

A-Engrossed House Bill 4112

Ordered by the House February 21
Including House Amendments dated February 21

Sponsored by Representative BYNUM, Senator MEEK, Representatives LEVY E, ANDERSEN, SOSA, Senator SOLLMAN; Representatives GAMBA, HELM, HUDSON, NGUYEN D, PHAM H, RUIZ, SMITH G (Pre-session filed.)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells one of the state's agencies to make rules that say how the agency will buy products and services from companies that make clean energy technology. Lets the agency work with other government bodies to help create and keep jobs in this state. Creates a fund for another state agency to make loans and grants to companies that make clean energy technology and projects that give certain benefits to people in this state. Sets up a group to give advice to the second agency. (Flesch Readability Score: 61.3).

[Digest: Tells one of the state's agencies to make rules that say how the agency will buy products and services from clean energy companies. Lets the agency work with other government bodies to help create and keep jobs in this state. Creates a fund for another state agency to make loans and grants to clean energy companies and projects that give certain benefits to people in this state. Sets up a group to give advice to the second agency. (Flesch Readability Score: 76.5).]

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

Permits the department to enter into cooperative procurements and intergovernmental agreements in combination with other governmental bodies in this or other states to provide incentives for clean energy technology **manufacturing** companies to create and retain high-skilled manufacturing jobs.

Establishes the Oregon Clean Energy Technology Manufacturing Opportunity Fund and appropriates moneys in the fund to the Oregon Business Development Department. Requires the department to establish a program to make loans, grants and other expenditures from the fund to foster, attract and sustain clean energy technology **manufacturing** companies, and for other purposes. Requires the department to give priority in loans and grants to clean energy technology **manufacturing** companies that include an employment plan with an application for the loan or grant.

Establishes the Clean **Energy** Technology Leadership Advisory Council. Specifies the council's membership and requires the council to advise the Oregon Business Development Department on decisions with respect to awarding loans and grants and to study and recommend methods 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 the economy of this state.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to energy technology; and prescribing an effective date.

3 Whereas Oregon has an unprecedented opportunity to lead in producing and procuring innova-
4 tive technologies that the entire world is seeking in the transition to a clean energy economy; and

5 Whereas recent federal investments in clean energy will have a profound impact on the Ameri-
6 can economy, and companies across the world are seeking to harness these incentives to establish
7 or expand their clean technology businesses and manufacturing facilities; and

8 Whereas technologies such as heat pumps, solar panels, wind turbines and electric vehicles are

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 in ever-increasing demand as the world transitions to a clean energy economy; and

2 Whereas supply-side incentives for clean energy technologies are critical for creating family
3 wage jobs in this state that cannot be outsourced; and

4 Whereas the Legislative Assembly recognizes the need to drive as much as possible of this
5 economic growth, job creation and prosperity to communities in this state; and

6 Whereas Oregon received two awards in clean technology categories from the United States
7 Economic Development Administration's Tech Hubs Program and is well-positioned to drive growth
8 in innovative, climate-smart manufacturing; and

9 Whereas aligning local industrial and technology strengths with clean energy innovation can
10 help increase the competitiveness of businesses in this state relative to nationwide and global mar-
11 kets; and

12 Whereas ramping up the production of clean technologies can help reduce the price for these
13 technologies at the point of sale and help ensure more equitable deployment of clean energy tech-
14 nologies to those who might be unable to afford the upfront cost; and

15 Whereas the Legislative Assembly has a role to play in increasing the competitiveness of this
16 state and in leveraging federal incentives for research, development and domestic manufacturing of
17 in-demand clean energy technologies; and

18 Whereas adopting complementary state programs and incentives is vital for attracting, expand-
19 ing and sustaining clean energy technology manufacturing companies in this state; and

20 Whereas doing so provides an opportunity to support sustained economic growth, create stable
21 living wage or good union jobs, jump-start new local businesses, improve energy security, increase
22 climate change preparedness, address supply chain constraints and ensure affordable access to clean
23 energy technologies; now, therefore,

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

25 **SECTION 1. As used in sections 1 to 3 of this 2024 Act:**

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

30 (2) **"Clean energy technology manufacturing company" means an industrial or manufac-**
31 **turing entity that develops or produces clean energy products or components that include:**

32 (a) **Equipment that produces or stores energy from the sun, water, wind, geothermal**
33 **deposits or other renewable resources, including microturbines or energy storage systems**
34 **and components, or that modernizes or updates the electrical grid in this state;**

35 (b) **Electric heat pump water heaters, electric heat pumps and associated heating, ven-**
36 **tilation and air conditioning components for space heating or cooling, electric stoves,**
37 **cooktops, ranges or ovens, or electric heat pump clothes dryers and associated components;**

38 (c) **Zero-emission vehicles, as defined in ORS 283.398, including medium-duty or heavy-**
39 **duty zero-emission vehicles, or components, materials or infrastructure to support zero-**
40 **emission vehicles;**

41 (d) **Equipment for producing green electrolytic hydrogen, as defined in ORS 469.181; or**

42 (e) **Hydrogen produced through electrolysis using:**

43 (A) **A renewable energy source, as defined in ORS 469A.005;**

44 (B) **Nonemitting electricity that is not derived from a fossil fuel; or**

45 (C) **Electricity that has a carbon intensity that is equal to or less than the average car-**

1 **bon intensity of the electricity served in this state in the calendar year in which construction**
2 **or expansion of the facility that produces the hydrogen began.**

3 (3) **“Community benefit agreement” means a project-specific agreement, such as a**
4 **project labor agreement, as defined in 48 C.F.R. 52.222-34, for the purpose of creating mean-**
5 **ingful employment opportunities for workers in, and maximizing positive benefits for, the**
6 **community in which the bidder, proposer or applicant will undertake the project.**

7 (4) **“Disadvantaged business enterprise” has the meaning given that term in ORS 200.005.**

8 (5) **“Disadvantaged worker” means:**

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

10 (b) **A veteran, as that term is defined in ORS 408.225;**

11 (c) **A person who was previously incarcerated; or**

12 (d) **A person with a disability.**

13 (6) **“Employment plan” means an offer from a bidder or proposer in a procurement, or**
14 **from an applicant for a grant, in which the bidder, proposer or applicant agrees to provide**
15 **some or all of the following benefits in return for a preference from a contracting agency in**
16 **evaluating a bid or proposal or a preference from a granting agency in evaluating a grant**
17 **application:**

18 (a) **To create jobs in areas in which the bidder, proposer or applicant operates;**

19 (b) **To pay living wages and provide family health and retirement benefits;**

20 (c) **To set hiring and training goals for disadvantaged workers;**

21 (d) **To contract with disadvantaged business enterprises;**

22 (e) **To invest in apprenticeship and preapprenticeship training programs;**

23 (f) **To enter into a high road training partnership; or**

24 (g) **To enter into a community benefit agreement.**

25 (7) **“High road training partnership” means a collaborative partnership, within a desig-**
26 **nated geographical region of this state and for the purposes of improving business conditions**
27 **for employers within the region and providing quality job opportunities for workers within**
28 **the region, between an employer and a labor organization and any or all of these parties:**

29 (a) **An educational institution;**

30 (b) **A workforce training provider;**

31 (c) **A local workforce board;**

32 (d) **A community-based organization;**

33 (e) **A service provider;**

34 (f) **A labor market intermediary; and**

35 (g) **Individual workers.**

36 (8) **“Impact lending” means a loan or an investment made with the intent to generate**
37 **positive, measureable social and environmental benefits, in addition to a financial return.**

38 (9) **“Living wage” means a wage that is not less than or is equal to the greater of the**
39 **following applicable wage standards:**

40 (a) **The living wage standard in the locality or region where the job is performed;**

41 (b) **The prevailing rate of wage that the Commissioner of the Bureau of Labor and In-**
42 **dustries determines under ORS 279C.815 for a trade or occupation in a specified locality;**

43 (c) **The minimum wage specified under the federal Service Contract Act (41 U.S.C.**
44 **351-401) for the same or similar job duties in the same locality;**

45 (d) **A wage calculated according to the Massachusetts Institute of Technology living wage**

1 calculator for the applicable region or county; or

2 (e) A collective bargaining agreement, if applicable, for the job being performed.

3 (10) "Preapprenticeship training program" means a program, the nature, goals, methods
4 and implementation of which the commissioner specifies by rule, for preparing underrepre-
5 sented, disadvantaged or low-skilled individuals to enter and complete a registered appren-
6 ticeship training program.

7 **SECTION 2.** (1) The Oregon Department of Administrative Services shall adopt rules
8 under ORS 279A.070 to govern procurements from clean energy technology manufacturing
9 companies that the department conducts on behalf of state agencies under ORS 279A.140.

10 (2) In adopting rules under subsection (1) of this section, the department shall solicit
11 input from and cooperate with other state agencies with expertise in energy production and
12 conservation and in reducing or mitigating environmental impacts.

13 (3) The department's rules must permit a clean energy technology manufacturing com-
14 pany to submit, as part of a bid or proposal for large or bulk procurements, a proposal or
15 price agreement that includes an employment plan in which the clean energy technology
16 manufacturing company proposes to extend benefits to this state or, if federal moneys fund
17 all or a portion of the procurement, to a state or region within the United States.

18 (4) Rules the department adopts under subsection (1) of this section must provide for
19 giving a preference to a clean energy technology manufacturing company that submits a
20 credible employment plan under subsection (3) of this section.

21 (5) The department may enter into cooperative procurements and intergovernmental
22 agreements under which the department conducts procurements in combination with other
23 governmental bodies within this or another state as a market incentive for clean energy
24 technology manufacturing companies to create and retain high-skilled manufacturing jobs.
25 The cooperative procurements and intergovernmental agreements may require clean energy
26 technology manufacturing companies to submit an employment plan as part of the clean
27 energy technology manufacturing company's bid or proposal.

28 (6) All state agencies that are subject to ORS 279A.140 shall cooperate with the depart-
29 ment in adopting and implementing the rules described in subsection (1) of this section.

30 **SECTION 3.** (1)(a) The Oregon Clean Energy Technology Manufacturing Opportunity
31 Fund is established in the State Treasury, separate and distinct from the General Fund. In-
32 terest earned by, and loan repayments made to, the Oregon Clean Energy Technology Man-
33 ufacturing Opportunity Fund must be credited to the fund. Moneys in the Oregon Clean
34 Energy Technology Manufacturing Opportunity Fund are continuously appropriated to the
35 Oregon Business Development Department.

36 (b) The department may establish accounts within the Oregon Clean Energy Technology
37 Manufacturing Opportunity Fund to pay administrative costs and operational expenses or
38 otherwise to carry out the purposes of this section.

39 (2) Moneys in the Oregon Clean Energy Technology Manufacturing Opportunity Fund
40 consist of:

41 (a) Moneys that the Legislative Assembly appropriates for or otherwise transfers to the
42 fund;

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

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

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

1 **(3)(a) The department shall develop a program to award grants, make low-interest loans**
2 **and make other expenditures from moneys in the Oregon Clean Energy Technology Manu-**
3 **facturing Opportunity Fund to clean energy technology manufacturing companies or an or-**
4 **ganization with demonstrated experience in impact lending for the purpose of:**

5 **(A) Attracting, expanding and sustaining within this state:**

6 **(i) Early-stage clean energy technology manufacturing companies;**

7 **(ii) Mid-stage clean energy technology manufacturing companies; and**

8 **(iii) Late-stage clean energy technology manufacturing companies;**

9 **(B) Fostering quality job creation in clean energy technology manufacturing companies**
10 **that manufacture products or support a supply chain; and**

11 **(C) Supporting clean energy technology manufacturing companies in this state by funding**
12 **activities that include, but are not limited to:**

13 **(i) Research for site location and project development;**

14 **(ii) Retooling, expanding or building out manufacturing facilities;**

15 **(iii) Technical assistance to support clean energy technology manufacturing companies**
16 **in applying for competitive federal grants for domestic manufacturing;**

17 **(iv) Matching funds for clean energy technology manufacturing companies that secured**
18 **federal funding; and**

19 **(v) Research and development for innovations in clean energy technology manufacturing.**

20 **(b) The department may, in consultation with the State Department of Energy, identify**
21 **additional eligible clean energy technologies that produce or store energy from renewable**
22 **sources or zero-emission sources.**

23 **(4) In making grants or loans under this section, the department may disburse moneys**
24 **as a single payment or in multiple payments and may place conditions for receiving the**
25 **moneys in loan or grant agreements with recipients.**

26 **(5) The department shall prioritize approval of grants or loans to clean energy technology**
27 **manufacturing companies and expenditures for projects that achieve the purposes described**
28 **in subsection (3) of this section, with additional preferences for clean energy technology**
29 **manufacturing companies and projects that:**

30 **(a) Have the best opportunities for growth within this state;**

31 **(b) Provide local jobs and economic benefits for environmental justice communities, as**
32 **defined in ORS 182.535, and communities that are economically distressed;**

33 **(c) Promote the expansion and long-term economic vitality of clean energy technologies**
34 **in this state, contribute to research and development, enable manufacturing and provide**
35 **other critical links to the supply chain;**

36 **(d) Promote and extend this state's leadership in the field of clean energy technology and**
37 **manufacturing; and**

38 **(e) Secure supplies for critical sectors of this state's clean energy technology economy.**

39 **(6) In determining recipients for grants and loans and setting priorities under subsections**
40 **(3) and (5) of this section, the department may consult and seek the advice of the Clean**
41 **Energy Technology Leadership Advisory Council established in section 4 of this 2024 Act,**
42 **independent experts and stakeholders, and other jurisdictions that have established similar**
43 **incentive programs, and shall solicit feedback from communities in this state that have suf-**
44 **fered disproportionately from job losses and environmental or other impacts.**

45 **(7) The department shall use as part of the department's evaluation criteria for loans and**

1 grants under this section whether a clean energy technology manufacturing company in-
2 cluded an employment plan in the clean energy technology manufacturing company's appli-
3 cation for the loan or grant and shall give priority to clean energy technology manufacturing
4 companies that do include a credible employment plan with the application.

5 (8) The department shall seek as contributions to the Oregon Clean Energy Technology
6 Manufacturing Opportunity Fund federal and private investments including, but not limited
7 to, moneys from United States Environmental Protection Agency Climate Pollution Re-
8 duction Grants, the federal Greenhouse Gas Reduction Fund and other sources.

9 (9) The department may adopt rules necessary to carry out the purposes set forth in this
10 section.

11 **SECTION 4.** (1) The Governor shall establish a Clean Energy Technology Leadership Ad-
12 visory Council within the office of the Governor. The council must consist of the Governor
13 or the Governor's designee and 14 additional members that the Governor appoints with the
14 aim of representing the geographic and demographic diversity of this state and providing the
15 council with experience in areas of concern to the council. The members the Governor ap-
16 points must include:

17 (a) One member who represents the Oregon Business Development Department;

18 (b) One member who represents the Oregon Department of Administrative Services;

19 (c) One member who represents the State Department of Energy;

20 (d) One member with expertise in developing, securing or implementing clean energy
21 technology or manufacturing incentives;

22 (e) Two members who are representatives of clean energy technology manufacturing
23 firms with headquarters or operations in this state;

24 (f) One member with expertise in leveraging and managing public and private invest-
25 ments for clean energy technology;

26 (g) One member from a labor organization that represents regional manufacturing in-
27 dustry workers with expertise in labor requirements associated with federal funding;

28 (h) One member who represents a labor organization that represents workers in building
29 trades or construction;

30 (i) One member who represents an organization with an interest in combatting or re-
31 ducing the effects of climate change; and

32 (j) Two members who represent an organization or local government with expertise in
33 advancing local or regional economic growth and job creation, the first of which must reside
34 in a rural region of this state and the second of which must reside in an urban area within
35 this state; and

36 (k) Two members who represent academic institutions in this state, the first of which
37 must represent a public university listed in ORS 352.002 and the second of which must rep-
38 resent a community college.

39 (2) The council shall:

40 (a) Advise and consult with the Oregon Business Development Department as described
41 in section 3 (6) of this 2024 Act;

42 (b) Provide a forum for members of the public and private sectors to discuss clean energy
43 technology policy, funding needs and opportunities;

44 (c) Identify, evaluate and recommend policies or other methods of fostering, attracting
45 and sustaining clean energy technology manufacturing companies and manufacturing oper-

1 ations in this state, while maximizing additional benefits, including creating and sustaining
2 living wage or union jobs, alleviating supply chain constraints and improving access to clean
3 energy technologies, supporting technological innovation and clean energy leadership and
4 diversifying the economy of this state;

5 (d) Consider, in developing the council's advice and recommendations:

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

9 (i) An extension of advanced energy project credit for clean energy technology manufac-
10 turing facilities under section 13501 of the Inflation Reduction Act;

11 (ii) An advanced manufacturing production tax credit for solar panels, wind turbines,
12 inverters and batteries, under sections 13502 and 30001 of the Inflation Reduction Act, in-
13 cluding investments under the federal Defense Production Act of 1950, 50 U.S.C. 4501 et seq.,
14 for domestic heat pump manufacturing;

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

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

19 (B) Other methods, including, but not limited to, rebates, tax credits, loan guarantee
20 programs and public procurement policies to promote clean energy technology manufactur-
21 ing assembly and supply chains in this state;

22 (C) Opportunities to provide incentives and utilize procurement preferences to prospec-
23 tive contractors and suppliers to create and retain high-skill jobs by, at a minimum, re-
24 cruiting disadvantaged workers, investing in preapprenticeship and apprenticeship training
25 programs and high road training partnerships, providing family health and retirement bene-
26 fits, paying living wages and entering into community benefit agreements; and

27 (D) Costs, savings and benefits of policies that attract and sustain clean energy technol-
28 ogy manufacturing firms, including short-term and long-term economic, job creation, envi-
29 ronmental, climate and health costs, savings and benefits; and

30 (e) Receive testimony, perform research, consult with experts, review appropriate liter-
31 ature, consult with representatives from other jurisdictions that have adopted or considered
32 similar incentive programs, solicit feedback from disproportionately impacted communities
33 around this state and otherwise undertake activities to inform council members related to
34 the scope of the council's duties.

35 (3) The council may:

36 (a) Cooperate with or join together with other governmental bodies in the State of
37 Washington with a similar mission to form a regional strategy for attracting and fostering
38 clean energy manufacturing within the region; and

39 (b) Appoint other members to the council by majority vote.

40 (4) A majority of the members of the council constitutes a quorum for the transaction
41 of business.

42 (5) Official action by the council requires the approval of a majority of the members of
43 the council.

44 (6) If there is a vacancy for any cause, the Governor shall make an appointment to be-
45 come immediately effective.

1 (7) The council shall meet at times and places specified by the call of the cochairs or of
2 a majority of the members of the council.

3 (8) The council may adopt rules necessary for the operation of the council.

4 (9) The council not later than May 31 of each year shall submit a report in the manner
5 provided in ORS 192.245, and may include recommendations for legislation, to an interim
6 committee of the Legislative Assembly related to energy technology, with copies to the
7 Governor, to the Director of the Oregon Business Development Department, the Director
8 of the Oregon Department of Administrative Services and to the Director of the State De-
9 partment of Energy. The report must describe strategies to promote, attract and advance
10 clean energy technology manufacturing in this state.

11 (10) The Oregon Department of Administrative Services shall provide staff support to the
12 council.

13 (11) Members of the council are not entitled to compensation or reimbursement for ex-
14 penses and serve as volunteers on the council.

15 (12) All agencies of state government, as defined in ORS 174.111, are directed to assist
16 the council in the performance of the duties of the council and, to the extent permitted by
17 laws relating to confidentiality, to furnish information and advice that the members of the
18 council consider necessary to perform their duties.

19 **SECTION 5.** Section 4 of this 2024 Act is repealed on December 31, 2033.

20 **SECTION 6.** In addition to and not in lieu of any other appropriation, there is appropri-
21 ated to the Oregon Business Development Department, for the biennium ending June 30,
22 2025, out of the General Fund, the amount of \$20,000,000 for deposit into the Oregon Clean
23 Energy Technology Manufacturing Opportunity Fund established under section 3 of this 2024
24 Act.

25 **SECTION 7.** This 2024 Act takes effect on the 91st day after the date on which the 2024
26 regular session of the Eighty-second Legislative Assembly adjourns sine die.

27