violation.
  - "(b) Any actions taken by the person to mitigate the violation.
- "(c) Any prior act committed by the person that resulted in a violation described in subsection (1) of this section.
- 24 "(d) The economic and financial conditions of the person.
- 25 "(e) The gravity and magnitude of the violation.
- 26 "(f) Whether the violation was repeated or continuous.
- 27 "(g) Whether the cause of the violation was an unavoidable acci-28 dent, negligence or an intentional act.
- "(h) The person's cooperativeness and efforts to correct the violation.

- "(i) Whether the person gained an economic benefit as a result of the violation.
- "(5) Civil penalties under this section must be imposed in the manner provided by ORS 183.745. All civil penalties recovered under this section shall be paid to the Department of Environmental Quality for deposit in the Oregon Greenhouse Gas Initiative Operating Fund established under section 31 of this 2020 Act and may be used only pursuant to section 31 (3) of this 2020 Act.
- 9 **"SECTION 107b.** ORS 468.953 is amended to read:
- 10 "468.953. (1) A person commits the crime of supplying false information 11 to any agency if the person:
- "(a) Makes any false material statement, representation or certification knowing it to be false, in any application, notice, plan, record, report or other document required by any provision of ORS chapter 465, 466, 468, 468A or 468B or sections 4 to 32 of this 2020 Act or any rule adopted pursuant to ORS chapter 465, 466, 468, 468A or 468B or sections 4 to 32 of this 2020 Act;
- 18 "(b) Omits any material or required information, knowing it to be re-19 quired, from any document described in paragraph (a) of this subsection; or
- "(c) Alters, conceals or fails to file or maintain any document described in paragraph (a) of this subsection in knowing violation of any provision of ORS chapter 465, 466, 468, 468A or 468B or sections 4 to 32 of this 2020 Act or any rule adopted pursuant to ORS chapter 465, 466, 468, 468A or 468B or sections 4 to 32 of this 2020 Act.
- 25 "(2) Supplying false information is a Class C felony.".
- In line 40, delete "\$50" and insert "\$10" and delete "Pro-" and insert "Revolving Loan".
- In line 41, delete "gram".
- In line 45, delete "and 43" and insert ", 43, 72b, 107 and 107a".
- On page 86, line 1, delete "ORS 468.135" and insert "ORS 468.953" and

- 1 delete "107" and insert "107b".
- Delete lines 9 and 10 and insert "to 40, 41, 42, 43, 72b, 107 and 107a of this
- 3 2020 Act and the amendments to ORS 468.953 by section 107b of this 2020
- 4 Act.".
- In line 25, delete "and 43" and insert ", 43, 72b, 107 and 107a".
- In line 26, delete "ORS 468.135" and insert "ORS 468.953" and delete

7 "107" and insert "107b".

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