

A-Engrossed House Bill 3579

Ordered by the House April 10
Including House Amendments dated April 10

Sponsored by Representatives LEVY E, ANDERSEN; Representative HELM

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires Oregon Department of Administrative Services to adopt rules to govern procurements of clean energy technology. Directs department to cooperate with state agencies with expertise in energy production and conservation and in reducing or mitigating environmental impacts. Specifies required contents of rules. Directs other state agencies to cooperate with department in adopting and implementing rules.

Permits department to enter into cooperative procurements and intergovernmental agreements to procure clean energy technology in combination with other governmental bodies in this state, State of Washington and Province of British Columbia to provide incentive for clean energy technology manufacturers and suppliers to create and retain high-skilled manufacturing jobs.

Establishes Task Force on **Establishing, Attracting and [Supporting Regional] Sustaining Manufacturing of Clean Energy Technology**. Specifies task force membership and requires task force to study and recommend methods *[to attract and foster manufacturing firms and operations to this state, with emphasis on using public procurements of clean energy technology to create market and to give incentives to prospective contractors to create and retain high-skill jobs]* **of attracting, fostering and sustaining manufacturing firms and operations in this state, while maximizing additional benefits, including creating and sustaining living wage or union jobs, alleviating supply chain constraints and improving access to clean energy technologies, supporting technological innovation and diversifying economy of this state.**

[Creates income and corporate excise tax credit for advanced manufacturing production, calculated as percentage of corresponding federal income tax credit.]

[Applies to tax years beginning on or after January 1, 2024, and before January 1, 2030.]

Establishes Oregon Clean Energy Technology Manufacturing Opportunity Fund and appropriates moneys in fund to Oregon Business Development Department. Permits department to make expenditures from fund to foster, attract and sustain clean energy technology industries, early-stage companies that can grow into manufacturing operations and for other purposes, including making grants to certified community development financial institution for allocation to nonprofit organizations that promote clean energy technology manufacturing.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to energy technology; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section:

(a) "Apprenticeship training program" means the total system of apprenticeship that a local joint committee, as defined in ORS 660.010, operates, including a local joint committee's registered standards and all other terms or conditions for qualifying, recruiting, selecting, employing and training apprentices in apprenticeship occupations.

(b) "Clean energy technology" means a facility, piece of equipment or other property that:

(A) Produces or stores energy from the sun, water, wind, geothermal deposits or other

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 renewable resources, including microturbines or energy storage systems and components;

2 (B) Enables energy conservation in heating, cooling or ventilating residential or com-
3 mercial buildings, including electric heat pump water heaters, electric heat pumps and as-
4 sociated heating, ventilation and air conditioning components for space heating or cooling,
5 electric stoves, cooktops, ranges or ovens, or electric heat pump clothes dryers and associ-
6 ated heating, ventilation and air conditioning components;

7 (C) Facilitates or assists in manufacturing or expanding infrastructure to support elec-
8 tric vehicles, including medium-duty or heavy-duty electric vehicles; or

9 (D) In the determination of the Director of the Oregon Department of Administrative
10 Services, is otherwise capable of conserving energy or producing energy from renewable and
11 zero-emission sources.

12 (c) "Disadvantaged worker" means:

13 (A) A minority individual or woman, as those terms are defined in ORS 200.005;

14 (B) A veteran, as that term is defined in ORS 408.225;

15 (C) A person who was previously incarcerated; or

16 (D) A person with a disability.

17 (d) "Living wage" means a wage that is not less than or is equal to the greater of the
18 following applicable wage standards:

19 (A) The living wage standard in the locality or region where the job is performed;

20 (B) The prevailing wage that the Commissioner of the Bureau of Labor and Industries
21 determines under ORS 279C.815 for a trade or occupation in a specified locality;

22 (C) The minimum wage specified under the federal Service Contract Act (41 U.S.C.
23 351-401) for the same or similar job duties in the same locality;

24 (D) A wage calculated according to the Massachusetts Institute of Technology self-
25 sufficiency and living wage calculator for the applicable region or county; or

26 (E) A collective bargaining agreement, if applicable, for the job being performed.

27 (e) "Preapprenticeship training program" means a program, the nature, goals, methods
28 and implementation of which the commissioner specifies by rule, for preparing underrepre-
29 sented, disadvantaged or low-skilled individuals to enter and complete a registered appren-
30 ticeship program.

31 (2) The Oregon Department of Administrative Services shall adopt rules under ORS
32 279A.070 to govern procurements of clean energy technology that the department conducts
33 on behalf of state agencies under ORS 279A.140.

34 (3) In adopting rules under subsection (2) of this section, the department shall solicit
35 input from and cooperate with other state agencies with expertise in energy production and
36 conservation and in reducing or mitigating environmental impacts.

37 (4) The department's rules must permit a prospective contractor or supplier to submit,
38 in response to clean energy technology procurements, proposals or price agreements that
39 include:

40 (a) An employment plan under which the prospective contractor or supplier specifies how
41 the prospective contractor or supplier will create and retain high-skilled manufacturing jobs
42 in areas in this state in which the prospective contractor or supplier operates, or the area
43 in this state in which the clean energy technology will be used, and how the prospective
44 contractor or supplier will recruit disadvantaged workers and invest in preapprenticeship,
45 apprenticeship and other training programs, provide family health and retirement benefits

1 and pay living wages; or

2 (b) An employment plan under which the prospective contractor or supplier specifies how
3 the prospective contractor or supplier will create and retain high-skilled manufacturing jobs
4 throughout the United States and how the prospective contractor or supplier will recruit
5 disadvantaged workers and invest in preapprenticeship, apprenticeship and other training
6 programs, provide family health and retirement benefits and pay living wages if federal
7 moneys fund all or a portion of the procurement.

8 (5) Rules the department adopts under subsection (2) of this section must provide for
9 giving a preference to a prospective contractor or supplier that submits, as part of the pro-
10 spective contractor's or supplier's proposal, a credible employment plan as described in sub-
11 section (4) of this section.

12 (6) The department may enter into cooperative procurements and intergovernmental
13 agreements under which the department procures clean energy technology in combination
14 with other governmental bodies within this state, the State of Washington and the Province
15 of British Columbia, Canada, as a market incentive for clean energy technology manufac-
16 turers and suppliers to create and retain high-skilled manufacturing jobs within this state,
17 the State of Washington and the Province of British Columbia. The cooperative procure-
18 ments and intergovernmental agreements may require prospective contractors or suppliers
19 to submit, in response to requests for proposals, plans to recruit disadvantaged workers and
20 invest in preapprenticeship, apprenticeship and other training programs, provide family
21 health and retirement benefits and pay living wages.

22 (7) All state agencies that are subject to ORS 279A.140 shall cooperate with the depart-
23 ment in adopting and implementing the rules described in subsection (2) of this section.

24 **SECTION 2.** (1) The Task Force on Establishing, Attracting and Sustaining Manufactur-
25 ing of Clean Energy Technology is established.

26 (2) The task force consists of 12 members appointed as follows:

27 (a) The Director of the Oregon Department of Administrative Services shall appoint the
28 State Chief Procurement Officer as a cochair of the task force.

29 (b) The Director of the Oregon Business Development Department shall appoint a rep-
30 resentative from the department as a cochair of the task force.

31 (c) The directors of the Department of Administrative Services and the Oregon Business
32 Development Department shall jointly appoint 10 additional members of the task force.
33 Members that the directors appoint under this paragraph must represent the geographic di-
34 versity of this state and must have experience in areas of concern to the task force. The
35 members appointed under this paragraph must include:

36 (A) One representative from the Department of Transportation;

37 (B) One representative from the State Department of Energy;

38 (C) Two representatives from clean technology manufacturing firms or individuals who
39 have expertise in developing and implementing clean technology manufacturing incentives;

40 (D) Two representatives from clean technology manufacturing firms with headquarters
41 or operations in this state;

42 (E) One representative from a labor organization that represents regional manufacturing
43 industry workers;

44 (F) One representative from a labor organization that represents workers in building
45 trades or construction;

1 (G) One representative from an organization with an interest in combatting or reducing
2 the effects of climate change; and

3 (H) One representative from an organization or local government with expertise in ad-
4 vancing local or regional economic growth and job creation.

5 (3) The task force shall:

6 (a) Identify, evaluate and recommend policies or other methods of fostering, attracting
7 and sustaining clean energy technology manufacturing firms and operations in this state,
8 while maximizing additional benefits, including creating and sustaining living wage or union
9 jobs, alleviating supply chain constraints and improving access to clean energy technologies,
10 supporting technological innovation and clean energy leadership and diversifying the econ-
11 omy of this state;

12 (b) Consider, in developing the task force's recommendations:

13 (A) Short-term opportunities for this state to leverage and maximize consumer- and
14 business-facing incentives from the federal Inflation Reduction Act of 2022, P.L. 117-169, in-
15 cluding, but not limited to:

16 (i) An extension of advanced energy project credit for clean technology manufacturing
17 facilities under section 13501 of the Inflation Reduction Act;

18 (ii) An advanced manufacturing production tax credit for solar panels, wind turbines,
19 inverters and batteries, under sections 13502 and 30001 of the Inflation Reduction Act, in-
20 cluding investments under the federal Defense Production Act of 1950, 50 U.S.C. 4531 et seq.,
21 for domestic heat pump manufacturing;

22 (iii) Direct loans to retool or establish electric vehicle auto manufacturing facilities under
23 section 50142 of the Inflation Reduction Act; and

24 (iv) Moneys from the Greenhouse Gas Reduction Fund under section 60103 of the In-
25 flation Reduction Act;

26 (B) Other methods, including, but not limited to, rebates, tax credits, loan guarantee
27 programs and public procurement policies to promote clean technology manufacturing as-
28 sembly and supply chains in this state;

29 (C) Opportunities to provide incentives and utilize procurement preferences to prospec-
30 tive contractors and suppliers to create and retain high-skill jobs by, at a minimum, re-
31 cruiting disadvantaged workers and investing in preapprenticeship, apprenticeship and other
32 training programs, provide family health and retirement benefits and pay living wages; and

33 (D) Costs, savings and benefits of policies that attract and sustain clean technology
34 manufacturing firms, including short-term and long-term economic, job creation, environ-
35 mental, climate and health costs, savings and benefits; and

36 (c) Receive testimony, perform research, consult with experts, review appropriate liter-
37 ature, assess and consult with representatives from other jurisdictions that have adopted or
38 considered similar incentive programs, solicit feedback from disproportionately impacted
39 communities around this state and otherwise undertake activities to inform task force
40 members related to the scope of the task force's duties.

41 (4) The task force may:

42 (a) Cooperate with or join other task forces in the State of Washington or the Province
43 of British Columbia, Canada, with a similar mission to form a regional strategy for attracting
44 and fostering clean energy manufacturing within the region;

45 (b) Appoint other members to the task force by majority vote; and

1 (c) Provide recommendations for establishing an eligible nonprofit to receive and admin-
2 ister federal moneys and to use a range of financial tools and technical assistance to support
3 projects that reduce greenhouse gas emissions and other forms of air pollution.

4 (5) A majority of the members of the task force constitutes a quorum for the transaction
5 of business.

6 (6) Official action by the task force requires the approval of a majority of the members
7 of the task force.

8 (7) If there is a vacancy for any cause, the appointing authority shall make an appoint-
9 ment to become immediately effective.

10 (8) The task force shall meet at times and places specified by the call of the cochairs or
11 of a majority of the members of the task force.

12 (9) The task force may adopt rules necessary for the operation of the task force.

13 (10) The task force shall submit a report in the manner provided in ORS 192.245, and may
14 include recommendations for legislation, to an interim committee of the Legislative Assem-
15 bly related to energy technology, with copies to the Director of the Oregon Department of
16 Administrative Services and the Director of Transportation, no later than September 15,
17 2024.

18 (11) The Oregon Department of Administrative Services shall provide staff support to the
19 task force.

20 (12) Members of the task force are not entitled to compensation or reimbursement for
21 expenses and serve as volunteers on the task force.

22 (13) All agencies of state government, as defined in ORS 174.111, are directed to assist
23 the task force in the performance of the duties of the task force and, to the extent permitted
24 by laws relating to confidentiality, to furnish information and advice that the members of
25 the task force consider necessary to perform their duties.

26 **SECTION 3.** Section 2 of this 2023 Act is repealed on December 31, 2032.

27 **SECTION 4.** (1) As used in this section, “clean energy technology” means a facility, piece
28 of equipment or other property that:

29 (a) Produces or stores energy from the sun, water, wind, geothermal deposits or other
30 renewable resources, including microturbines or energy storage systems and components;

31 (b) Enables energy conservation in heating, cooling or ventilating residential or com-
32 mercial buildings, including electric heat pump water heaters, electric heat pumps and as-
33 sociated heating, ventilation and air conditioning components for space heating or cooling,
34 electric stoves, cooktops, ranges or ovens, or electric heat pump clothes dryers and associ-
35 ated heating, ventilation and air conditioning components;

36 (c) Facilitates or assists in manufacturing or expanding infrastructure to support electric
37 vehicles, including medium-duty or heavy-duty electric vehicles; or

38 (d) In the determination of the Director of the Oregon Department of Administrative
39 Services, is otherwise capable of conserving energy or producing energy from renewable and
40 zero-emission sources.

41 (2) The Oregon Clean Energy Technology Manufacturing Opportunity Fund is established
42 in the State Treasury, separate and distinct from the General Fund. Interest earned by the
43 Oregon Clean Energy Technology Manufacturing Opportunity Fund must be credited to the
44 fund. Moneys in the Oregon Clean Energy Technology Manufacturing Opportunity Fund are
45 continuously appropriated to the Oregon Business Development Department.

1 **(3) Moneys in the Oregon Clean Energy Technology Manufacturing Opportunity Fund**
2 **consist of:**

3 **(a) Moneys that the Legislative Assembly appropriates for or otherwise transfers to the**
4 **fund;**

5 **(b) Moneys received from federal, state or local sources;**

6 **(c) Gifts, grants or other moneys contributed to the fund; and**

7 **(d) Other moneys deposited in the fund from any source.**

8 **(4) The department may make expenditures from the Oregon Clean Energy Technology**
9 **Manufacturing Opportunity Fund to:**

10 **(a) Foster, attract and sustain:**

11 **(A) Clean energy technology industries without a prominent existing domestic manufac-**
12 **turing base;**

13 **(B) Early-stage companies that have a potential to grow into manufacturing operations;**

14 **(C) Quality job creation in clean energy technology product or supply chain manufactur-**
15 **ing;**

16 **(D) Local economic benefits for environmental justice communities; and**

17 **(E) Clean energy technology assembly or supply chain manufacturing in former coal**
18 **communities and economically distressed communities.**

19 **(b) Support clean energy technology manufacturing in this state by funding activities**
20 **that include, but are not limited to:**

21 **(A) Research for site location and project development;**

22 **(B) Repurposing and retooling manufacturers in this state in heat pump or clean energy**
23 **technology assembly or supply chain; and**

24 **(C) Supporting heat pump or other clean energy technology assembly or supply chain**
25 **manufacturing in this state, including using funds from other federal resources, including**
26 **the federal Greenhouse Gas Reduction Fund.**

27 **(5) The Oregon Business Development Department shall prioritize approval of eligible**
28 **entities or projects that best achieve the purposes described in subsection (4) of this section,**
29 **with a specific focus and priority on supporting heat pump manufacturing in this state.**

30 **(6) The department may make grants or provide moneys, including low-interest loans,**
31 **from the Oregon Clean Energy Technology Manufacturing Opportunity Fund to a certified**
32 **community development financial institution with a mission statement to promote clean en-**
33 **ergy technology manufacturing and direct the certified community development financial**
34 **institution to allocate the moneys to one or more entities organized as nonprofit corpo-**
35 **rations under section 501(c)(3) of the Internal Revenue Code that have a mission statement**
36 **promoting clean energy technology manufacturing.**

37 **(7) All financial incentives from the Oregon Clean Energy Technology Manufacturing**
38 **Opportunity Fund, including low-interest loans or grants, must seek to promote the em-**
39 **ployment plan described in section 1 (4) of this 2023 Act or, when entered into an intergov-**
40 **ernmental agreement as described in section 1 (6) of this 2023 Act, must be used as**
41 **disclosure and evaluation criteria in which the prospective contractor or supplier seeking**
42 **funds must demonstrate how the prospective contractor or supplier will create and retain**
43 **high-skilled manufacturing jobs in areas in this state in which the entity operates, or the**
44 **area in this state in which the clean energy technology will be used, and how the prospective**
45 **contractor or supplier will recruit disadvantaged workers and invest in preapprenticeship,**

1 **apprenticeship and other training programs, provide family health and retirement benefits**
2 **and pay living wages.**

3 **(8) The department shall seek as contributions to the Oregon Clean Energy Technology**
4 **Manufacturing Opportunity Fund federal and private investments, including moneys from the**
5 **federal Greenhouse Gas Reduction Fund.**

6 **SECTION 5. In addition to and not in lieu of any other appropriation, there is appropri-**
7 **ated to the Oregon Business Development Department, for the biennium beginning July 1,**
8 **2023, out of the General Fund, the amount of \$10,000,000 for deposit into the Oregon Clean**
9 **Energy Technology Manufacturing Opportunity Fund established under section 4 of this 2023**
10 **Act.**

11 **SECTION 6. This 2023 Act takes effect on the 91st day after the date on which the 2023**
12 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**