



## Dalton Advocacy INC

### **2019 Session Dates of Interest:**

Jan. 14 – 16<sup>th</sup> Organizational Days (Swearing-in on Jan. 14<sup>th</sup>)  
Jan. 22<sup>nd</sup> First Day of Session  
June 30<sup>th</sup> Sine Die

### **FWAA INTERIM DAYS UPDATE - DECEMBER**

#### **Pay Equity**

BOLI's Pay Equity Posters are online and available for download. As a reminder these need to be posted in worksites accessible by employees (by your minimum wage posters) by Jan. 1, 2019. Download here:

[https://www.oregon.gov/BOLI/ta/pages/Req\\_Post.aspx](https://www.oregon.gov/BOLI/ta/pages/Req_Post.aspx)

BOLI has also updated their Technical Assistance Page with Q&A for employers

:<https://www.oregon.gov/boli/TA/Pages/FactSheetsFAQs/PayEquity.aspx>

They have also scheduled several training seminars across

Oregon:[https://www.oregon.gov/boli/TA/Pages/T\\_SEM\\_Taseminar.aspx](https://www.oregon.gov/boli/TA/Pages/T_SEM_Taseminar.aspx)

#### **New Private Right of Action Concept**

NW Workers Justice Project, UFCW and the Oregon Trial Lawyers are bringing an Oregon version of PAGA (California's Private Attorney General Act) now being called the Oregon Corporate Accountability Act (OCAA). A draft of the legislation has not yet been released, but we do know that: OCAA will go beyond PAGA and apply to consumer protection, labor and environmental issues; proponents are messaging around "elder abuse" and that the AG's office is very concerned about the legislation and could be a helpful ally.

#### **Tax/Revenue Packages for 2019**

House and Senate Revenue Committees provided a quick glimpse into proposals that could be discussed in 2019. The House Revenue committee introduced more than 50 proposals and the Senate Finance and Revenue committee introduced more than 30 tax bills. The gross receipts tax being discussed by public employee unions and some businesses (Nike group) is largely being discussed behind-the-scenes and was not part of the early bill release.

Revisions to the property tax system (both residential and commercial) were discussed in the Senate Finance Committee with a comment from Chair, Sen. Mark Hass-D that any proposal must be revenue neutral. He also noted that revisions would likely need to be referred to the voters. Other proposals discussed included efforts to raise the corporate minimum tax by adding more minimum tax brackets or changing the top tier from a set dollar amount to a percentage of a company's sales; an increase to the corporate income tax rates; a proposal to send the personal kicker to a rainy day fund to pay for education during economic

downturns; and a proposal to tax commercial and industrial properties at their real market value. Measure 50 reduced taxable property values and limited increases to 3 percent each year, effectively divorcing property taxes from property values.

### **Student Success Committee – Releases ‘Wish List’ for Schools**

The Joint Committee on School Success met during interim days and discussed their ‘wish list’ for schools. The proposals ranged from expanding access to preschool to expanding the school year to 180 days. The list included 50 proposals and cost an estimated \$3 billion. The Committee will work on a draft report on the recommendations to be presented in January. The report will further develop the policies and include a cost containment and spending plan. Examples of the reforms include:

- Provide funding for support specialists in elementary school including art, music, phy ed, TAG, Librarian, ELL, & counselor – COST: \$250.4 million
- Increasing Oregon’s average 170-day school year to 180 days – COST: \$516 million
- Reducing class sizes to 20 students in kindergarten and first grade, 23 in second and third, 24 in fourth and fifth and 29 in core middle and high school classes – COST: \$370 million
- Expanding access to behavioral and physical health services by increasing school nurses to 1 for every 750 – COST: \$126 million
- Increasing the counselors to one per 250 students – COST: \$238 million
- Provide resources for a three to six week summer learning program – COST: \$33 million

View the full list with cost estimates here:

<https://olis.leg.state.or.us/liz/201711/Downloads/CommitteeMeetingDocument/153379>

### **Joint Carbon Reduction Committee**

The Joint Committee on Carbon Reduction met for the last time during the interim this week. This committee will be re-instated during the 2019 Session and continue to meet. A bill draft was not released; however, the Speaker did confirm that a Committee Bill draft would be released in January. Their overall goal is to reduce greenhouse gas emissions 80% below 1990 levels by 2050. The debate continues about how quickly the emissions cap should decline between now and 2035. The Governor’s Carbon Office provided an update on the discussion to-date. The first update provided a status on research the office is conducting:

- Forest Carbon Study
  - 3-part study
  - 1<sup>st</sup> part - Forest Carbon Inventory in OR – preliminary results in hand; final report in January
  - 2<sup>nd</sup> & 3<sup>rd</sup> Part – On-going
- Emission Intensive Trade Exposed Industries Study
  - Presented during meeting
- Economic Impact Study
  - Results in January

The Carbon Policy Office identified 3 primary questions regarding the “Cap” – (1) what emissions are covered by the cap; (2) what is the point of regulation for each sector covered by the cap; (3) how does the cap decline over time.

### **Potential Emissions Covered**

- Large Industrial Point Source >25k – 3.53 million MtCO<sub>2e</sub>
- Other Fossil Fuels – 4.24 million MtCO<sub>2e</sub>
- Natural Gas Use – 6.09 million MtCO<sub>2e</sub>
- Electricity Generation – 17.6 million MtCO<sub>2e</sub>
- Transportation Fuels – 20.73 million MtCO<sub>2e</sub>
- Total – 52.19 million MtCO<sub>2e</sub>

#### Recommended Market Design/Cost Controls

- 3-year compliance period (allowances surrender at end of 3-year period)
- Auctions held annually
- Allowances can be banked
- Establish price floor with automatic inflator
- Establish off ramp for price containment – release allowances when prices exceed specified level
- Allow offsets
- Address sector specific considerations with direct allocation (utilities)

#### Offsets

- Reported currently have 19 certified projects in Oregon selling into WCI - \$84M in revenue
- Allow up to 8% of an entity's compliance obligation to be met with certified offsets

#### Electricity Recommendations (IOUs)

- Allocate allowances to IOUs equal to forecasted emissions (2021-2030)
- After 2030: allocations decline at rate of the economy-wide cap
- If allowances motivated – proceeds must benefit customers
- Point of Regulation rests with entities scheduled to import power to the grid
- Concession from previous draft: initially utilities required to buy allowances and offsets to cover their emissions, just like industrial companies and fuels providers. The utilities argue they already are subject to mandates forcing them to stop using coal-fired power and meet half their customer demand with renewable energy by 2040. This proposal provides free allowances and meet those existing mandates.
- PGE response: "We're cautiously optimistic," Robertson said. "As far as the principles we've been working on — customers not paying twice, maintaining affordability — she's hitting on those notes, so we were fairly pleased. It's a good start. Now we need to get into the workgroups."
- Environmental advocates response: Say much of the utilities' emissions reductions are more than a decade away as they accelerate the closure of coal plants after 2030. They don't oppose some level of free allowances for utilities but don't want to see the state let the sector entirely off the hook between now and 2030.

#### Energy Intensive Trade Exposed

- Report found that all manufacturing and industrial sectors proposed to be regulated are at risk for leakage
- Report recommended providing free allowances to all of them
- Environmental advocates response: "Some of these companies have valid concerns. But let's not just do a bunch of free giveaways."

### Transportation

- No one is talking about free allowances for transportation fuel suppliers
- Lawmakers still face uncertain legal questions about how the state could use the revenue generated by selling emissions allowances to fuel suppliers
- Recommendation is that all proceeds dedicated to Highway Trust Fund should be directed to emission mitigation and adaptation to climate change
- Sen. Bentz questioned staff about the possible \$.16 - \$.65 increase in gas tax at the pump as a result of the policy – and committed to continue to work with the drafters to address this issue

### Other Recommendations

- Oregon should connect to Western Climate Initiative (WCI) – auction platform/link to other markets

### Next Steps:

- Additional modeling on design options
- Need for further discussion on governance and implementation of the program (how works with Governor's proposed Oregon Climate Authority)

You can view the full presentation here:

<https://olis.leg.state.or.us/liz/201711/Downloads/CommitteeMeetingDocument/153404>

EITE/Leakage Report:

<https://olis.leg.state.or.us/liz/201711/Downloads/CommitteeMeetingDocument/153399>