

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 868 - A**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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Date: April 5, 2023

**Measure Description:**

Declares state goal of at least 500,000 new heat pumps in residential or commercial buildings by 2030.

**Government Unit(s) Affected:**

Department of Consumer and Business Services, Department of Administrative Services, Department of Energy, Department of Environmental Quality, Higher Education Coordinating Commission, Housing and Community Services Department, Office of the Governor, Oregon Health Authority, Public Utility Commission

**Summary of Fiscal Impact:**

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

**Summary of Expenditure Impact:**

	2023-25 Biennium	2025-27 Biennium
<b>Oregon Department of Energy</b>		
<b>General Fund</b>		
Special Payments	\$524,467	\$671,389
<b>Total General Fund</b>	\$524,467	\$671,389
<b>Other Funds*</b>		
Personal Services	\$324,688	\$430,159
Services and Supplies	\$199,779	\$241,230
<b>Total Other Funds</b>	\$524,467	\$671,389
<b>Total Fiscal Impact</b>	<b>\$1,048,934</b>	<b>\$1,342,778</b>
<i>Total Positions</i>	2	2
<i>Total FTE</i>	1.50	2.00
<i>*Represents General Fund expended as Other Funds</i>		

**Analysis:**

SB 868 - A directs the Oregon Department of Energy (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. This report is to review publicly available information to determine the nature and state of the market for heat pump technologies; identify barriers to adoption of heat pump technologies; assess progress in achieving the state's goals of heat pump uptake, to include at least 500,000 new heat pumps in residential or commercial buildings by 2030; and estimate the date by which the state will achieve these goals. ODOE is to collaborate with the Housing and Community Services Department, Public Utility Commission, Department of Environmental Quality, Oregon Health Authority, and Department of Consumer and Business Services 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 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. The measure includes a blank General Fund appropriation to ODOE for carrying out the measure. The measure takes effect on the 91st day after the Legislative Assembly adjourns sine die.

#### Oregon Department of Energy

The estimated cost for ODOE to implement the measure is \$524,467 General Fund in the 2023-25 biennium, and \$671,389 in the 2025-27 biennium. The agency would hire two new permanent, full-time positions, including an Operations and Policy Analyst 2 (0.63 FTE in the 2023-25 biennium, 1.00 FTE in the 2025-27 biennium) to assess heat pump data, existing programs, and policy options, and work on external communications; and a Program Analyst 3 (0.88 FTE in the 2023-25 biennium, 1.00 FTE in the 2025-27 biennium) to administer the workforce training and education program.

The agency's services and supplies costs include indirect costs equivalent to 49.73% of personal services costs. This rate is negotiated biennially with federal partner agencies and costs included here reflect the indirect rate for the 2021-23 biennium, not the rate for the 2023-25 biennium. Costs of this measure could change based on the agency's actual indirect rate for next biennium.

ODOE notes some unknown costs related to this measure. Because this measure does not appropriate a specific amount of funding, the total fiscal impact is indeterminate, and additional staff or resources could be required if the program scope is envisioned to be wider; for example, the agency could have additional costs related to professional service contracts or contracts with community-based organizations and educational organizations to support workforce training. The agency also notes that reporting could require contracting with an expert to help with data gathering, though costs could potentially be covered with the existing Energy Research Fund. ODOE also notes that there may be Federal Funds available for this work, although federal funding is also currently indeterminate.

#### Other agencies

There is no fiscal impact for the Department of Administrative Services, Higher Education Coordinating Commission, Office of the Governor, and Oregon Health Authority; and minimal impact for the Public Utility Commission, Department of Environmental Quality, and Housing and Community Services Department.

The Department of Consumer and Business Services notes that there could be a greater than minimal fiscal impact if it is determined that reducing barriers to heat pump uptake would require amending building codes.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact.