

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Capital Construction Subcommittee

From: John Terpening, Legislative Fiscal Office

Date: February 25, 2022

Subject: SB 1536 – Relating to indoor temperature control
Work Session Recommendations

SB 1536 establishes four new programs, provides dedicated General Fund funding for each, with administrative costs for these programs are assumed to come out of the General Fund provided:

1. An air conditioner and air filter deployment program in the Oregon Health Authority with \$5 million of one-time General Fund.
2. A heat pump deployment program in the Oregon Department of Energy with \$10 million of one-time General Fund for deposit into the Heat Pump Deployment Fund.
3. A residential heat pump rebate and grant program in the Department of Energy with \$15 million of one-time General Fund for deposit into the Residential Heat Pump Fund.
4. A community cooling places grant program in the Department of Energy with \$2 million of one-time General Fund.
5. A warming and cooling shelters or facilities grant program in the Department of Human Services with \$2 million in one-time General Fund.

Additionally, the measure directs the Department of Energy to conduct a study on cooling and provides \$500,000 of one-time General Fund for this purpose.

Recommended Changes

LFO recommends adoption of the -A5 amendment which includes the necessary Other Funds expenditure limitation for the Department of Energy to expend monies deposited into the two funds created by the measure.

For the Heat Pump Deployment Fund, \$5,548,537 Other Funds expenditure limitation is provided based on the Department's estimate of how much of the \$10 million provided

could be distributed in the current biennium. Of this total, \$5 million is expected to be distributed in grants with the remainder for administration.

For the Residential Heat Pump Fund, \$6,562,051 Other Funds expenditure limitation is provided based on the Department's estimate of how much of the \$15 million provided could be distributed in the current biennium. Of this total, \$6 million is expected to be distributed in rebates and grants with the remainder for administration.

For either program, the Department may return to the legislature for additional Other Funds expenditure limitation if these estimated amounts prove insufficient to meet demand, and/or the Department may request additional Other Funds expenditure limitation for these programs as part of its 2023-25 budget development.

The Department of Energy will hire six limited duration staff to work on these two new programs totaling 2.69 FTE, while existing staff will also help with rules development and program startup.

OHA will likely contract with a third party to administer the air conditioner and air filter deployment program but anticipates hiring two new IT positions with the funding provided to develop a new data tracking system for this program. OHA assumes approximately \$4.7 million of the funds provided would be used for purchasing air conditioners and filters.

DHS will utilize a current position to distribute the grant funds provided.

Final Subcommittee Action

LFO recommends that SB 1536, as amended by the -A5 amendment, to be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____