

HB 3409 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Department of Energy
2023-25

Department of Land Conservation and Development
2023-25

Oregon Watershed Enhancement Board
2023-25

Department of Consumer and Business Services
2023-25

Department of Environmental Quality
2023-25

Department of Forestry
2023-25

Department of Human Services
2023-25

Oregon Health Authority
2023-25

Higher Education Coordinating Commission
2023-25

Department of Administrative Services
2023-25

PRELIMINARY

Budget Summary

	2021-23 Legislatively Approved Budget	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
Oregon Department of Energy					
General Fund	\$ -	\$ -	\$ 9,810,308	\$ 9,810,308	100.0%
Other Funds Limited	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	100.0%
Total	\$ -	\$ -	\$ 11,810,308	\$ 11,810,308	100.0%
Department of Land Conservation and Development					
General Fund	\$ -	\$ -	\$ 7,740,433	\$ 7,740,433	100.0%
Total	\$ -	\$ -	\$ 7,740,433	\$ 7,740,433	100.0%
Oregon Department of Human Services					
General Fund	\$ -	\$ -	\$ 10,187,615	\$ 10,187,615	100.0%
Federal Funds Limited	\$ -	\$ -	\$ 125,081	\$ 125,081	100.0%
Total	\$ -	\$ -	\$ 10,312,696	\$ 10,312,696	100.0%
Oregon Health Authority					
General Fund	\$ -	\$ -	\$ 387,671	\$ 387,671	100.0%
Total	\$ -	\$ -	\$ 387,671	\$ 387,671	100.0%
Oregon Watershed Enhancement Board					
General Fund	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000	100.0%
Other Funds Limited	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000	100.0%
Total	\$ -	\$ -	\$ 20,000,000	\$ 20,000,000	100.0%
Department of Consumer and Business Services					
Other Funds Limited	\$ -	\$ -	\$ 756,051	\$ 756,051	100.0%
Total	\$ -	\$ -	\$ 756,051	\$ 756,051	100.0%
Department of Environmental Quality					
General Fund	\$ -	\$ -	\$ 3,376,770	\$ 3,376,770	100.0%
Other Funds Limited	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	100.0%
Total	\$ -	\$ -	\$ 6,376,770	\$ 6,376,770	100.0%

Budget Summary* (continued)

	2021-23 Legislatively Approved Budget	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
Oregon Department of Forestry					
General Fund	\$ -	\$ -	\$ 516,248	\$ 516,248	100.0%
Other Funds Limited	\$ -	\$ -	\$ 90,000	\$ 90,000	100.0%
Total	\$ -	\$ -	\$ 606,248	\$ 606,248	100.0%
Higher Education Coordinating Commission					
General Fund	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	100.0%
Total	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	100.0%
Department of Administrative Services					
Other Funds Limited	\$ -	\$ -	\$ 669,112	\$ 669,112	100.0%
Total	\$ -	\$ -	\$ 669,112	\$ 669,112	100.0%

Position Summary

Oregon Department of Energy

Authorized Positions	0	0	12	12
Full-time Equivalent (FTE) positions	0.00	0.00	9.55	9.55

Department of Land Conservation and Development

Authorized Positions	0	0	5	5
Full-time Equivalent (FTE) positions	0.00	0.00	4.01	4.01

Oregon Department of Human Services

Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.50	1.50

Oregon Health Authority

Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.50	1.50

Position Summary (continued)

Oregon Watershed Enhancement Board

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88

Department of Consumer and Business Services

Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.76	1.76

Department of Environmental Quality

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	1.88	1.88

Oregon Department of Forestry

Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.75	1.75

Higher Education Coordinating Commission

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

Department of Administrative Services

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88

Summary of Revenue Changes

House Bill 3409 provides funding to 10 different agencies to fulfill the statutory direction of the measure, the agencies include: the Oregon Department of Energy (ODOE), Department of Land Conservation and Development (DLCD), Oregon Department of Human Services (ODHS), Oregon Health Authority (OHA), Oregon Watershed Enhancement Board (OWEB), Department of Consumer and Business Services (DCBS), Department of Environmental Quality (DEQ), Oregon Department of Forestry (ODF), Higher Education Coordinating Commission (HECC), and the Department of Administrative Services (DAS). Across all agencies, the measure appropriates \$45,019,045 General Fund, increases Other Funds expenditure limitation by \$16,515,163, and increases Federal Funds expenditure limitation by \$125,081.

This measure also authorizes the Environmental Quality Commission to establish a fee by rule that will be paid by community climate investment entities - or nonprofit organizations entered into an agreement with DEQ to implement projects supported by community climate investment funds.

Summary of Natural Resource Subcommittee Action

The measure makes a series of statutory adjustments to Oregon laws related to climate. Those changes are broken out by topic area, with any associated agency fiscal impact above minimal discussed below.

Designated state agency programs for energy efficiency in buildings

This portion of the measure provides Legislative Assembly findings and declarations for goals for the state related to heat pumps, including that the agencies of the executive branch of state government lead by example by acquiring, installing, and using heat pump technologies.

The measure directs ODOE to report to the Governor and an interim committee of the Legislative Assembly related to the environment by September 15 of each odd-numbered year, starting in 2025, on the rate of adoption of heat pump technologies in Oregon and progress the state is making in achieving greenhouse gas emissions reduction goals. ODOE is to collaborate with various agencies to reduce barriers to home energy efficiency and resilience by providing technical assistance and training to build capacity in developers, builders, community-based organizations, homeowners, and tenants to conduct renovations and installations of energy efficient technologies.

The measure also establishes the Energy Efficient Technologies Information and Training Fund. Moneys in the fund may be invested and are continuously appropriated to ODOE for implementation of this measure, including administrative costs of up to 10 percent of the average quarterly balance of the fund.

Oregon Department of Energy

The measure includes a General Fund appropriation of \$2 million for deposit into the Energy Efficient Technologies Information and Training Fund, and a commensurate increase in Other Funds expenditure limitation for ODOE. The estimated cost for ODOE to implement the measure is \$525,467 General Fund in the 2023-25 biennium, and \$671,389 in the 2025-27 biennium. Funding for the Department supports two new permanent, full-time positions, including an Operations and Policy Analyst 2 (0.63 FTE) to assess heat pump data, existing programs, and policy options, and work on external communications; and a Program Analyst 3 (0.88 FTE) to administer the workforce training and education program. In the 2023-25 biennium, General Fund costs include \$324,688 for personal services and \$200,779 for services and supplies.

Energy Efficiency in Buildings

This portion of the measure requires DCBS to consult with the Department's advisory boards and committees and work with ODOE to specify energy efficiency goals for new residential and commercial construction with an aim to achieve at least a 60 percent reduction in annual energy consumption by 2030, from standards specified in building and specialty codes that were in effect in 2006. DCBS is to report to an interim committee of the Legislative Assembly related to the environment by December 31 of every third year, starting in 2023, on progress and options to achieve goals. DCBS is to update the Reach Code to show progress toward the goals each time the Department updates the statewide building code and applicable specialty codes. DCBS is also to coordinate DEQ to quantify greenhouse gas emissions occurring as a result of the manufacture, transport, installation, disposal, and recovery of materials used in building construction; and identify options to reduce greenhouse gas emissions attributable to building materials.

The Department is also required to report to an interim committee of the Legislative Assembly related to the environment by December 31, 2024, on findings and recommendations regarding options for reducing greenhouse gas emissions resulting from building materials.

Department of Consumer and Business Services

The bill increases Other Funds expenditure limitation for DCBS by \$756,051 in the 2023-25 biennium, with anticipated Other Funds costs of \$835,691 in the 2025-27 biennium. In the 2023-25 biennium, this includes \$683,357 for personal services and \$72,694 for services and supplies. Other Funds revenues are derived from building code division fees; it is not clear if this measure would require an increase in fees or if the Department has sufficient reserves to pay for position costs in the short term.

The funding for DCBS supports two full-time permanent positions, an Operations and Policy Analyst 4 and a Professional Engineer 2 (both 0.88 FTE) to serve as subject matter experts on energy efficiency and the building code.

Energy performance standards for covered commercial buildings

This portion of the measure directs ODOE, in consultation with DCBS, to adopt rules to specify an energy performance standard for covered commercial buildings by December 31, 2024. ODOE is to create a database of eligible building owners and covered commercial buildings that are subject to the requirements based on records the Department obtains from each county assessor and on other information available to the Department.

The measure outlines various other requirements and timelines, including:

- By December 31, 2024, ODOE is to establish requirements and standards for data provisioned by eligible building owners of tier 2 buildings, which includes multi-family residential buildings, hospitals, schools, dormitories, or university buildings over 35,000 square feet, or hotels, motels, and nonresidential use buildings between 20,000 and 35,000 square feet, which will enable ODOE to establish a benchmark for energy use in, and greenhouse gas emissions from, tier 2 buildings.

- By January 15, 2025, and by the same date every year after until 2035, ODOE is to report to the Governor and to Committees of the Legislative Assembly related to the environment concerning the implementation of the energy performance standard.
- By July 1, 2025:
 - Owners of tier 1 buildings, which includes hotels, motels, and nonresidential use buildings in which the gross floor area equals or exceeds 35,000 square feet- must be notified of energy performance standard requirements.
 - ODOE is to notify eligible building owners of tier 2 buildings of the requirements and standards the department adopts for data reporting.
 - ODOE is to establish an advisory committee to identify and evaluate the financial and nonfinancial implications of establishing and implementing an energy performance standard for tier 2 buildings.
- By September 30, 2026, and by the same date every two years after, ODOE is to report to an interim Committee of the Legislative Assembly related to energy on the operations and results of the incentive program discussed below.
- Starting in 2028, eligible tier 1 building owners must comply with the energy performance standard, with compliance timing based on building square footage. Owners of eligible tier 1 buildings are to report to ODOE concerning compliance with the energy performance standard every five years.
- By July 1, 2028, and by July 1 every five years following, an eligible building owner of a tier 2 building must provide ODOE with data the department requires.
- By July 1, 2029:
 - ODOE is to update the energy performance standard.
 - ODOE must evaluate and use the data the Department receives from eligible building owners of tier 2 buildings to calculate average energy use in, and average greenhouse gas emissions from, each of the categories of tier 2 buildings that exist in this state.
- By October 1, 2030, ODOE is to report to the Governor and an interim Committee of the Legislative Assembly related to energy, with recommendations on a cost-effective energy performance standard for tier 2 buildings.

Additional tier 1 requirements

ODOE is to provide a support program to eligible building owners of covered commercial buildings including information and periodic training, technical assistance, and other efforts to assist eligible building owners to comply with the energy performance standard, applicable energy use intensity targets, and reporting requirements. ODOE may impose civil penalties for noncompliance. Civil penalties are to be deposited into the State Department of Energy Account and used to administer ODOE's energy efficiency programs. ODOE is to establish a rules advisory committee and conduct rulemaking around this program.

Additional tier 2 requirements

ODOE is to cooperate with the Department of Education (ODE) to establish a requirement to provide the data in a manner that minimizes costs to schools and avoids duplication with ODE's school facility assessments.

Incentives

ODOE is to establish by rule a program to pay incentives to eligible building owners that implement energy performance standards for covered commercial buildings before implementation is mandatory. An owner of a tier 2 building may receive an incentive payment of 35 cents per square foot of the covered commercial building if reporting that is required by July 1, 2028 is completed early. Owners of a tier 1 building may receive an incentive payment of 85 cents per square foot of the covered commercial building, for meeting the energy performance standard, or ANSI/ASHRAE/IES Standard 100, early, or voluntarily. ODOE may authorize additional incentive payments to an eligible building owner that owns a tier 2 multifamily residential building and enters into a binding agreement not to displace tenants from the multifamily residential building if funds are available. ODOE may contract with an entity to administer incentive payments to eligible building owners for early compliance with the energy performance standard.

Oregon Department of Energy

The bill provides ODOE \$3 million General Fund in the 2023-25 biennium for administrative costs. The measure also includes a \$2 million General Fund appropriation for ODOE to provide incentive payments.

The funding for ODOE supports six new permanent, full-time positions, at a total cost of \$1,050,220 for personal services and \$582,640 for services and supplies in the 2023-25 biennium. These positions include:

- One Compliance and Regulatory Supervisor 2 (0.88 FTE) to manage the program.
- Two Program Analyst 3 positions (one at 0.88 FTE and one at 0.63 FTE), with one working on tier 1 buildings and one on tier 2 buildings, including tracking buildings, reporting, and notifications.
- One Operations and Policy Analyst 3 (0.88 FTE) to design and implement the incentive programs.
- One Public Service Representative 4 (0.63 FTE) to provide trainings and work with building owners.

- One Information Systems Specialist 7 (0.88 FTE) to manage the building data and database.

Additional costs included in the measure are an estimated \$1 million in the 2023-25 biennium for development of a database, based on costs other states have incurred to develop a similar database, though costs could vary if a commercial solution is available. Ongoing maintenance costs of the database are indeterminate. The measure also includes one-time costs of \$250,000 for building energy data analysis to help establish targets, as well as \$50,000 per year for the first three years of the program for community engagement costs.

Additionally, it should be noted that while General Fund is the assumed source of funding for this program, the Department may be able to phase out General Fund in future biennia based on civil penalty revenue received under this measure.

State agencies to conduct assessment of energy use

This portion of the measure directs DAS, in cooperation with ODOE, to develop a methodology and work plan for state agencies to implement a comprehensive assessment of energy use and greenhouse gas emissions of state-owned buildings. The assessments must examine and quantify each building's greenhouse gas emissions, using existing data when possible. DAS is directed to create a searchable and modifiable database with the data collected from assessments, which is to be used by state agencies as baseline data for planning energy use reduction and greenhouse gas emissions reduction targets in capital projects.

DAS, in collaboration with ODOE and DEQ, is to oversee all capital projects with a contract price of over \$1 million in which a state agency constructs or performs a major renovation on a state building. DAS is to develop and implement guidelines for sustainable design for these projects and provide guidance and technical expertise to each state agency with respect to construction methods, materials, energy conservation measures, greenhouse gas emissions reduction methods, green building construction and renovation, and other techniques to aid in achieving the state's green building, energy efficiency and greenhouse gas emissions reduction goals. State agencies are to report to DAS regularly regarding progress on a capital project described.

The measure also directs the Department of Justice (DOJ) to modify model rules regarding energy savings performance contracts to be consistent with this measure; and requires agencies to retain 100 percent of the net savings after any project debt service, instead of 50 percent, with all savings deposited in a revolving fund administered by the agency instead of half going to the General Fund.

Department of Administrative Services

The bill provides DAS a total of \$669,612 Other Funds expenditure limitation in the 2023-25 biennium, with anticipated costs of \$251,789 Other Funds in the 2025-27 biennium. In the 2023-25 biennium, this includes \$189,034 for personal services and \$480,078 for services and supplies. Other Funds are derived from an assessment on state agencies, so some funds originate as General Fund.

DAS estimates the cost of conducting a full facility condition assessment of its portfolio is \$750,000, with the sustainability portions making up approximately \$225,000 of this amount. The state greenhouse gas assessments could be completed as part of overall building facility condition assessments performed by a contractor. These assessments are periodically conducted for the state-owned buildings. Currently, the state owns over 1,500 buildings, with buildings over 25,000 square feet making up 75 percent of the state building portfolio square footage. However, DAS notes that there is not currently sufficient funding to conduct full facility condition assessments in the Department's budget.

The bill provides DAS one-time Other Funds expenditure limitation of \$250,000 to develop sustainable design guidelines.

To perform work related to this measure, funding in the bill supports one Operations and Policy Analyst 4 (0.88 FTE) to manage an assessment contract, coordinate data entry, and provide design and construction assistance to agencies. DAS anticipates no costs related to creation of a database for assessment data, since similar work is already in progress.

Other agencies

Depending on the scope and timeline of the assessment and reporting process developed by DAS, state agencies which own their own buildings may require additional staff resources, or funding if a private contractor is used to complete assessments. This could particularly impact agencies with substantial building portfolios.

Community green infrastructure grant program

This portion of the measure establishes the Community Green Infrastructure Grant Program, which is to be administered by DLCD for the purpose of awarding grants to offset the cost of planning and developing community green infrastructure projects or green infrastructure economic development projects, developing and supporting native seed banks or native plant nurseries, and for implementing green infrastructure master plans.

The measure requires DLCD to enter into an intergovernmental agreement with ODF for assistance with the design and implementation of the program, acquiring and administering federal funding related to green infrastructure projects, or technical advice or feedback on the grant review process. In addition, the measure requires DLCD to enter into an intergovernmental agreement with the Oregon Department of Transportation for technical advice concerning state transportation facilities and rights of way as they relate to the design and implementation of the program, acquiring and administering federal funding related to green infrastructure projects, and technical advice or feedback on the grant review process.

The measure permits DLCD to appoint an Advisory Committee on Community Green Infrastructure Investments to provide consultation on the implementation of the grant program. No later than September 15 of each even-numbered year, the Advisory Committee is to submit a report on the implementation of the program to the appropriate interim Committee of the Legislative Assembly.

The measure establishes the Community Green Infrastructure Fund with moneys in the fund continuously appropriated to DLCD to award grants, with 30 percent for grants for planning and developing green infrastructure economic development projects, 40 percent for grants to entities or projects located in green infrastructure improvement zones, and 30 percent for grants for entities or projects in tribal, rural, remote, or coastal communities. None of the funds are allocated for administration of the grant program. The measure appropriates \$6.5 million General Fund for grants. The Legislative Fiscal Office notes that \$6.5 million Other Funds expenditure limitation will be added to SB 5506 (2023), as well as designating the General Fund appropriated to be deposited in the Community Green Infrastructure Fund, which will allow moneys to be expended in future biennia.

In addition, the measure requires ODF to acquire and maintain a statewide urban tree canopy assessment tool that provides geospatial mapping and make it available on a website maintained by the Department. Lastly, the measure requires ODF to develop and implement a program to provide technical and financial assistance to public bodies, tribal governments, watershed councils, and community-based organizations for planning, responding to, and recovering damage to habitats and urban tree canopies due to pests, diseases, or other natural or human-created conditions that lead to loss of tree canopy.

Department of Land Conservation and Development

In addition to the \$6.5 million General Fund appropriation to DLCD for grants, the measure appropriates \$768,741 General Fund to DLCD in the 2023-25 biennium. The grant funding provided by this measure is a one-time appropriation and if all grant funding is not disbursed in the 2023-25 biennium, DLCD will need to return and request ongoing position authority and expenditure limitation for the 2025-27 biennium.

The funding supports personal services costs of \$626,684 for four new limited duration full-time positions, including one Planner 4 (0.88 FTE) to design and manage the program; an Administrative Specialist 2 (0.75 FTE) to coordinate grants; a Procurement and Contracts Specialist 1 (0.75 FTE) to fulfill grant requirements; and an Accountant 1 (0.75 FTE) to track payments and expenditures. Services and supplies costs are \$142,057 General Fund, which includes position-related expenses as well as legal costs and resources to support the Advisory Committee.

Department of Forestry

The measure provides ODF \$516,248 General Fund for two permanent positions (1.75 FTE) and associated costs for the development and implementation of the technical and financial assistance program in the 2023-25 biennium. The 2023-25 costs include \$362,008 for personal services and \$64,240 for services and supplies, as well as \$90,000 in special payments will be transferred to the ODF Motor Pool for purchase of two vehicles. ODF will also need \$90,000 Other Funds expenditure limitation to expend this General Fund as Other Funds once transferred.

The bill establishes two Natural Resource Specialist 3 positions, which will increase capacity for community assistance activities and to provide program coordination, work with tribal governments, and provide outreach and technical assistance to the federally recognized tribes in Oregon, and will help define and identify the specific locations for increased green infrastructure. ODF notes that the agency will provide a vehicle to each position for in-state travel to meet the requirements of the measure. Although the measure requires the program include

financial assistance as well as technical assistance, that financial assistance is not defined by the measure, nor is the amount or source of that funding identified.

Funding for the initial purchase, setup, and refinement of the urban tree canopy assessment tool can be absorbed within existing efforts surrounding environmental equity mapping which is funded through a federal United States Forest Service grant at ODF. Federal funding is allocated on an annual basis and may not be available in perpetuity.

College of Forestry, Oregon State University: low carbon fuels from woody biomass residues

This portion of the measure directs the College of Forestry at Oregon State University (OSU) in collaboration with DEQ and ODF to conduct research to develop methodologies and data necessary to establish fuel pathways for low carbon fuels derived from woody biomass residues from forestry operations. The College of Forestry is to report to the interim Committees of the Legislative Assembly related to natural resources no later than July 31, 2025.

Regarding the state forests, the measure permits ODF to establish a forestry renewable woody biomass conversion program to market, register, transfer or sell forestry woody biomass conversion offtakes, in order to secure the greatest permanent value of the lands for the state.

Higher Education Coordinating Commission

The measure appropriates \$3 million General Fund to HECC for distribution to the College of Forestry at OSU. These funds would be used to conduct the research directed under this measure in the 2023-25 biennium, in order to report to the Legislature on topics including progress in establishing fuel pathways and carbon intensity values for low carbon fuels derived from woody biomass residues from forestry operations; and the impact of converting woody biomass residues to low carbon fuels on greenhouse gas and black carbon emissions, snowpack in the Cascade Mountains, water quality and drought, and wildfire.

OSU anticipates these funds would be used to support 15 positions representing a variety of areas of study, including six faculty (totaling 0.77 FTE), eight graduate students (totaling 4.00 FTE), and one post-doctoral student (0.50 FTE). Position costs are anticipated to total \$1.6 million. Positions discussed here are not presented in the tables included in this budget report as the Legislature does not authorize positions within universities.

Other expenses include lab equipment, lab supplies, materials, and travel costs, at approximately \$768,280; approximately \$84,000 for contracting with ODF and DEQ for project support; \$317,849 for graduate student tuition; and \$198,678 for indirect costs.

Rebate program for medium and heavy duty zero-emission vehicles

This portion of the measure creates a rebate program in DEQ for purchase or lease of vehicles that meet certain criteria, including a gross vehicle weight of over 8,500 pounds. DEQ may hire or contract with a third-party nonprofit to administer the program. The Environmental

Quality Commission is to determine rebate amounts annually by rule and may establish different rebate amounts for different classes of vehicles, and additional rebates for vehicles in areas disproportionately burdened by air pollution. The measure outlines eligibility requirements, including that the vehicle be kept for three years after purchase or leasing, or the person receiving the rebate must pay back the rebate on a prorated basis unless the repayment provision is waived for cause. Rebate recipients must maintain records of miles driven or hours of use and provide an annual report to DEQ showing more than 50 percent of vehicle use occurred in Oregon.

The measure establishes the Zero-Emission Medium and Heavy-Duty Vehicle Incentive Fund which is continuously appropriated to DEQ to carry out this program, with no more than 15 percent used for administration. At least 40 percent of funds deposited in the account per biennium are for rebates for vehicles in areas disproportionately burdened by diesel pollution. This portion of the measure is operative January 1, 2024.

Department of Environmental Quality

The measure appropriates \$3 million General Fund for deposit in the Zero-Emission Medium and Heavy Duty Vehicle Incentive Fund. DEQ anticipates that grants would be disbursed starting in the 2025-27 biennium.

To implement this measure, DEQ would hire a permanent full-time Program Analyst 3 (0.75 FTE) position to do rulemaking, stakeholder outreach, contract management, program research, and review applications and reports hired during the 2023-25 biennium. The Department anticipates the need for an Accounting Technician to process rebates once disbursements start, and this resource may be requested during the 2025-27 budget development process. DEQ would also have estimated costs of \$120,000 to establish a rebate processing platform and website in the 2023-25 biennium, with ongoing maintenance costs of \$25,000 each biennium, based on the agency's experience setting up a similar platform for the Oregon Clean Vehicle Rebate Program. Because the moneys appropriated are deposited in the Zero-Emission Medium and Heavy-Duty Vehicle Incentive Fund, these funds will be expended at Other Funds. DEQ has been provided with Other Funds expenditure limitation commensurate with the amount of the deposit. Administrative expenditures are allowed in an amount up to 15 percent of the monies deposited and the cost of administration for DEQ includes \$167,516 for personal services, and \$148,875 for services and supplies in the 2023-25 biennium.

Finding opportunities and reducing conflict in siting photovoltaic solar power generation facilities

This portion of the measure establishes the 17 member Rules Advisory Committee for Siting Photovoltaic Solar Power Generation Facilities to advise DLCD on adoption of rules related to photovoltaic solar power generation facility siting. DLCD is to provide an initial report to an appropriate interim Committee of the Legislative Assembly by September 15, 2025, and a final report to certain entities by December 31, 2025. The measure requires DLCD to contract with a third party to support the rules advisory committee, including to facilitate and coordinate meetings, and furnish maps, data, and technical assistance. Members of the Rules Advisory Committee are entitled to compensation and expenses. These portions of the measure sunset January 2, 2026.

Department of Land Conservation and Development

The measure provides DLCD \$471,692 General Fund in the 2023-25 biennium, with the projected cost of \$70,966 General Fund in the 2025-27 biennium. In the 2023-25 biennium, this includes \$236,909 for personal services and \$234,783 for services and supplies. The Department anticipates hiring one full-time Planner 4 (0.88 FTE). This position would provide support for the Rules Advisory Committee. Services and supplies costs include \$100,000 for a facilitation contract, \$120,000 for Rules Advisory Committee costs such as travel and legal advice, and position-related services and supplies.

State greenhouse gas emissions reduction goals; and opportunities to reduce Oregon’s consumption-based greenhouse gas emissions

This portion of the measure updates state greenhouse gas emissions goals to 45 percent below 1990 levels by 2030; 70 percent below 1990 levels by 2040; and 95 percent below 1990 levels by 2050. The measure also states that it is state policy to achieve net zero emissions by 2050 and to maintain net negative emissions after. The measure changes the name of the Oregon Global Warming Commission to the Oregon Climate Action Commission and increases membership from 25 to 35.

The duties of the Oregon Climate Action Commission are modified to remove examination of the greenhouse gas cap and trade system; and to include tracking and evaluation of progress towards net zero emissions goals and the net negative emissions goals; and carbon sequestration of Oregon’s natural and working lands, and not just forests. The Commission is to prepare a detailed forecast of expected greenhouse gas emissions reductions. The Commission is to complete a periodic evaluation of the greenhouse gas emissions reduction goals, the net zero emissions goals, and the net negative emissions goals and provide any recommendations on updates to the goals to the Legislative Assembly no later than 18 months after the date on which the United Nations Intergovernmental Panel on Climate Change publishes a synthesis report or the United States Global Change Research Program publishes a national climate assessment.

DEQ, in consultation with the Oregon Climate Action Commission, is to evaluate opportunities to reduce Oregon’s consumption-based greenhouse gas emissions. DEQ is to present its findings in a report to the interim Committees of the Legislative Assembly related to the environment, and the commission, no later than September 15, 2024. The report must update Oregon’s consumption-based greenhouse gas emissions inventory; identify opportunities to reduce consumption-based greenhouse gas emissions through materials management or other state programs or policies; include recommendations for regularly updating the consumption-based greenhouse gas emissions inventory; and evaluate the effects of consumption-based greenhouse gas emissions reductions, taking into account economic, social and environmental factors. These portions of the measure become operative on January 1, 2024.

Oregon Department of Energy

To implement the requirements of the bill, ODOE is provided a total of \$775,835 General Fund in the 2023-25 biennium, which includes two new full-time positions (0.75 FTE each). In the 2023-25 biennium, estimated costs include \$338,176 in personal services and \$437,659 in services and supplies.

ODOE provides staff support to the Oregon Global Warming Commission. The measure mandates state agencies to regularly report to the Commission on efforts to make progress toward greenhouse gas emissions reduction goals and to prepare for the effects of global warming, though it does not specify the frequency or content of these reports. However, ODOE notes that existing staff assigned to support the Commission are insufficient to support the volume of work the Commission now has and anticipates this reporting requirement, in conjunction with the expanded Commission membership, would increase the need for staff support. The measure provides the Department with one permanent, full-time Operations and Policy Analyst 4 to staff the Commission, provide policy analysis and reporting, and work with state and local entities engaging in climate activities. Additionally, funding for ODOE supports one limited duration full-time Research Analyst 3 to assess greenhouse gas emissions and track progress toward goals.

In addition to the costs of the positions, funding for ODOE supports a contract for emissions modeling to prepare a forecast of expected greenhouse gas emission reductions. This is anticipated to total \$250,000 General Fund each biennium.

The bill provides certain requirements as to when ODOE must evaluate the net zero emissions goals and the net negative emissions goals. The next reporting period is assumed to be four years from now.

State policy for natural climate solutions

This portion of the measure establishes the Natural and Working Lands Fund which is continuously appropriated to OWEB to annually transfer to other funds established under this measure, as directed by the Oregon Global Warming Commission, in consultation with OWEB, Oregon Department of Fish and Wildlife (ODFW), ODF, and ODA.

The Agriculture Natural Climate Solutions Fund, Forestry Natural Climate Solutions Fund, Watershed Natural Climate Solutions Fund, and Fish and Wildlife Natural Climate Solutions Fund are also established in the measure. These funds are continuously appropriated to ODA, ODF, OWEB, and ODFW respectively; and no more than 10 percent of moneys in each fund may be used for administrative costs.

ODA, ODF, and OWEB are to use the funds to establish programs that provide incentives and financial assistance for technical support to help landowners, Indian tribes, land managers, and environmental justice communities to adopt practices that support natural climate solutions. Funds are to be prioritized for technical assistance to, and incentives for, programs or activities supported by environmental justice communities or Indian tribes. ODFW is to use funds to promote natural climate solutions and mitigate the future impacts of climate change through certain research.

The Oregon Global Warming Commission is to report to the Committees of the Legislative Assembly related to the environment by September 15 each year with a summary identifying the uses of the Natural and Working Lands Fund and additional funding needs. The Commission is also to report to the interim Committees of the Legislative Assembly related to the environment and the Governor by December 1 of each even numbered year on projects funded by the Natural and Working Lands Fund, state, federal, and private sources of funding for projects, and an

assessment of projects, planned projects, and environmental justice community projects, which includes public comments. The Oregon Global Warming Commission may also appoint a natural and working lands advisory committee of at least 15 members. ODOE is to support the Commission's work under this measure or may contract for support services.

ODOE and the Oregon Global Warming Commission, in coordination with state natural resources agencies and relevant federal agencies, are directed to establish and maintain a net biological carbon sequestration and storage baseline and inventory for natural and working lands; and relevant activity-based metrics and community impact metrics. No later than January 1, 2025, these entities are also to establish nonbinding biological carbon sequestration and storage goals for Oregon's natural and working lands. ODOE is to update the natural and working lands net biological carbon sequestration and storage inventory by December 1 of each even-numbered year. ODOE is also directed to study workforce and training programs needed to support adoption of natural climate solutions on natural and working lands and report to the committees of the Legislative Assembly related to the environment by September 15, 2024.

Oregon Watershed Enhancement Board

The measure appropriates \$10 million General Fund for deposit into the Natural and Working Lands Fund and provides \$10 million in Other Funds expenditure limitation to expend moneys from the fund. OWEB will act both as the fiscal agent for the fund, and as a recipient of monies allocated from the fund by the Global Warming Commission. OWEB is provided with one limited duration, full-time Fiscal Analyst 3 (0.88 FTE) to support the body of work generated by the grant program from monies allocated to OWEB by the Global Warming Commission. The position cost and the cost of program administration is provided for through the appropriation to the Fund.

Oregon Department of Energy

The bill provides ODOE a total \$1,526,146 General Fund in the 2023-25 biennium, with anticipated costs of \$1,106,455 General Fund in the 2025-27 biennium.

The known costs for this measure are related to the establishment of the net biological carbon sequestration and storage baseline and inventory for natural and working lands; and development of relevant activity-based metrics and community impact metrics. ODOE would contract with a technical consultant to produce and update the inventory and model carbon sequestration and storage potential on natural and working lands. The bill provides ODOE with \$400,000 General Fund, with costs continuing each biennium, based on recommendations from the Oregon Global Warming Commission Natural and Working Lands Advisory Committee and related work conducted by OSU's Institute for Natural Resources. Additionally, the bill provides a one-time \$250,000 General Fund appropriation in the 2023-25 biennium for a carbon accounting consultant to inform and refine metrics.

Funding in the bill also supports two new permanent, full-time positions (each 0.88 FTE), including a Research Analyst 3, to collect data and help develop and maintain the inventory, and create related reports; and an Operations and Policy Analyst 4 to work with stakeholders and analyze

policy options. Total costs of these positions are \$394,542 General Fund in the 2023-25 biennium, with an additional \$35,398 in services and supplies. The bill also supports \$196,206 General Fund in the 2023-25 biennium for indirect costs for ODOE.

ODOE is also directed to study workforce and training programs needed to support adoption of natural climate solutions on natural and working lands. The bill provides ODOE with \$250,000 General Fund for this work.

Extends sunset for solar and storage system rebate program

This portion of the measure changes the sunset date for the Oregon Solar and Storage Rebate Program in ODOE from January 2, 2024, to January 2, 2029. Under this measure, ODOE is also permitted to waive the requirement that construction begin within 12 months of award due to delays resulting from the COVID-19 pandemic for renewable energy production system grants.

This portion of the measure also extends the repeal date for sections 19 to 21, chapter 86, Oregon Laws 2022, from January 2, 2025, to January 2, 2026. These sections establish a program for residential heat pump rebates and grants in ODOE and establish the Residential Heat Pump Fund with funds used to provide these rebates and grants. Additionally, the measure extends the deadline, from September 15 to December 31, 2023, for a required report from ODOE on the heat pump grants and rebates; community cooling spaces; and a cooling needs study.

Additional expenditure limitation and position authority for these programs were provided in the 2023-25 recommended budget for ODOE.

Harmful algal blooms

This portion of the measure directs OHA, in coordination with DEQ, to the following:

- Determine and identify drinking water sources that are susceptible to harmful algal blooms (HABs) or that are downstream of or influenced by water bodies that are susceptible to HABs.
- Develop a system for the regular monitoring and testing of these drinking water sources.
- Prioritize monitoring of sources of drinking water and bodies of water accessed for recreational use.
- Develop a protocol for issuing hazard advisory alerts to the public in the occurrence of a HAB.

DEQ, in coordination with OHA, is directed to do the following:

- Develop and maintain a coordinated state agency HAB monitoring and response strategy.
- Develop a system for the regular monitoring and testing of water bodies determined to be susceptible to HABs or are downstream of or influenced by water bodies susceptible to HABs.

- Produce timely and high-quality data allowing OHA to determine the level of risk of harm or injury to public health by the occurrence of HABs.
- Maintain a publicly accessible clearinghouse or database of water quality samples collected to characterize freshwater HABs.
- Identify sources of pollutants contributing to the occurrences of HABs.
- Develop and implement strategies for reducing pollutants that contribute to the occurrences, frequency, and severity of HABs, and monitor and evaluate the effectiveness of these strategies.

As part of the state agency HAB monitoring and response strategy, DEQ is to make efforts to determine the causes of HABs and to identify any point sources or nonpoint sources that contribute to the susceptibility of specific bodies of water to HABs; and is to work to develop pollution reduction plans.

Department of Environmental Quality

For DEQ this measure is generally consistent with existing regulatory authorities and current work around HABs, but additional resources will be needed for HAB monitoring and analysis of specific bodies of water, and development of management strategies.

To do this work, DEQ will receive funding totaling \$376,770 General Fund in the 2023-25 biennium; this includes \$212,207 in personal services and \$164,563 in services and supplies. Funding is anticipated to be used for:

- One permanent, full-time Natural Resource Specialist 3 (0.63 FTE) who would perform analysis and strategy development work, collect, and analyze data, work with other agencies and stakeholders, and develop HAB management responses.
- One seasonal, full-time Natural Resource Specialist 1 (0.50 FTE) who would increase capacity to collect and process samples from source waters and recreational waterbodies.
- Additional funding for materials and supplies required to conduct additional qPCR sampling (molecular analyses of water samples to indicate the types and abundances of different cyanobacteria species in the water), estimated at \$120,000 based on an additional 250-300 water samples being processed annually. This would allow the Department to sample approximately 40 to 50 water bodies across the state to complement other forms of monitoring.

Oregon Health Authority

OHA anticipates hiring one permanent full-time Natural Resource Specialist 3 (0.75 FTE) to work on the monitoring and response strategy, public advisory alerts, and coordination of other activities under this measure. The bill provides \$188,664 General Fund in the 2023-25 biennium, including \$160,629 for personal services and \$28,035 for services and supplies.

Resilience hubs and networks

This portion of the measure defines “resilience hub” and “resilience network.” The measure requires DHS to provide grants, support, and technical assistance for Resilience Hubs and Networks in Oregon. Grants are to be awarded for planning and organizing expenses, expanding development and operations of Resilience Hubs and Networks to provide protection from extreme weather or other potential disasters, and for community resources and services to respond to disasters. DHS is to consult with OHA and ODOE on implementation of this measure. This portion of the measure becomes operative January 1, 2024.

Department of Human Services

The measure appropriates \$10 million General Fund to DHS for grants to Resilience Hubs and Networks in Oregon. For the 2023-25 biennium, the anticipated staffing need in DHS includes one full-time limited duration Operations and Policy Analyst 3 position (0.75 FTE) to manage the program and engage with stakeholders and one limited duration Office Specialist 2 position (0.75 FTE) to manage grants and program-related invoices. In addition to the \$10 million appropriated under this measure, the bill provides DHS \$276,841 total funds (\$166,102 General Fund and \$110,739 Federal Funds) for personal services and \$35,855 total funds (\$21,513 General Fund and \$14,342 Federal Funds) for position-related services and supplies.

Oregon Health Authority

To coordinate with internal stakeholders, integrate the grant design with OHA’s climate and health equity plans, evaluate health equity implications of programs developed under requested grants, support evaluation of applicants and consult with DHS, one limited duration Program Analyst position (0.75 FTE) is anticipated to be needed in OHA. The bill provides funding for personal services costs of \$180,876 General Fund with \$18,131 in position-related services and supplies costs.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Multiple Agencies
Adam Crawford -- (971) 707-8106

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SUBCOMMITTEE ADJUSTMENTS									
Oregon Department of Energy									
SCR 200-00 Energy Development Services									
Personal Services	\$ 2,107,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,107,626	12	9.55
Services and Supplies	\$ 1,702,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702,682		
Special Payments - 6060 Intragency GF Transfer	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000		
Special Payments	\$ 4,000,000	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 6,000,000		
Department of Land Conservation and Development									
SCR 001-00 - Planning Program									
Personal Services	\$ 863,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 863,593	5	4.01
Services and Supplies	\$ 376,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,840		
Special Payments	\$ 6,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,500,000		
Oregon Department of Human Services									
SCR 010-40 - Central Services									
Personal Services	\$ 166,102	\$ -	\$ -	\$ -	\$ 110,739	\$ -	\$ 276,841	2	1.50
Services and Supplies	\$ 21,513	\$ -	\$ -	\$ -	\$ 14,342	\$ -	\$ 35,855		
Special Payments	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000		
Oregon Health Authority									
SCR 030-05 - Public Health									
Personal Services	\$ 341,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,505	2	1.50
Services and Supplies	\$ 46,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,166		
Oregon Watershed Enhancement Board									
SCR 020-00 - Grants									
Personal Services	\$ -	\$ -	\$ 203,516	\$ -	\$ -	\$ -	\$ 203,516	1	0.88
Special Payments - 6060 Intragency GF Transfer	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000		
Special Payments	\$ -	\$ -	\$ 9,796,484	\$ -	\$ -	\$ -	\$ 9,796,484		
Department of Consumer and Business Services									
SCR 019-00 Building Codes Division									
Personal Services	\$ -	\$ -	\$ 683,357	\$ -	\$ -	\$ -	\$ 683,357	2	1.76
Services and Supplies	\$ -	\$ -	\$ 72,694	\$ -	\$ -	\$ -	\$ 72,694		
Department of Environmental Quality									
SCR 001-00 - Air Quality									
Personal Services	\$ -	\$ -	\$ 167,516	\$ -	\$ -	\$ -	\$ 167,516	1	0.75
Services and Supplies	\$ -	\$ -	\$ 148,875	\$ -	\$ -	\$ -	\$ 148,875		
Special Payments - 6060 Intragency GF Transfer	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000		
Special Payments	\$ -	\$ -	\$ 2,683,609	\$ -	\$ -	\$ -	\$ 2,683,609		
SCR 34000-002 - Water Quality									
Personal Services	\$ 212,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,207	2	1.13
Services and Supplies	\$ 164,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,563		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Oregon Department of Forestry									
SCR 050-00 - Forest Resources									
Personal Services	\$ 362,008	\$ -	\$ 90,000	\$ -	\$ -	\$ -	\$ 452,008	2	1.75
Services and Supplies	\$ 64,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,240		
Special Payments	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000		
Higher Education Coordination Commission									
SCR 210-00 - Public University State Program									
Special Payments	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000		
Department of Administrative Services									
SCR 060-00 Enterprise Asset Management									
Personal Services	\$ -	\$ -	\$ 189,034	\$ -	\$ -	\$ -	\$ 189,034	1	0.88
Services and Supplies	\$ -	\$ -	\$ 480,078	\$ -	\$ -	\$ -	\$ 480,078		
TOTAL ADJUSTMENTS	\$ 45,019,045	\$ -	\$ 16,515,163	\$ -	\$ 125,081	\$ -	\$ 61,659,289	30	23.71
SUBCOMMITTEE RECOMMENDATION	\$ 45,019,045	\$ -	\$ 16,515,163	\$ -	\$ 125,081	\$ -	\$ 61,659,289	30	23.71

PRELIMINARY