



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris  
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager  
DATE: June 30, 2025  
SUBJECT: July 2025 State Legislative Update  
OBJECTIVE: Information

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## **Issue**

EWEB monitors, influences, and strategically plans around legislative and regional policy issues.

## **Background**

The Board adopts general policy directives for advocacy on legislation and other public policy matters, 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 policy directives or direct staff to make necessary adjustments.

## **Discussion**

The Oregon Legislature convened on January 21 for the start of 2025 Oregon Legislative Session, an especially busy session in which nearly 4000 bills were introduced. The session concluded (Sine Die) late in the evening on June 27. Many key legislative priorities were addressed, notably though the legislature was unsuccessful in successfully passing a transportation investment bill, a topic that could raise the prospect of a special session being called before the 2026 Regular Session. Below is a summary of the final outcome of key legislative proposals of interest to EWEB:

## **Active Bills**

### **Revival and Dissolution of Carbon Cap and Trade Proposal**

On May 22 the Joint Committee on Transportation Reinvestment Co-Chairs released a memo outlining negotiations on a transportation infrastructure package that would include a repeal of the Oregon Climate Protection Program (CPP) established by former Governor Kate Brown by Executive Order 20-04 and "transition to a market-based emissions reduction program, linking to other West Coast markets and generating ongoing revenue." This stunning development was short-lived though and while draft legislative language was brought forward to implement this proposal, it was judged too complex and politically challenging to advance in the limited time remaining in the 2025 session.

This topic will remain something that EWEB will watch closely and proactively as there will continue to be interest in Oregon joining a regional cap-and-trade program like the Western Climate Initiative (WCI) as an

alternative to the Oregon-only CPP program and as a piece of the legislative puzzle to successfully pass a transportation investment package. More information will be known soon if this is a topic that could be pursued in the interim for consideration in the 2026 Oregon Legislative Session or sooner in a special session.

#### **SB 1153/SB 427 Water Right Transfer Criteria – NEUTRAL WITH ADOPTED AMENDMENT – FAILED**

These bills would have modified the existing process and criteria for water right transfers. Transfers are the only way that EWEB and other water users may change an existing water right. EWEB needs to utilize the transfer process to add a new point of diversion (POD) to match the intake for EWEB's Willamette Water Treatment Plant. SB 427 would have outright prohibited EWEB's ability to add the upstream POD necessary to utilize EWEB's Willamette water right. SB 1153, introduced at the request of Governor Tina Kotek, would have added a new public interest review as well as new and vague criteria that pose uncertainty and/or potential lengthy delays in the approval of transfers.)

SB 427 received a public hearing in March and did not advance out of committee. SB 1153 became the primary vehicle for policy changes addressing water right transfers. On June 9, with the consent of Governor Kotek's office, a -10 amendment to SB 1153 was adopted in the Senate Rules Committee and exempted municipal water rights from the public interest review sections of the bill. This change came in response to communication from many Senators from both parties to the Governor's office that they would not support the bill without an exemption for municipal water rights.

The inclusion of a municipal exemption alleviated EWEB's concerns with the bill and with the adoption of an amendment accomplishing this, EWEB and other drinking water providers shifted to a neutral position on the bill. After this the bill was expected to be approved by the Senate. However, in the final days of session, concerns about the bill's possible impacts on agriculture may have raised doubts from legislators and the bill did not advance.

#### **HB 3666 – Wildfire Safety Certification – NEUTRAL DUE TO AMENDMENT/SUBSTITUTION – FAILED**

This bill would have required investor-owned utilities (IOUs) and would have allowed consumer-owned utilities (COUs) voluntarily to apply to the Public Utility Commission for a Wildfire Safety Certification. At the request of trade associations representing Rural Electric Cooperatives and Peoples Utility Districts, language creating the voluntary Wildfire Safety Certification process for COUs was eliminated, the primary reason being that HB 3666 was heavily amended recently in ways that reduced the potential value of the safety certification as evidence admissible in litigation and a majority of COUs felt it no longer was beneficial for COUs to be included in the bill. Furthermore, HB 3666 was no longer under consideration as a stand-alone bill by the end of session. Instead, some elements of HB 3666 were folded into SB 926. That bill applied to investor-owned utilities found in court to be negligent or complicit in causing a wildfire. Under the bill, these companies would not be able to recoup costs tied to court judgments, legal fees, settlements, or repairs by increasing consumers' electricity rates. It would have disallowed any rate increases to cover lawsuits or damages tied to negligence. Additionally, any utility that owed unpaid damages from a wildfire-related court ruling would also be banned from issuing dividends, repurchasing stock, or distributing profits to its investors. SB 926 also would have applied an annual interest rate of 9% on court-ordered wildfire damages, starting from the date the fire was ignited and utilities would also be responsible for paying any taxes owed by those suing the electric company if the judgment remained unpaid as of Jan. 1, 2026.

SB 926 was approved by the Senate 22-6 on April 23. It was then amended to include elements of HB 3666 (for IOUs only) and approved out of the House Judiciary Committee 7-0 on May 22. Despite many hours of

committee hearings and testimony SB 926 bill did not advance any further, nor did a variant wildfire liability bill HB 3984 that was introduced in the final days of session. The topic of wildfire liability for utilities will surely be a priority and contested topic again in upcoming legislative sessions.

#### **SB 179 – Recreational Immunity (Removes Sunset on 2024 Restoration) – SUPPORT – PASSED**

SB 1576A was enacted in the 2024 legislative session and included a restoration of recreational immunity, a priority for local governments and recreation enthusiasts. The bill added running, walking and biking to the definition of recreational immunity, but included a sunset date at the end of 2025 to allow for pending court cases to be resolved and a workgroup to craft a more durable solution to be adopted in the 2025 legislative session. Reportedly, the workgroup was able to reach consensus on a permanent solution. In the absence of successful negotiations, SB 179 removes the sunset date included in SB 1576A from the 2024 legislative session.

The bill was approved by the Senate on a 30-0 unanimous vote on March 13, approved by the House 48 -0 on May 19, and signed into law by the Governor on May 28 with an effective date of January 1, 2026.

#### **HB 2256 – Indemnifying for conservation purposes sellers of units of land not lawfully established – SUPPORT – PASSED**

This bill exempts the seller and the nonprofit purchaser of property for conservation purposes from civil or criminal liability for selling units of land not lawfully established. HB 2256 was introduced by local Representative Lisa Fragala at the request of the McKenzie River Trust (MRT)

EWEB has provided funding for MRT conservation acquisitions as well as applied for grant funds on behalf of MRT or assisted MRT grant funding applications. In some instances, concerns around legal lot determination have created additional expense and delays that can jeopardize strategic conservation acquisitions. Sellers can be reluctant to take on potential liability– which can result in losing purchase opportunities and/or facing obstacles to apply for grant funding due to uncertain timelines around fixing the liability concerns. HB 2256 is a solution to the problem of legal lot determination by waiving the liability of the seller for selling an unlawfully created unit of land if the buyer is both a 501(c)(3) and is clear in its intent to acquire the land for conservation purposes.

HB 2256 was approved by the House 45-12 on March 6, approved by the Senate 17-11 on May 5, and signed into law by the Governor on May 12.

#### **SB 688 – Performance Based Ratemaking for investor-owned utilities – MONITOR – PASSED**

This bill would give the Oregon Public Utility Commission, which regulates the monopoly investor-owned utilities operating in the state, the power to require those IOUs meet certain performance targets in order to raise rates. Those targets include reducing capital and energy costs, reducing greenhouse gas emissions, investing in community solar and microgrids and ensuring low-income Oregonians aren't cut off from power.

Currently, IOUs borrow from their investors and guarantee about a 9% return on the investment when they build out their infrastructure. Ratepayers cover both the costs of repayment and the investors' profit. Bill sponsors said this incentivizes companies not to save ratepayers money, but to make expensive investments in infrastructure, instead of alternatives, to reward investors.

SB 688 was approved by the Senate 19-10 on June 23 and approved by the House 36-13 on June 26.

#### **HB 3546 – Data Center Customer Class for investor-owned utilities – MONITOR – PASSED**

Termed the POWER Act, this bill creates authority for a separate customer class for data centers, which are the fastest-growing energy users in the state, that are served by investor-owned utilities. This would allow the Public Utility Commission to ensure charges for grid expansion and infrastructure needed to power those data centers are not being passed onto residential and commercial customers. HB 3546 was approved by the House 41-16 on April 22. It was amended and approved by the Senate 18-12 on June 3 and the House concurred with the Senate-amended bill 37-17 on June 5 – Governor Kotek signed the bill into law on June 16.

#### **HB 3179 – Rate Caps for investor-owned utilities – MONITOR -- PASSED**

Also known as the FAIR Energy Act, this bill would limit private, investor-owned utility rate requests, allowing them only once every 18 months. Rate increases would have to go into effect before Nov. 1 or after March 31 so ratepayers would not suddenly be hit with a bigger bill in winter when usage is highest. The bill would also require the Public Utility Commission to consider the cumulative economic impact of a rate increase on customers over time and to analyze company profits from the 24 months leading up to a request to increase rates. The bill was deemed by proponents as being necessary to address rates for investor owned utilities which have increased 50 percent since 2020.

HB 3179 was approved by the House 35-8 on June 23 and approved by the Senate 20-9 on June 24.

#### **HB 2065/2066 – Microgrid Development and Ownership – NEUTRAL AFTER AMENDMENT – PASSED**

This legislative package requires the Oregon Public Utility Commission (OPUC) to investigate and establish the rules and framework needed to allow community microgrid development in Oregon in areas served by IOUs. They aim to improve clarity around who can develop, own, and operate microgrids – these elements to be overseen by the OPUC apply primarily in territories of investor-owned utilities. They include the ability for the governing body of a consumer-owned utility to be a substitute for the OPUC for a handful of elements of the bill, including designating certain areas be designated as a microgrid priority zones for the purposes of land use and building code considerations.

HB 2065 and HB 2066 were both approved by the House 41-1 on June 23 and approved by the Senate 26-3 on June 24.

#### **HB 2688 – Expanding Prevailing Wage to Offsite Fabrication – OPPOSE—PASSED**

HB 2688 makes a significant expansion of Oregon’s prevailing wage law, extending it from construction work performed on the job site to materials utilized for public works projects that are fabricated, assembled, preconstructed or constructed offsite. This change could impose construction wage standards on the construction materials manufacturing processes, creating logistical, financial, and legal challenges that could increase costs and challenges to the affordability and implementation of public works projects. This bill delegates crucial decision-making to rulemaking by the Oregon Bureau of Labor and Industry – this should be a proceeding that EWEB closely monitors and provide public comment on along with other local governments and associations.

HB 2688 was approved by the House 31-22 on June 26 and approved by the Senate 16-13 on June 27.

#### **HB 3940 – Wildfire Mitigation Funding – MONITOR – PASSED**

HB 3940 will impose a \$0.65 tax on units 20 or less of the emerging oral nicotine pouch product, with an additional 3.25 cent tax for each additional unit, rounded to the nearest whole cent beginning Jan. 1.

A third of the funds raised from the tax would go to the Landscape Resiliency Fund for landscape restoration projects and fuel reduction projects on public and private lands. The remaining funds would go to the Community Risk Reduction Fund, which is managed by the Oregon State Fire Marshal to provide funds to local governments to reduce fire risk. The bill is estimated to raise up to \$45 million biennially for these purposes.

HB 3940 was approved by the House 37-8 on June 23 and approved by the Senate 20-8 on June 26.

**Recommendation/Requested Board Action**

These are informational updates, and no action is required at this time.