



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: June 30th, 2019
SUBJECT: State Legislative Update

Issue

The 2019 State Legislative Session adjourned on June 30th. This memo appraises the Board of key issues to EWEB, and the status of these matters in the legislative process.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

The following is a summary of state legislative activity in June of interest to EWEB:

HB 2020 – Oregon Climate Action Program/Clean Jobs/Cap and Invest

The progress of HB 2020 had slowed in the months of April and May while the bill remained in its committee of origin, the Joint Carbon Reduction Policy Committee. After being referred to the Joint Ways and Means Committee on May 21st activity on HB 2020 accelerated and with only a few modest final amendments to the legislation. HB 2020 was approved by the Oregon House on a 36-24 vote, after a marathon floor debate lasting late into the evening of June 17th.

The bill had a second reading in the Oregon Senate on June 19th, and a final vote to approve the legislation in the Senate was expected on June 20th. That morning though, the 11 Republican Senators did not appear for the Senate floor session, denying a quorum necessary to conduct business and vote to approve HB 2020. As the day wore on, the group of Republican Senators made clear that they would not return to the Senate floor to allow a vote on HB 2020 and that they had left the state of Oregon to avoid the Governor's call to the Oregon State Police to return the Senators to the Capitol.

During the impasse, which garnered national and international media coverage, the Senate President announced on June 24th that SB 2020 no longer had the necessary floor votes from Senate Democrats and declared the bill "dead." After negotiations and further confirmation that SB 2020

would not advance, Senate Republicans returned to the Capitol the morning of June 29th and resumed work passing state budget bills and a backlog of over 100 bills before adjourning the evening of June 30th.

The future of HB 2020 and carbon pricing is uncertain. The defeat of the legislation in the 11th hour was a stinging blow to the bill's proponents, including EWEB. However, a bill that had never previously been voted even out of a single committee, has now been approved by a three-fifths majority in the Oregon House and came within one or two Senate votes of becoming the 2nd economy-wide state carbon pricing program in the nation. Advocates of carbon pricing will surely try to assess what caused the unexpected final deficit of Senate votes in the 11th hour and modify the next future iteration of HB 2020 to address concerns that led to that change in the vote count. It can be expected that a modified successor to HB 2020 will be introduced in the 2020 Legislative Session. Some carbon pricing advocates are making a case for a special session in 2019 to take up a new version of HB 2020, but that does not seem very probable.

SB 408 – Flexibility in Siting Utility Infrastructure in Exclusive Farm Use (EFU) Zone

SB 408A was signed into law by Governor Brown on June 6th and will become effective January 1st, 2020.

EWEB submitted testimony twice in support of SB 408, co-sponsored by Senator Bill Hansell of Pendleton and Senator James Manning of Eugene and has actively lobbied legislators on behalf of this legislation. This bill will help utility providers reduce their footprints on farm land by allowing the creation of parcels based on the amount of land actually needed for a utility facility, rather than based on the larger minimum lot sizes associated with the Exclusive Farm Use zone. Because of these large minimum lot sizes, properties in the Exclusive Farm Use zone are often larger than what would otherwise be needed for a utility facility.

SB 935 – Scope of Work for Landscape Contracting Limited License

SB 935 was amended by the Oregon House and on June 29th the Oregon Senate voted to concur with the House amendments. EWEB actively worked with other water utilities and met with legislators to press for changes in the bill to meet our concerns about water conservation and health and safety. These efforts were successful and the final version of the bill removed residential irrigation from the scope of work allowed under the Landscape Contracting Limited License, while adding decks and patios instead to the scope of allowed work.

SB 935 as introduced would have allowed for irrigation work to be done by holders of the new limited license, with a limit to 4 zones and 12 gallons per minute and a monetary cap on what work can be completed.

While the bill as written would have prohibited actually connecting an irrigation system to an electrical source or water supply, there would have been concerns that in practice unqualified individuals would connect to the public system rather than paying a licensed plumber or backflow installer to do that work. A backflow assembly is an important health protection for water supply. Furthermore, the limited license is not subject to required training on water conservation. Water efficiency training in landscape irrigation is a critical component of managing peak summer water

demand when water supplies are at their lowest.

SB 27 – Statewide Drinking Water Fee

SB 27 had a hearing January 21st at the Senate Health Care Committee. Drinking Water Providers strenuously objected, including in-person testimony from EWEB staff. An amendment was adopted that limited any future increase of the fees to three percent annually, and limited the use of those funds to utilization in the State Drinking Water Program. Drinking Water Providers noted that this amendment improved the bill but that they could not support without additional measures for cost containment and representation of drinking water providers in the oversight of revenue collected from utility ratepayers, as well as a commitment from the state to an equitable ratio of state general fund revenue to funds collected under the fee. On February 18th the Senate Health Care Committee approved SB 27 as amended and referred it to the Joint Ways and Means Committee, which immediately referred the legislation to the Ways and Means Subcommittee on Health Services.

The bill had received no consideration by the Subcommittee since being referred on February 18th. Meanwhile, the state approved in early April a onetime appropriation that would fund cyanotoxin testing at Oregon DEQ for the next biennium. It was presumed then that SB 27 might not advance and that instead an interim work group would be convened to seek consensus on a long term solution to funding the Drinking Water Program.

On May 28th though, with 24 hour notice, the Ways and Means Subcommittee on Health Services approved SB 27, with subsequent approval by the full Joint Ways and Means Committee a few days later. SB 27 was approved in the House on a 39-20 vote and in the Senate on an 18-11 vote, and signed by the Governor on June 27th.

Preliminary analysis on the burden to EWEB from the fee proposed in SB 27 is roughly estimated to be around \$40,000 annually.

SB 1044 – State Zero-Emission Vehicle Adoption Planning

SB 1044 was approved by the Oregon Senate June 6th on a 22-5 vote and approved by the Oregon House June 18th on 39-20 vote, and is expected to be signed the Governor soon. EWEB joined PGE, Pacific Power, Idaho Power, the Oregon People’s Utility Districts Association and several clean transportation system advocacy groups and local governments in a joint support letter for SB 1044. This legislation creates a necessary statewide policy framework to support zero-emission vehicle (ZEV) adoption and investment in a cleaner, healthier, and more economical transportation system with necessary infrastructure through the following measures:

- Establishes metrics for evaluating statewide ZEV adoption and supporting infrastructure.
- Requires regular, data-driven reports to measure the state’s progress on ZEV adoption, with a requirement for policy recommendations if the state is not on a path to meet emission goals.
- Provides flexibility to schools to invest public purpose charge funds in electric buses, fleet vehicles, and charging infrastructure.
- Codifies the state’s policy on alternative fuel vehicles as expressed by Governor Brown in executive order 17-21 and existing DAS policy to ensure that the state “leads by example” in purchasing and leasing ZEVs.

SB 1049 – Public Employees Retirement System (PERS) Reform

The Oregon House and Senate narrowly approved in late May changes to PERS intended to reduce the cost to pay down the system's unfunded liability. The bill was signed by the Governor on June 11th and will be the subject of a legal challenge. Analysis from the state estimates that SB 1049 could mitigate employer PERS rates by 5.4% beginning in 2021. Key components of the plan include:

- lengthening the payment period for the PERS system's \$27 billion liability.
- compelling public employees to pick up part of the cost of their pensions.
- allowing retirees to come back to work but paying the pension payments they might otherwise have earned into the liability.

The bill has many implementation details that remain to be worked out and will be the subject of robust rulemaking once legal challenges have been adjudicated. The state of Oregon has established a website for employees, employers, and retirees to stay informed on the implementation progress and new analysis of SB 1049 as matters progress. The website can be found at:

<https://www.oregon.gov/pers/MEM/Pages/SB1049.aspx>

Recommendation/Requested Board Action

This memo is for informational purposes. No board action is requested.