With just over two weeks left of the “Short Session,” it has been an intense week that was kicked off by the first boycott of the Session by House Republicans Tuesday evening. House Republicans refused to participate in an evening Floor Session calling on House Democrats “to slow down the pace of session and allow time to fully vet legislation ...”. The Republicans did return to business Wednesday morning. House Leadership has been holding public hearings on Cap & Trade in the House Rules Committee, allowing House members an opportunity to hear the details of the SB 1530 proposal and receive public testimony. Rumors moved fast and changed hourly about when and if the Senate Republicans would leave the building...and if it would be for good. The week ended with a late Friday night hearing where the House Rules Committee moved an identical version of the Senate Cap & Trade bill out of Committee on a party line vote along with the controversial gun storage bill.... setting up intense dynamics for Monday morning!

In the news:

- [Oregon House Republicans A No-Show At Evening Session](#)
- [Prospects for Oregon Senate Republican walkout over climate bill is unclear](#)
- [With Oregon Republicans Ready To Walk Out, Gov. Brown Tries To Bargain](#)

**Bill Deadlines:**

- Feb. 7th – Work Sessions must be scheduled for 1st Chamber Bills: DONE
- Feb. 13th – Bills must move out of 1st Chamber Committee: DONE
- Feb. 20th – Work Sessions must be scheduled for 2nd Chamber Bills: DONE
- Feb. 25th – Bills must move out of 2nd Chamber Committee

*As a reminder, the above deadlines do not apply to Rules, Revenue or Ways & Means Committees.

**Issue Updates**

**Cap & Trade Update**

[SB 1530A] / [HB 4167] – Cap and Trade
The first action by the Natural Resources Subcommittee this week was to remove duplicative language that is contained in other bills – specifically around utility rate recovery and hydrofluorocarbons. The -41 Amendment removes sections 56 – which gave the PUC the authority to allow electric and natural gas companies to recover costs from customers and sections 76-79 – the regulation of hydrofluorocarbons.

HB 4167 was introduced in the House and scheduled for an informational hearing in the House Rules Committee. This action was done by House Leadership to allow for hearings on the House side. Republican Leader Christine Drazan issued a statement:

“Slowing down the pace allows us to work together to govern, rather than simply substituting closed door negotiations with special interests, for a public process with elected officials.

We now have an opportunity for our nonpartisan experts to take the time needed to analyze this bill and I will be calling for leadership to allow additional hearings to ensure a thorough review and a fully transparent process for the citizens of Oregon.” After two public hearings the Rules Committee moved HB 4167 to the Ways and Means Committee during a Friday evening hearing on a party line vote. Controversy arose when the Legislative Revenue Office posted a Revenue Impact Statement that was simply the SB 1530 Revenue Statement...causing Republicans to question the true transparency of the discussion. View Revenue Statement here.

STATUS: SB 1530 has been posted for the final committee vote in Full Ways and Means Monday at 9AM. This vote is expected to trigger the Senate Republican walkout.

In the News:

Oregon Capitol is on edge as threat of Republican walkout looms

Oregon’s cap and trade climate bill: A tax or not? It depends

Senate Republicans buy plane tickets to leave Oregon, walk out over carbon bill

**HB 4009 – CAT Technical Fix Bill**

The agriculture community had a big win this week in the House Revenue Committee! The Committee finally advanced the technical fix bill for the Corporate Activity Tax (CAT) to the House Floor with two amendments, one of which contains specific Ag requests:

- **-25 Amendment**: Contains the Ag requests, specifically:
  - Exempts crop insurance policy payments from receipts required to be reported/calculated in your gross receipts;
  - Ag fix to the COGS calculation and certificate options for bulk commodities where in-state and export sales are co-mingled (additional revisions forthcoming on this concept)
  - Exempts certain sales by dairy farmers that are not organized as co-op’s
- **16 Amendment**: This is an omnibus amendment with various technical provisions including:
  - Change 'business revenue' to 'commercial activity'
  - Clarify all tax refunds are not commercial activity
  - Exempt Manufactured dwelling park nonprofit cooperatives
  - Ties unrelated business income to the IRC
  - Exclude entities from a unitary group that have no connection to Oregon Returns and allowances are accounted for in the year they occur
  - Clarifies the 35% subtraction calculation and apportionment factor
  - Penalties are reduced to 5%; adds a safe harbor; and extends 80% threshold one-year

**STATUS**: Moved out of House Revenue Committee unanimously; Awaiting consideration on House Floor.

**HB 4109 – Chlorpyrifos Ban**

After over 1.5 hours of debate on Wednesday HB 4109 passed the House Floor 32 – 24 – 4 excused. Three moderate democrats joined Republicans in voting against it: McKeown, McLain & Williams. Republicans attempted to substitute the bill with a minority report but were unsuccessful – but we did get five democrats to join us in support of the minority report.

The bill then moved to the Senate to be first read and was quickly fast tracked for a public hearing and possible work session in Senate Environment and Natural Resources for Friday afternoon. **OWGL sent out a call to action, submitted testimony, and attended the hearing**. The hearing was well attended by local farmers, outnumbering bill proponents three to one. Members of the committee asked questions to panelist including representatives from ODA and OHA, allowing ODA to speak to the status, process and goals of the current Chlorpyrifos work group – something the House Health Care Committee did not focus on. Due to the aggressive committee agenda the public hearing ran up against the clock limiting testimony from the public. Chair Dembrow announced an additional work session would be scheduled to give everyone who wanted to testify an opportunity.

**House Floor letters:**
- **Oppose 4109 – Rep. Mark Owens** OWGL signed on to this letter
- **Minority Report Floor Letter – Rep. Boshart Davis** OWGL signed on to this letter


**Timber Industry & Environmentalists MOU Update**

Earlier this month Governor Brown announced that members of Oregon’s timber industry and conservation communities, 26 in total, signed a Memorandum of Understanding (MOU) and agreed to pursue a science-informed policy development process for up to 18 months. During that time members will be charged with evaluating and jointly recommending substantive and
procedural changes to Oregon forest practice laws and regulations. As a condition of the agreement, both parties must also withdraw ballot measures that have been filed for the 2021 general election. The timber industry also agreed to support a bill this session to increase notification requirements for aerial pesticide spraying on private timber land, and increase buffers for spraying around schools, homes and streams – HB 4168. View MOU in its entirety here.

HB 4168 – MOU Agreement Bill
Late this week the House Rules Committee held a public hearing on HB 4168 for the purposes of considering the -2 amendment. The -2 amendment contains components of the MOU between the timber industry and environmentalist that was signed earlier this month. Below is a brief overview of items included:

- Establishes notice procedures and requirements for ODF to allow certain who live within 1 mile of the spray location to opt in to receive notices of proposed or scheduled pesticide applications by helicopter to forestland
- Requires operators, timber owners, and landowners who want to perform a pesticide application by helicopter to notify those who opted in of the proposed, incomplete, and complete pesticide applications.
- Requires development of reporting system (contains fiscal) for required notices and establishes graduated penalties for not correctly notifying.
- Prohibits direct application of pesticide by helicopter within specified distances from a school (300 ft), inhabited dwelling (300 ft), water intake (300 ft), or certain streams (75 ft).

Republican members of the committee remained skeptical of all parties ability to follow through with the MOU and asked a variety of questions to that point.
STATUS: Passed out of House Committee on Rules 7-1 with Rep. Sprenger voting no; Referred to Ways and Means.

HB 4091 – Sage Grouse Mitigation in Lieu Fee Fund
This bill is championed by Rep. Barreto and Sen. Findley. It passed unanimously from the House earlier this week and quickly received a public hearing and work session in the Senate. All testimony was in support and the bill passed unanimously out of committee.
STATUS: Passed out of Senate Environment and Natural Resources Unanimously. Awaiting 3rd reading on the Senate Floor.

HB 4155 – Ditch Program Technical Fix
This is a small technical change to HB 2437 (2019). It passed the House Floor unanimously and received a public hearing and work session this week in the Senate. The bill clarifies that state agencies are authorized to implement the ditch program in Oregon regionally over the next five years instead of all at once.
STATUS: Passed unanimously out of Senate Environment and Natural Resources. Awaiting 3rd reading on the House Floor.

HB 4012 – Relating to the Use of Land – Gut and Stuff Bill
This was a placeholder bill introduced with the intent to be gut and stuffed. Chair Clem introduced a **7 amendment** last week which replaced the bill with a concept specific to Bend TDOs. DSL, City of Bend, DLCD are currently working together to draft final language. Chair Clem agreed to pass the bill out of committee with the current placeholder language due to the June expiration date for the TDOs and with the expectation that all stakeholders will continue on the concept in the Senate.

**STATUS:** Public Hearing and possible Work Session scheduled in Senate Environment and Natural Resources on 2/25.

**HB 4014 A**– Relating to Land Use – Gut and Stuff Bill

This bill came over from the House side as a simple bill exempting dog training facilities from state structural specialty codes. However, Chair Dembrow announced earlier this week that the committee was going to utilize the broad “relating to” clause in the bill to add to the base bill. The **omnibus amendment** adopted by the committee included:

- **Rural ADU:** Authorizes Counties to approve one ADU in rural Oregon under specified conditions. Also allows Counties to impose additional restrictions.
- **Radioactive Waste Disposal:** In response to the recent discovery of radioactive waste being disposed of in Arlington Oregon, this amendment directs DEQ to report to the legislature on the situation. It also makes some changes to the definition of radioactive waste and modifies the enforcement provisions related to disposal.
  - 2.5 Million Pounds of Radioactive Waste Illegally Dumped In Oregon Landfill

**STATUS:** Passed the Senate Committee on Environment and Natural Resources (3–2) with the -11 amendment. Scheduled for 3rd reading on the Senate Floor on 2/25.

**HB 4071A** – Harmful Algae Blooms

This concept was put forward from a 2019 interim workgroup that was tasked with looking at short and long-term strategies for addressing harmful algae blooms in Oregon. With the -3 amendment, the bill will appropriate money to DEQ to purchase a machine and hire staff to analyze harmful algae blooms. It also makes the machine available to universities for research activities when it is not being used by DEQ. It does include a referral to Joint Ways and Means for the $215,000 funding request for the additional positions.

**STATUS:** Passed House Water Committee unanimously; Referred to Joint Committee on Ways and Means.

**SB 1511** – Voluntary Projects for Stream Restoration

The Senate Environment and Natural Resources Committee held a work session on the bill on deadline day last week. As drafted, the bill promotes voluntary stream restoration efforts (beaver dams) by private landowners in Eastern Oregon and is wildly supported by AOC, OFB, Cattlemen’s Association and Silvies Valley Ranch.

**STATUS:** Passed Senate Floor 26 – 3; Referred to House Committee on Rules.

**HB 4051A** – Oregon Hemp Commodity Commission
Establishes the commission and states that it will be monitored by the Department of Agriculture. The commission will be tasked with researching best farm practices and will collaborate with OSU’s global hemp innovation center.

**STATUS:** Passed Senate Committee on General Government and Emergency Preparedness (4 – 1: Sen. Boquist voted no). Awaiting 3rd reading on Senate Floor.

**HB 4072 – ODA Hemp State Program**
This bill was introduced at the request of Oregon State University, Oregon Industrial Hemp Farmers Association and Oregon Farm Bureau. As written, the bill requires ODA to administer the Oregon Hemp State and ensures that the program meets the requirements of the 2018 farm bill. Chair Clem introduced a -3 amendment which ensures state agencies have the authority necessary to administer the program, requires that Oregon hemp THC content matched what the federal government guideline is in order for it to be able to ship across state lines and requires ODA to establish additional requirements during the rulemaking process.

**STATUS:** Scheduled for a Work Session in the Ways and Means Subcommittee on Natural Resources on 2/14.

**Senate Committee on Wildfire Reduction and Prevention**
Having completed their work to date, the Wildfire Reduction and Prevention Committee held an informational hearing on The Role of Forest and Rangeland Collaboratives in Wildfire Efforts. View the hearing [here](#). Supporting documents are below:
- Harney County Wildfire Collaborative Presentation
- Southern Willamette Forest Collaborative Presentation
- Southern Oregon Forest Restoration Collaborative Presentation

**SB 1514A: Boots on the Ground Bill.** The bill was passed out of committee with the -3 amendment – a complete gut and stuff of the original bill. As passed, the bill directs ODF to several things surrounding wildfire prevention. Most notably the department will be required to establish not more than 15 projects designed to reduce wildfire danger on both private and public forestlands and rangelands. The bill includes $25M of general fund monies ODF will be required to report to the legislature on Dec 15, 2021.

**STATUS:** Amended version is awaiting PH in the Joint Committee on Ways and Means.

**SB 1515A: Wildfire Workforce Foundation Bill.** This is the simplest of all the fire bills, SB 1515 creates a foundation for funding forest-based workforce development. It is aimed at enhancing the amount of private sector funding going into forest management workforce training. The bill was passed with the -2 amendment which makes two changes: it changes the responsibility to carry out the contents of the bill from the Office of the State Treasurer to the Higher Education Coordination Commission and moves the report due date to December 1, 2020.

**STATUS:** Amended version is awaiting PH in the Joint Committee on Ways and Means.

**SB 1516A: OFD Modernization Bill**
With the adopted -3 amendment, the bill now includes hiring additional employees, converting seasonal employees to fulltime and requiring programs to be supplied with modern equipment.
Most notably, the bill contains two funding vehicles: $6M from general fund with $1M specifically dedicated for firefighting severity resources and a new $10.80 assessment fee charged to landowners for each tax lot protected by ODF. The new fee structure drew criticism for the impact to small woodlands, farmers, and ranchers but gained enough support by committee members to pass.

**STATUS:** Amended version of the bill is awaiting a PH in the Joint Committee on Ways and Means.

**SB 1536A:** Governor Brown’s Omnibus Fire Bill.

The day before the deadline, the committee reviewed a final gut and stuff amendment to SB 1536, the -3 amendment. The amendment makes a variety of small tweaks to the base bill as well as deletes two sections, “Utilities” and “Building Codes”. Rep. David Brock Smith testified in support of the -3 amendment and noted that the “Utilities” portion of the bill will now be included in HB 4045. Jason Miner from the Governor’s office also testified briefly in support for the -3 amendment.

**STATUS:** Amended version of the bill is awaiting a PH in the Joint Committee on Ways and Means.

**LABOR BILLS**

**HB 4107 – Prohibition on Cash**

This bill received significant attention this week after Rep. Ron Noble’s minority report was adopted off the House Floor (something that happens maybe every 10 years!). The adoption caught everyone by surprise and was largely presented as just adding “publics” to the requirement to accept cash. Unfortunately, several exemptions were also removed in the Representative’s minority report.

**STATUS:** Public Hearing and Possible Work Session 2/25

**HB 4087 - Wage Security Fund**

The negotiated bill will allow fines and fees collected from wage and hour violations to be used to (1) temporarily replace owed wages to workers and (2) to fund additional Technical Assistance for Employers. The revised proposal also applies a cap to civil penalties being utilized by the Wage Security Fund of $290,000 with a 25% cap on owed wages and 75% cap for technical assistance. This results in a $72,500 annual cap on the Wage Security Fund and $217,500 for technical assistance. All unused Wage Security Fund dollars will be returned to the Common School Fund. The technical assistance funds will be used to fund free downloadable employer handbooks and free online employer seminars.

It is unlikely this bill will be released to a Subcommittee. We have been told that the Legislative Fiscal Office has concerns with using fee funds for funding the Agency. The sponsor, Rep. Fahey has committed to continue to work on TA funding in 2021.

**STATUS:** In Ways and Means. Not yet released to a Subcommittee.
HB 4113 – Employment of Youth/BOLI License
After additional conversations with BOLI, it is anticipated that this bill will be tabled for the 2020 Session and transition into an interim discussion to reach the Commissioner’s goal while not over regulating employers employing minors or frustrating ‘ban the box.’
STATUS: In House Rules Committee.

HB 4164A- Metro Council Payroll/Income Tax
The Portland Business Alliance is urging the Council to revise their proposed funding mechanism, currently proposed as an income tax on high wage earnings within the Metro boundary earning $125,000 or more, to fund their homeless and housing measure. They are urging the Council to refer a regional payroll tax instead that would be imposed on businesses as deductions from employee wages/taxes paid by the employer. Metro Council is expected to vote on referring the measure on Feb. 20. If approved, it would be before the Metro district voters (tri-county) on the May 19th Primary ballot. Voters will also likely be asked to fund a separate payroll tax in November for Metro transportation projects. View draft homeless and housing measure here. The two measures would raise $300 to 550M a year for transportation investments and $250M a year for homeless services.

Before the Legislature, HB 4164 is being considered which would increase the maximum tax rate a metropolitan service district may impose from 1% to 2%. The -1 Amendment would change the effective date of the new cap increase to ordinances adopted on or after May 1, 2020. The bill requires the additional funding to be directed to “shelters, behavioral and mental health services, housing and other assistance for individuals who are homeless or at risk of experiencing homelessness.” The cap applies to district taxes placed on taxable income of residents of the district or on the net income of businesses doing business, located in, or deriving income within the district.
STATUS: Passed House Committee on Revenue with the -1 amendment on a 5 – 2 vote; Awaiting 3rd reading on the House Floor.