

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3590**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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**Measure Description:**

Directs College of Forestry at Oregon State University, in collaboration with Department of Environmental Quality and State Forestry Department, to research development of fuel pathways for low carbon fuels derived from woody biomass residues from forestry operations.

**Government Unit(s) Affected:**

Department of Environmental Quality, Department of Forestry, Higher Education Coordinating Commission

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	<b>2023-25 Biennium</b>	<b>2025-27 Biennium</b>
<b>Higher Education Coordinating Commission</b>		
<b>General Fund</b>		
Special Payments	\$3,000,000	\$0
<b>Total General Fund</b>	<b>\$3,000,000</b>	<b>\$0</b>
<b>Total Fiscal Impact</b>	<b>\$3,000,000</b>	<b>\$0</b>
<i>Total Positions</i>	0	0
<i>Total FTE</i>	0.00	0.00

**Analysis:**

HB 3590 directs the College of Forestry at Oregon State University (OSU) in collaboration with the Department of Environmental Quality (DEQ) and the Oregon Department of Forestry (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. The measure appropriates \$3 million General Fund to the Higher Education Coordinating Commission (HECC) to distribute to OSU to carry out this work.

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 to the state.

The measure takes effect on the 91st day after the Legislature adjourns sine die.

Higher Education Coordinating Commission

HECC would pass the \$3 million General Fund appropriated under this measure to OSU. There is minimal fiscal impact for this funds transfer.

OSU would use the funds provided 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 that these funds would be used to support 15 positions representing a variety of areas of study, including six faculty (totaling 1.50 FTE), eight graduate students (totaling 4.00 FTE), and one post-doctoral student (1.00 FTE). Position costs are anticipated to total \$1.6 million. Positions discussed here are not included in the table above 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.

#### Oregon Department of Forestry

ODF anticipates a minimal fiscal impact related to this measure. If the agency does establish a forestry renewable woody biomass conversion program, they anticipate that there could be minimal costs related to rulemaking and entering into program contracts; and potentially increased revenue, though the amount of revenue that could be created under such a program is indeterminate at this time.

#### Department of Environmental Quality

There is minimal fiscal impact for DEQ.