



# 2023 LEGISLATIVE SESSION

## FINAL REPORT

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## 2023 LEGISLATIVE SESSION IN REVIEW

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The 82<sup>nd</sup> Oregon Legislative Assembly convened on January 9<sup>th</sup>; members were sworn in and newly elected Governor Tina Kotek addressed a joint session of the legislature outlining her priorities for the upcoming session. It was the first in-person session since March of 2020 due to the worldwide pandemic, which shut down the Capitol to the public. Prior to the session commencing, 1,861 measures were made public and read for the first time so that they could be referred to the various policy committees, thereby enabling committees to conduct hearings on bills on the first day of the legislative session.

On January 17<sup>th</sup> the legislative session began. This was the seventh full legislative session that was constitutionally limited to 160 days under Ballot Measure 71 (2010). Leadership outlined an ambitious legislative calendar under HCR 23, which established session deadlines, and set a target date of June 15<sup>th</sup> for *Sine Die* (150 days). However, due to a 42-day denial of a quorum by Senate Republicans, the legislative session ended on June 25<sup>th</sup> at 4:26 pm, only seven and a half hours before the constitutional requirement to adjourn *Sine Die*. As a result, the session lasted the maximum 160 days permitted under Oregon's Constitution.

During the November election, and the first time in four years, House and Senate Democrats lost their super-majority (3/5ths or 36 votes in the House and 18 in the Senate) required to increase taxes without Republican support. The House lost two seats from the previous session and was comprised of 35 Democrats and 25 Republicans. Representative Dan Rayfield (D-Corvallis) was approved as Speaker – a position he has held since Tina Kotek resigned after serving as Speaker for nearly a decade to seek the governorship. Representative Julie Fahey (D-Eugene) was elected as the Majority Leader. Vicki Breese-Iverson (R-Prineville) was elected as the House Minority Leader, a position she filled from previous minority leader, Christine Drazan, who also resigned from her House seat to pursue the governorship.

Nearly one-third of all lawmakers were freshman legislators. There were 21 new representatives in the 60-member House and six new senators in the 30-member Senate. BIPOC members represented a 1/5<sup>th</sup> of the Oregon legislature, contributing to the most diverse member makeup in the state's history. Furthermore, this was the first in-person legislative session for more than half of the 90-member House and Senate chambers.

The Senate Democrats lost one seat after the general election resulting in 17 Democrats, 12 Republicans and one Independent. The Senate elected Rob Wagner (D-Lake Oswego) as President of the Senate by a 17-12 vote. Kate Lieber (D-Portland/Beaverton) was selected as the Majority Leader for her first full term in that position. Tim Knopp (R-Bend) was elected as the Senate Minority Leader. Leader Knopp had made it very clear prior to session he didn't trust Senator Wagner as President and that he lacked the necessary skills to run the chamber in a bi-partisan manner – an ominous warning for things to come. Representative David Brock-Smith (R-Port Orford) was sworn in as a Senator on the first day of session after Dallas Heard (R-



Roseburg) previously resigned his seat. There were six freshman Senators entering this session, three Democrats and three Republicans.

Governor Kotek was elected to serve a four-year term after beating Christine Drazan and Betsy Johnson in Oregon's most expensive gubernatorial campaign in the state's history. More than \$70 million was spent in all, an increase of roughly 89% from the previous governor's race, Kotek captured 47% of vote compared to Drazan's 43.5% and Betsy Johnson's 8.6%. Oregon secured a sixth congressional seat after the 2020 Census – that seat was ultimately won by Andrea Salinas. Furthermore, Lori Chavez-DeRemer, former Happy Valley Mayor, won as a Republican to represent Oregon's 5<sup>th</sup> Congressional District after Congressman Kurt Schrader failed to advance in the primary, losing to Jamie McLeod-Skinner. Christina Stephenson became Oregon's Labor Commissioner after Val Hoyle ran for and won Oregon's 4<sup>th</sup> Congressional District following the retirement of long-serving Peter DeFazio.

There were two ballot measures, as well as a United States Supreme Court decision, that weighed heavily on the session. Ballot Measure 113, which passed with 68.3% of the vote was an attempt by organized labor to eliminate Republican walkouts – thereby denying a quorum. The measure sought to prevent these walkouts by disallowing a member from running for office after ten unexcused absences. Ballot Measure 114, which passed 50.6% to 49.4% or less than 25,000 votes placed new restrictions on individuals purchasing firearms in the state as well as limiting the size of magazines that hold ammunition. After passage of Ballot Measure 114 it was immediately challenged in district and federal courts. In addition, the previous summer, the United States Supreme Court bucked legal precedent and effectively overturned the Roe v. Wade decision in the Dobbs decision – effectively eliminating a woman's constitutional right to seek an abortion.

In late November, the Legislative Fiscal Office announced that entering the upcoming biennium, the state faced a \$560 million shortfall in meeting current service levels for the upcoming budget cycle and warned that a mild recession could result in a \$3 billion gap in meeting current service level, despite having more than \$3 billion extra to spend than the previous biennium. Some of the budget challenges were due to the state having received billions of dollars from various federal Covid relief packages passed by Congress that were one-time funds, and others were due to surprising inflationary growth and other economic pressures that were creating conditions for a predicted recession.

When Governor Kotek was sworn in as Oregon's 39<sup>th</sup> Governor she signed three executive orders all related to housing and homelessness. The first established a housing production goal of 36,000 units a year, 11,000 more than the current production rate, for the next 20 years. The second declared a state of emergency in the parts of Oregon where there had been a 50% increase in homelessness over a period time, thereby providing greater flexibility in how federal funds could be spent. And finally, the third ordered state agencies to prioritize reducing homelessness. She challenged the Legislative Assembly to send her a funding package of \$130 million to address housing and homelessness in the first 100 days as well as a bill that would address Oregon's competitiveness in attracting and retaining high-tech manufacturing.

As the session began, both parties in each chamber outlined their agendas. The majority party in the House called their 2023 Caucus Agenda “*Rebuilding for the Future*” which painted broad themes that they as a caucus planned to pursue during the session including: housing, homelessness, behavioral health, the economy, safe communities, schools, and climate. The Republicans, on the other hand, prioritized their focus on being fiscally responsible, addressing homelessness, housing, and mental health, supporting law enforcement and community safety, and protecting rural Oregon and the natural resource economy. The Senate Majority Caucus’s agenda was like the House’s; not surprisingly, the Senate Republican’s agenda called for returning the kicker in the form of a check to taxpayers in 2023 rather than as a tax rebate in 2024 among several other specific proposals.

Governor Kotek’s \$32.1 billion proposed budget was released in early February outlining her policy and budget priorities for the biennium. Not surprisingly, those priorities included addressing Oregon’s homeless crisis and lack of affordable housing, investing in Oregon’s behavioral health system, shoring up the state’s lack of public defenders, and investing in early literacy and education, among others. The Governor’s budget suggested some minor cost cutting across all state agencies and expressed support for a bill that would impose a new tax to fund a statewide suicide crisis prevention line. Her budget made no attempt to divert the anticipated \$3.7 billion personal income tax kicker, but she did recommend skipping a normally scheduled payment into the state’s reserves and redirecting approximately \$765 million to pay for affordable housing construction and other budget priorities. Republicans signaled some approval, primarily because the governor was not seeking to redirect the kicker. Democrats generally complimented the governor’s proposal, but the chief budget writers did express some concerns about redirecting money away from the state’s reserves.

Early in the session, Senate Republicans made it clear that they had plenty of ideas that would benefit the state. They took measures to slow the process down to force Senate Democrats to take them seriously. During the second week of the session, they laid out dozens of bills they hoped to pass – many bipartisan – but others that would not be acceptable to the majority. They announced they would require all bills to be read in full before they could receive a final vote on the floor, even bills that were bi-partisan and non-controversial.

In late February, the seventh of the quarterly revenue forecasts was issued showing once again that revenues had far outstripped the previous quarter’s estimate and that the state would have \$700 million more to spend during the upcoming biennium and that the personal income tax kicker had grown to \$4 billion. This forecast was used by the co-chairs of the Ways and Means Committee to issue their budget framework in late March.

Meanwhile the House and Senate were poised to pass Kotek’s homelessness package. It included but was not limited to \$155 million to help get 1,200 unsheltered people off the streets by the end of the year, add 600 low-barrier shelter beds statewide and keep nearly 9,000 at-risk families from falling into homelessness. Kotek’s initial request was \$130 million but was increased to ensure that rural counties could address some of their housing and homelessness issues. Additionally, lawmaker’s approved Senate Bill 4 which created a \$200

million fund for grants and loans for semiconductor and advanced manufacturing businesses seeking federal funding under the CHIPS Act to expand in Oregon. Additionally, the measure gave Governor Kotek the authority to designate some land outside urban growth boundaries as industrial land for annexation by cities. These two measures were spared from any long delay tactics by the minority party.

The co-chair's released their \$31.6 billion budget framework in late March. Like Governor Kotek's \$32.1 billion proposal, it called for prioritizing education and increasing school funding, housing, and human services. However, their proposal did not include a diversion of hundreds of millions of dollars intended for states reserves as the Governor had called for. The continued threat of a recession drove the co-chairs to be cautious in their approach knowing that a recession and recent bank failures could cause a steep decline in state revenues.

When the deadline to move bills out of the first policy committee passed, nearly two-thirds of the nearly 3,000 introduced bills died. By mid-April, House Republicans joined their Senate colleagues in adopting the parliamentary stall tactic of requiring that all bills be read in full before a vote on final passage. The reason for the maneuver was that the House majority was moving a contentious gun bill that would change the age a person could purchase a firearm and permitted local governments to regulate whether concealed firearms permit holders could "carry" in and upon their premises. Other House bills that caused angst amongst the minority party included a rent control measure and a bill related to abortion and gender affirming care. Another delay tactic utilized by the minority party in each chamber was the attempt to pull stalled bills out of committee and by speaking on every bill, whether it was controversial or not, which slowed the process down even further. In one instance the House only passed five bills during nearly seven hours of floor session. The House was forced to cancel committee meetings to conduct marathon floor sessions just to keep the process moving. After the Democrats in the House agreed to delay the vote on firearms bill to early May the House Republicans started allowing bills to be read by title only.

In late April, it was revealed that Secretary of State Shemia Fagan had accepted a consulting job with a controversial cannabis company as her office prepared an audit arguing for more lax regulation of the industry. Republicans immediately called for her resignation and Governor Kotek demanded an ethics investigation following the revelations. Fagan stated that she welcomed the any inquiry, but in just over a week's time Fagan was forced to resign under mounting political pressure. Cheryl Myers, Fagan's Deputy, assumed the position and Kotek said that she would take her time in appointing a new Secretary of State. Interestingly, because Ms. Myers was not elected to the position, she was disqualified from succession to the Governorship, thereby making Tobias Read, the State's Treasurer, the next in line to become Governor should Kotek become incapacitated while in office.

As the House moved toward passage of the controversial gun, abortion and gender affirming care bills, Senate Republicans made an unprecedented but unsuccessful attempt to remove Senator Wagner as President of the Senate. On May 3<sup>rd</sup>, the Senate Republicans denied quorum and initiated what would turn out to be the longest walkout in Oregon history. Despite

overwhelming passage of Ballot Measure 113, Republicans insisted that they were willing to test the new law that had been overwhelmingly approved by the voters nearly seven months before. In addition to opposing controversial bills, Republicans stated that many of the bills being considered violated a statute (ORS 171.134) which provides that bill summaries must be written in a manner that result in a score of 60 or higher on the Flesch-Kincaid readability test. A 60 or higher on the test means that someone with an 8<sup>th</sup> grade reading level can understand the text. Two Republican House members filed a lawsuit seeking to block HB 2002, the abortion and gender affirming care bill, because the bill's summary did not comply with the readability law. A Marion County Circuit Court judge did seem to agree with the plaintiffs that Democrats had failed to comply with the readability requirement. However, the judge rejected the petition stating that the court had no authority to block the legislature from doing its job. Despite the Republican denial of a quorum on the Senate floor some of their members continued to participate in Senate and Joint Committee hearings.

The May revenue forecast, used to balance the upcoming biennial budget, was issued on the 17<sup>th</sup>. The forecast showed that revenue was up nearly \$2 billion from the previous forecast for the current biennium and by \$173 million for the next biennial budget. The personal income tax kicker was upgraded to a projected \$5.5 billion from \$3.93 billion back in February. The corporate kicker, which is directed to the state school fund was projected to be \$1.8 billion. Importantly, the state's ending balance was \$7 billion which can be tapped with a simple majority vote rather than a 3/5<sup>th</sup> vote as required to draw from reserves which had grown to \$2 billion. This excess revenue largely resolved the dispute between the Governor and the co-chairs of the Ways and Means Committee about diverting payments to the reserve accounts to use those funds for other priorities.

As the Republican walkout continued in the Senate, for the fifth time in three years, Governor Kotek attempted to broker a deal. She met with members but only one Senator showed up in person, the others met with her via video. Governor Kotek called the Republicans disrespectful. As more Senate Republican members reached the critical ten unexcused absences, it became clear that they planned to challenge the constitutionality of Ballot Measure 113. In early June, the Senate began fining members \$325 for each unexcused absence. Furthermore, Legislative Counsel warned of dire consequences without a newly approved budget. And in another move, Republicans convened an unofficial committee, the Joint Committee on Oversight and Accountability, to investigate Democratic transgressions. During the first hearing many of the public witnesses criticized the members for denying a quorum in the Senate and turning their backs on the state's business and told them to get back to work.

On June 15<sup>th</sup>, after 42 days, enough Senate Republicans returned to the Senate for quorum. Oregon's previous walkout record lasted only nine days. As a result, the legislature had only ten full days to complete its business before the constitutional requirement of sine die at midnight on June 25<sup>th</sup>. By this time, approximately 400 bills and budgets had stacked up on the Senate agenda. To get the Republicans back, Democrats agreed to significant concession and key changes to the abortion and gender affirming care bill as well as the controversial gun bill. As a result of the walkout, nine Republicans and one Independent may have disqualified

themselves from reelection under Ballot Measure 113. However, members will challenge the language and its constitutionality. Only three Republican Senators, Senator Girod, Anderson, and Brock Smith, did not reach the ten-day threshold.

In the end, the Legislative Assembly was able to pass nearly all the backlogged bills and budgets with little debate. Although, in the final hours, the Governor's housing and land supply priority legislation failed by one vote in the Senate. With greater revenue than expected the legislature was able to balance the budget with relative ease. The final legislatively adopted budget amounted to nearly \$31.8 billion general fund and \$1.6 billion lottery funds for a total of \$33.49 billion. When considering all funds, this budget was a 3.6% decrease from the previous 2021-2023 legislatively adopted budget. This decrease was primarily attributable to a lower level of federal funds expenditures compared to the previous biennium. The combined general fund and lottery funds adopted budget for 2023-2025 is up 17.2% from the previous biennium and is a 12.2% increase over the 2023-2025 current service level.

### **NOTABLE ACTIONS TAKEN THIS SESSION**

- \$10.2 billion budget for K-12 schools, the largest school budget in state history. An additional \$140 million in Early Literacy Success Initiative earmarked to close third grade reading gaps and improve graduation rates across the state. Together with local property tax revenue the total resources for K-12 will reach \$15.3 billion, a 12.3% increase over the previous biennium.
- Early passage of two bills addressing the state's housing and homeless crisis – including \$155 million for statewide and coordinated response to homelessness, \$27 million for homelessness support in rural counties, \$25 million for homeless youth, and \$20 million to produce modular housing, among others.
- Opioid Harm Reduction Package – making lifesaving emergency treatments like naloxone kits more available in public buildings.
- Nearly \$2 billion allocated for housing affordability and supply budget framework to address middle housing supply, rental assistance, affordability, shelters, and homelessness.
- Passage of the Oregon CHIPS Act committing \$190 million in state funds to support applications by Oregon businesses for \$52 billion from the Federal CHIPS and Science Act with the hope of boosting domestic manufacturing of semiconductors. Another \$10 million will be used to assist local governments to prepare sites for industrial development. The act gives the Governor super-siting authority for UGB expansion.
- Governor Kotek placed a pause on tolling in the state until January 2026 under pressure from Clackamas area legislators.

- Bill passed that outlaws “ghost guns,” which are firearms that do not have serial numbers.
- Creation of the first-ever child tax credit in Oregon worth a total of \$75 million providing a \$1,000 tax credit per child.
- \$110 million allotted to address drought in the state.
- \$153 million package of proposals to address behavioral health crisis including the establishment of a 9-8-8 suicide crisis prevention hotline.
- A climate package that invests \$90 million in various policies and projects to reduce building emissions, lower utility costs, incentivize carbon sequestration and improve disaster resilience.
- Approval of a \$2.2 billion higher education opportunity package providing \$800 million to community colleges, \$1 billion for the public university support fund, and \$300 million for Oregon Opportunity Grants.
- Passage of a bill to allow Oregonians to pump their own gas.
- \$90 million invested to address Oregon’s Public Defense crisis.
- A combination of economic development bills to extend the sunsets on enterprise zones, long term rural enterprise zones create a research and development tax credit and make modifications to the Strategic Investment Program.
- \$700 million allotted to leverage federal funding to expand high-speed internet coverage in Oregon.
- A rural infrastructure and economic development package that invests \$32.2 million to bolster key rural industries and address the workforce housing shortage.

This session was challenging on several fronts and will be remembered for years to come. Aside from political dynamics, the Capitol was undergoing major construction to retrofit it for a major Cascadia earthquake throughout session. As a result, nearly half of the Capitol was off limits to legislators and the public, and noise from that work was a constant distraction that rarely subsided. It was also the first session that hearings were conducted in a hybrid fashion allowing testimony in person as well as via video. The record-setting walkout left many wondering whether there would be a special session during the summer to address budgets that would have to be passed prior to a September 15<sup>th</sup> deadline.

## **LOOKING AHEAD**

There is little doubt that relationships, particularly in the Senate, were strained during the session. Democrats claimed that they had passed critical legislation on a host of topics and that they delivered for the citizens and State of Oregon. On the other hand, Republicans claimed that they had protected Oregonians from an extreme agenda being pursued by the majority

party. Furthermore, Senate Republicans have already hinted that they may employ similar tactics in the short session beginning in February 2024.

Ballot Measure 113, which was proposed by public unions, was passed overwhelmingly in 2022 to prevent lawmakers with ten or more unexcused absences from running for reelection to the legislature for a term. The measure's language is somewhat ambiguous and as a result raises the question of when that one-term ban takes effect. The language says that lawmakers with at least ten unexcused absences cannot hold office "for the term following the election after the member's current term is completed." Since elections in Oregon are held before a lawmaker's term is completed — not after — Republicans believe the Constitution plainly allows them to serve another term before the penalties take effect.

Out of the ten Senators who have been "disqualified" to run for another term under Ballot Measure 113, six must run again next year if they wish to continue their legislative careers. Senators Dennis Linthicum (R-Klamath Falls), Tim Knopp (R-Bend), Art Robinson (R-Cave Junction) and Brian Boquist (I-Polk/Yamhill) have indicated that they plan to run for reelection in 2024. Senator Lynn Findley (R-Eastern Oregon) has yet to indicate whether he will run again, and Senator Bill Hansell (R-Athena) has indicated that he will not pursue another term in 2024.

In May, an attorney representing those Senators submitted a formal request to the Secretary of State's Office asking for an interpretation of the ballot measure. The Secretary of State directed the Oregon Election's Division to implement an administrative rule, providing guidance, based on legal advice from the Department of Justice, that clarifies that Ballot Measure 113 disqualifies legislators with ten or more unexcused absences during the 2023 Legislative Session from running for legislative seats in the 2024 election. On August 8<sup>th</sup>, the Secretary of State ruled, based on legal advice from the Oregon Department of Justice, that the legislators in question are disqualified from seeking reelection. The affected members immediately responded with a legal challenge which puts the issue squarely back in the courts. Additionally, Senator Cedric Hayden (R-Fall Creek) has filed workplace complaints and indicated possible plans to sue the legislature in federal court due to not receiving excused absences for missing weekend Senate floor sessions while he attended church and cared for his disabled child (Hayden's faith is Seventh Day Adventist).

Two days after the session concluded, Governor Kotek appointed LaVonne Griffin-Valade to serve as Oregon's next Secretary of State after Shemia Fagan resigned in May under pressure due to her outside consulting work for an Oregon marijuana business. Griffin-Valade has 16 years of experience as a government performance auditor, including eight years as an elected auditor. She previously served as Multnomah County Auditor and later Portland City Auditor before retiring in 2014.

Voters will also decide the fate of three referrals from the Legislative Assembly, two constitutional, and one statutory:

- Senate Joint Resolution 34 would amend the Oregon Constitution to establish an Independent Public Service Compensation Commission that will be responsible for establishing the salaries of state-wide elected officials, judges at the state and circuit level, and the members of the Legislative Assembly.
- House Joint Resolution 16 would amend the Oregon Constitution to give the House of Representatives the power of impeachment for statewide elected officials of Executive Branch for malfeasance or corrupt conduct in office, willful neglect of statutory or constitutional duty, or other felony or high crimes, and the Senate the power to try any impeachment received from House.
- HB 2004 which would establish ranked choice voting as voting method to determine major political party nomination and elections for the office of President and Vice President of the United States, United States Senator, Representative in Congress, Governor, Secretary of State, State Treasurer, and Attorney General and allow local governments including cities, counties, school districts and special districts to use ranked choice voting as well.

Each of these measures will be on the November 2024 ballot.

To qualify constitutional measures for the ballot, gatherers will need to collect approximately 160,551 signatures; statutory measures will need 120,413 signatures to qualify for the ballot. The deadline to turn in those signatures will be July 5, 2024. Nearly 40 petitions have already been filed, although several have already been withdrawn, and it is hard to predict what petitions will have the financial backing to have a chance to appear before the voters.

There will be three statewide seats that will be up during the upcoming election cycle – State Treasurer, Secretary of State, and Attorney General. Treasurer Tobias Read is term limited and has announced his intention to run for Secretary of State. Ellen Rosenblum who has served as Oregon’s Attorney General has not indicated whether she plans to seek reelection (Oregon’s AG is not subject to term limits like the Governor, Treasurer or Secretary of State).

**DYNAMICS OF THE 82<sup>ND</sup> LEGISLATIVE ASSEMBLY**

Session Length:	160	Bills, Resolutions, etc. Introduced:	2,970
Date Convened:	January 17, 2023	Bills Passed:	653
Date Adjourned:	June 25, 2023	Bills Vetoed:	7

**OREGON SENATE**  
 Democrats: 17  
 Republicans: 12  
 Independent: 1



**Senate Caucus Leadership:**

Senate President Rob Wagner (D-Lake Oswego)  
Senate Majority Leader Kate Lieber (D-Portland/Beaverton)  
President Pro Tempore James Manning (D-Eugene)  
Deputy Majority Leader Janeen Sollman (D-Hillsboro)  
Majority Whip Sara Gelser Blouin (D-Corvallis)  
Majority Whip Lew Frederick (D-Portland)  
Assistant Majority Leader Kayse Jama (D-Portland)  
Assistant Majority Leader Wlnsvey Campos (D-Aloha)

Senate Republican Leader Tim Knopp (R-Bend)  
Deputy Minority Leader Dick Anderson (R-Lincoln City)  
Deputy Minority Leader Daniel Bonham (R-The Dalles)  
Deputy Minority Leader Lynn Findley (R-Vale)  
Deputy Minority Leader Kim Thatcher (R-Keizer)  
Minority Whip Dennis Linthicum (R-Klamath Falls)

**OREGON HOUSE OF REPRESENTATIVES**

Democrats: 35  
Republicans: 25

**House Caucus Leadership:**

Speaker of the House Dan Rayfield (D-Corvallis)  
Majority Leader Julie Fahey (D-Eugene)  
Speaker Pro Tempore Paul Holvey (D-Eugene)  
Majority Whip Andrea Valderama (D-Portland)  
Deputy Majority Whip Rob Nosse (D-Portland)  
Assistant Majority Leader Pam Marsh (D-Ashland)  
Assistant Majority Leader Jason Kropf (D-Bend)  
Assistant Majority Leader Dacia Grayber (D-Tigard)

Republican Leader Vicki Breese-Iverson (R-Prineville)  
Deputy Republican Leader Shelly Boshart Davis (R-Albany)  
Republican Whip E. Warner Reschke (R-Klamath Falls)  
Deputy Republican Whip Kim Wallan (R-Medford)  
Deputy Republican Whip Lily Morgan (R-Grants Pass)  
Assistant Republican Leader Rick Lewis (R-Silverton)

**SDAO LEGISLATIVE PROCESS**

SDAO's Legislative Program is successful, in large part, due to the countless hours spent by the SDAO Legislative Committee before, during, and after each legislative session. Members of the

committee volunteer numerous hours to make certain that the best interests of SDAO and its members are protected and enhanced each legislative session.

The SDAO Legislative Committee is structured to ensure that all types of special districts are represented. For example, the largest districts hold designated seats on the committee, and include fire, water, sanitary, irrigation, ports, and parks and recreation district representation. There are also “at-large” seats that have representatives from other types of districts. This ensures a comprehensive knowledge base and that no single type of district can dominate the decisions of the committee.

The committee by-laws provide for a method of voting, but in almost every case the committee makes decisions by consensus, which ensures broad support for its positions. Decisions made by the committee are logged into a legislative bill tracking database that is available on SDAO’s website.

When you meet a member of the Legislative Committee, please express your appreciation for their continued dedication and many hours of hard work on behalf of special districts. If you are interested in becoming a member of the committee, please contact the SDAO staff. All SDAO members are welcome to attend committee meetings.

**SDAO LEGISLATIVE COMMITTEE MEMBERS  
2022-2023**

Todd Heidgerken	Chair	Clackamas River Water
Ben Stange	Vice-Chair	Polk County Fire District #1
Curtis Hoopes	Committee Member	Oregon Fire Districts Directors Association
Brent Stevenson	Committee Member	Santiam Water Control District
Aisha Panas	Committee Member	Tualatin Hills Parks and Recreation District
Jennifer Holland	Committee Member	Sisters Park and Recreation District
Michele Bradley	Committee Member	Port of Tillamook Bay
Carl Tappert	Committee Member	Rogue Valley Sewer Services
Adam Denlinger	Committee Member	Seal Rock Water District
Megan Walters	Committee Member	Central Lincoln P.U.D.
Kari Duncan	Committee Member	Rockwood Water P.U.D.
Kathy Kleczek	Committee Member	Sunset Empire Transportation District
Mike Jacobs	Committee Member	Tualatin Valley Water District
April Snell	Affiliate	Oregon Water Resources Congress
Genoa Ingram	Affiliate	Affiliate Representative

## **2023 SDAO LEGISLATIVE PRIORITIES**

SDAO began its preparation for the 82<sup>nd</sup> Legislative Session early in the summer months of 2022. During the legislative interim, SDAO solicited legislative concepts from members and received ten legislative concepts for consideration. In September, the Legislative Committee met to discuss and prioritize legislative priorities for the legislative session. SDAO's policy on sponsoring legislation includes the following criteria:

- Effect of the legislation on the majority of special districts in Oregon.
- Whether the proposed legislation impacts majority of districts in a geographic region or large population area.
- Fiscal impact of the proposed legislation on special districts.
- Impact proposed legislation has on types of special districts.
- Be of statewide importance.

SDAO's policies require Legislative Committee recommendation and Board of Director approval of legislative priorities. For the 2023 session the Legislative Committee approved two legislative proposals for introduction.

- HB 2254 was introduced to increase the threshold for the municipal audit exemption from \$500,000 to \$1,000,000 and the review threshold from \$150,000 to \$250,000. HB 2110, submitted by the Secretary of State's office, was ultimately the vehicle that moved forward with SDAO's changes included. Support testimony was submitted, and the bill passed with an effective date of January 1, 2024.
- HB 2056 proposed a change to legislation passed in 2005 relating to public body minimum self-insured requirements. The bill clarified that reserves are public entities' funds and can be used for the benefit of the program's public bodies. HB 2056 passed unanimously out of both chambers and is effective January 1, 2024.

## **ECONOMIC DEVELOPMENT – Bills that Passed**

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### **HB 2009 – Economic Development Incentive Omnibus Package**

*Chapter Law: 298      Effective: September 23, 2023*

This legislation combined several bills with extensions and program changes for economic development programs: the Enterprise Zone Program, including the Long-term Rural and the Strategic Investment Programs (SIP) including gain-share. HB 2009 creates a new research & development (R&D) tax credit (SB 4) as part of the semiconductor industry incentive package, designed to help Oregon semiconductor companies be competitive for federal investments from the CHIPS Act (2022).

### **Enterprise Zones (HB 2199 & HB 3011)**

- The Enterprise Zone and Long-Term Rural Enterprise Zone programs were extended for 7 years until 2032.
- School support fee: zone sponsors are required to negotiate with local school districts to establish a school support fee between 15-30% of the total tax abatement. The fee will apply to the amount of the property tax abatement in years 4-5 of the standard enterprise zone abatement and years 6-15 of the long term rural; companies receiving the enterprise zone will receive the full abatement during the first 3 years of a standard enterprise zone agreement and during the first 5 years of the long-term rural agreement.
- Retail fulfillment/distribution centers are excluded from the program.
- Zone sponsors will need to post the terms of agreements publicly for 21 days before finalization, except for confidential and proprietary information.
- Zone sponsors will need to notify neighboring jurisdictions about potential impacts to infrastructure resulting from enterprise zone investments.

The program changes apply to enterprise zone agreements entered after September 23, 2023. Enterprise zone agreements that have already taken place will not be affected.

### **Strategic Investment Program (SIP) (HB 3457, HB 3011, SB 1084)**

- The Gain-Share program is extended for 5 years until 2030.
- The minimum investment value for SIP projects is increased from \$100 to \$150 million for urban projects and from \$25 to \$40 million for rural projects and adjusts yearly for inflation.
- The real market value amount that is taxable is increased from \$25 million to \$50 million, from \$50 million to \$75 million, and from \$100 million to \$150 million depending on project size.
- The Community Service Fee cap is increased from \$2.5 million to \$3 million and adjusts yearly for inflation.
- Ports and any special districts that provide emergency services and public safety must enter into the agreement.
- Disallowed any new Strategic Investment Zones.
- Business Oregon must make negotiating materials available to local governments.

The program changes apply to SIP agreements entered after September 23, 2023. SIP agreements already in place will remain under the original terms of the agreement.

### **HB 3201 – Broadband**

*Chapter Law: 338      Effective Date: July 18, 2023*

Oregon is set to receive roughly \$900 million from the federal government for broadband infrastructure and digital equity purposes. The goal of this bill was to ensure that Oregon

applicants have as much flexibility to spend this funding according to what guidance allows. It removed barriers from previous speed definitions and eligibility requirements that could have prevented some jurisdictions from applying for these grants and the state's ability to receive the entirety of the funds that have been allocated. It aligns Oregon statute in the Oregon Broadband Fund with guidance and best practices from federal programs. It also aligns speed and eligibility requirements with federal infrastructure programs to ensure Oregon can maximize the funding allocations while removing all requirements for future broadband funding that can be determined through rule or the programs they apply to.

#### **SB 4 – Oregon CHIPS Act**

*Chapter Law: 25      Effective Date: April 13, 2023*

SB 4 was Oregon's version of the federal CHIPS Act and served as the bridgehead for critical economic development incentives during the 2023 session. Many of the recommendations from the Oregon Semiconductor Competitiveness Task Force were contained in the measure.

These include:

- \$190 million for grants and loans to help semiconductor and advanced manufacturing companies to apply for federal CHIPS dollars.
- \$10 million for public universities to help secure federal research match grants.
- \$10 million for industrial land development for semiconductor related projects; and
- Temporary gubernatorial authority to bring land into an urban growth boundary for up to eight locations designated for the semiconductor industry.

The recommendations from the task force included a suite of economic development incentives including extensions of Oregon's Enterprise Zone program and the gain-share component of the Strategic Investment Program. The incentive package passed later in session (see HB 2009).

### **ECONOMIC DEVELOPMENT – Bills that Failed**

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#### **HB 2258 – Industrial Site Readiness Funding**

*In committee upon adjournment*

HB 2258 would have extended the Business Oregon Industrial Site Readiness Program and allocated \$40 million to the program. Without the extension, the program ended on July 1, 2023. Business Oregon stopped accepting applications in December 2022. There was some funding for industrial site readiness included in the Business Oregon budget bill (SB 5524). HB 2258 was a recommendation of the Semiconductor Task Force.

## **ELECTIONS – Bills that Passed**

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### **HB 2004 – Ranked Choice Voting**

*Chapter Law: 220      Effective Date: December 5, 2024 (referred to the people)*

Ranked choice voting (RCV) requires voters to rank candidates by preference instead of voting for just one person. A candidate wins by receiving a majority of the first-preference votes cast. When there is no majority winner, this method allows for instant runoff. The candidate with the lowest number of first-preference votes is eliminated and the second preference votes from those ballots are allocated to the remaining candidates and tabulated. This process continues until a candidate achieves a majority of the votes cast. Two states (Maine and Alaska), one county, and 52 cities have adopted RCV for elections. In Oregon, RCV was approved by Benton County voters in November 2016 and was first used in the November 2020 general election for county commissioner.

House Bill 2004 refers (for consideration at the November 2024 election) a measure to establish ranked choice voting as the voting method used for the nomination and election to the offices of President and Vice President of the United States, U.S. Senator, Representative in Congress, Governor, Secretary of State, State Treasurer, and Attorney General. The measure allows all local governments to choose to use this method to elect candidates. If approved by voters the measure will take effect January 1, 2028.

### **HB 2107 – Motor Voter Expansion**

*Chapter Law: 493      Effective: January 1, 2024*

House Bill 2177 (2015) required the Oregon Department of Transportation, as a designated voter registration agency, to provide the Elections Division of the Secretary of State (SOS) with the electronic records of each person who may be eligible to vote after certain interactions with the DMV. The law, known as “Oregon Motor Voter,” was enacted by the Legislative Assembly to modernize the federal “Motor Voter Act” that required DMVs in most states to offer voter registration services, primarily by asking customers if they would like to register.

HB 2107 extends automatic voter registration to Oregon Health Authority (OHA) as of June 1, 2026. It is estimated that this change will increase voter registration statewide by approximately 170,000 new voters.

## **ENVIRONMENT – Bills that Passed**

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### **HB 2531 – Prohibition on Certain Compact Fluorescent Lamps**

*Chapter Law: 410      Effective Date: September 24, 2023*

Fluorescent bulbs, such as compact fluorescent light bulbs, contain mercury which can be

released into the environment as a liquid or vapor when a bulb breaks. This bill prohibits the sale or distribution in or into Oregon of new screw or bayonet-base type compact fluorescent lamps as a new manufactured product on or after January 1, 2024. It prohibits the sale or distribution in or into Oregon of new pin-base type compact fluorescent lamps and linear fluorescent lamps as a new manufactured product on or after January 1, 2025. HB 2531 allows the continued sale and distribution of certain types of lamps. The Environmental Quality Commission is authorized to adopt rules necessary to enforce prohibition on sale or distribution of certain fluorescent lamps and establishes civil penalties for any person who violates the prohibition, rule, or order pertaining to sale and distribution of certain fluorescent lamps.

### **HB 3409 – Omnibus Climate Package**

*Chapter Law: 442      Effective Date: July 27, 2023*

This bill is an amalgamation of several separate bills combined into one. Some of the provisions will have an impact on our membership. For example, the bill directs the Department of Consumer and Business Services (DCBS) to facilitate greenhouse gas emission reductions. This portion of the measure requires DCBS to consult with the Department’s advisory boards and committees and work with Oregon Department of Energy (ODOE) to specify energy efficiency goals for new residential and commercial construction with an aim to achieve at least a 60 percent reduction in annual energy consumption by 2030, from standards specified in building and specialty codes that were in effect in 2006. DCBS is to report to an interim committee of the Legislative Assembly related to the environment by December 31<sup>st</sup> of every third year, starting in 2023, on progress and options to achieve goals. DCBS must update the Reach Code through rulemaking to show progress toward the goals each time the Department updates the statewide building code and applicable specialty codes. It requires ODOE to specify energy performance standards for covered commercial buildings, permits them to impose civil penalty for failure to comply and requires them to establish an incentive program to encourage compliance.

In addition, the bill establishes a Community Green Infrastructure Grant Program, which directs the Oregon Department of Agriculture to certify green community nurseries. HB 3409 directs the State Forestry Department to acquire and maintain urban tree canopy assessment tools and to develop and implement a program related to loss of tree canopy.

Under the measure, the Department of Environmental Quality (DEQ) is to establish a rebate program for purchase or lease of qualifying medium or heavy duty zero-emission vehicles. Also included in the bill is a component that directs ODOE and Oregon Climate Action Commission to prepare an inventory, baseline and metrics for net carbon sequestration and storage in natural and working lands and to study workforce training programs needed to support adoption of natural climate solutions.

Finally, it directs the Oregon Health Authority to identify, monitor and test water sources susceptible to harmful algal blooms. Directs DEQ to develop strategy to respond to harmful algal blooms.

## **HB 3273 – Elimination of DEQ Dry Cleaner Program**

*Chapter Law: 262      Effective Date: September 24, 2023*

HB 3273 repeals the Department of Environmental Quality's (DEQ) dry cleaner environmental program on January 1, 2024. It abolishes the Dry Cleaner Environmental Response Account on January 1, 2025 (ORS 465.510) and requires transfer to the General Fund of any moneys remaining in the account on January 1, 2025, that are unexpended, unobligated, and not subject to any conditions and made available for general governmental purposes. The measure prohibits the use of perchloroethylene and n-propyl bromide as dry-cleaning solvents, operative January 1, 2028, and authorizes the Environmental Quality Commission (EQC) to adopt rules as necessary to enforce the prohibition. Any person who violates the prohibition, or any rule or order entered or adopted under prohibition, will incur a civil penalty not to exceed \$25,000 for each day of violation.

The bill permits DEQ to enter upon and inspect, at any reasonable time, any dry-cleaning facility for the purpose of investigating either an actual or suspected violation of prohibition. It authorizes DEQ to require the owner or operator of any dry-cleaning facility to furnish to the department information related to the use of perchloroethylene or n-propyl bromide as a dry-cleaning solvent, and allows DEQ to, at any reasonable time, inspect and copy a dry-cleaning facility's documents or records related to the use of perchloroethylene or n-propyl bromide as a dry-cleaning solvent.

Additionally, HB 3273 enables DEQ to, without prior administrative notice or hearing, institute actions or proceedings for legal or equitable remedies to enforce compliance with prohibition or to restrain further violations of prohibition whenever it appears to the department that any person is engaged or about to engage in any acts or practices that constitute a violation.

## **ENVIRONMENT – Bills that Failed**

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### **HB 2206 – Salmon Restoration**

*In committee upon adjournment*

This bill would have required the Oregon Department of State Lands in consultation with the Oregon Department of Fish and Wildlife to, by rule, develop and staff a salmon credit pilot program that encouraged and created financial incentives for landowners to engage in voluntary salmonid habitat restoration projects and permitted individuals to purchase salmon credits in order to comply with a conditions imposed on a permit, to improve the health of wild coho and chinook salmon in the Coquille and Coos watershed.



## **HB 2396 – Indirect Source Pollution**

*In committee upon adjournment*

Indirect sources of air pollutants are places such as facilities or roads that may contribute indirectly to air pollution by attracting mobile sources of air contaminants. This bill would have directed the Environmental Quality Commission (EQC) to adopt rules to establish a program to control emissions from indirect sources in Oregon as well as the aggregate emissions from vehicles or engines associated with the indirect source. HB 2396 would have required the EQC to establish rules that an owner or operator of an indirect source to notify residents or businesses in the geographic area of any significant air quality concerns.

## **HB 3016 – Green Infrastructure**

*In committee upon adjournment*

This bill would have established the Community Green Infrastructure Grant Program administered by the Department of Land Conservation and Development (DLCD). It would have authorized DLCD to enter into intergovernmental agreements with the specified state agencies or an Indian tribe to provide program assistance. The measure established eligibility criteria for community green infrastructure project grant application planning or development. Established application and award criteria for grant the program and authorized DLCD, in awarding grants, to give priority to projects meeting specified criteria.

HB 3016 established a Community Green Infrastructure Fund with money in the fund continuously appropriated to DLCD for the purpose of carrying out grant the program. It required allocation of funds in the following manner:

1. 30 percent for grants to be awarded for planning or developing green infrastructure economic development projects;
2. 40 percent for grants to be awarded for entities or projects located in green infrastructure improvement zones; and
3. 30 percent for grants to be awarded to entities or projects in tribal, rural, remote, or coastal communities.

DLCD would have been authorized to appoint an Advisory Committee on Community Green Infrastructure Investment to provide consultation on the implementation of the Community Green Infrastructure Grant Program and provides criteria for appointing committee members. Among other things, it also would have required Oregon Department of Agriculture (ODA) to certify Oregon nursery as a "green communities' nursery" if certain criteria are met.

Furthermore, the bill directed the Oregon Department of Forestry (ODF) to acquire and maintain an urban tree canopy assessment tool with specified elements and required ODF, using the urban tree canopy assessment tool, to designate as green infrastructure improvement zones areas of this state that have a high level of poverty density.

## **HB 3158 – New Fees and Taxes on Diesel Engines, Rental Equipment and Tires**

*In committee upon adjournment*

HB 3158 would have imposed an excise tax on retail sale of tires, a privilege tax for engaging in business of providing non-road diesel equipment, a tax on use in Oregon of non-road diesel equipment purchased out of state at retail, a heavy equipment rental tax on rentals of non-road diesel equipment, a privilege tax on heavy-duty vehicles, and a license tax on dyed diesel for transfer to the Clean Diesel Engine Fund. Moneys raised would have been used for grants or loans awarded from Clean Diesel Engine Fund for re-power of non-road diesel engines to 50 percent of certified costs. The bill would have directed the Environmental Quality Commission (EQC) to establish preference for grants and loans from the fund for replacements, repowers, or retrofits necessary to satisfy certain title and registration requirements for heavy- or medium-duty trucks powered by diesel engines.

## **SB 530 – Climate Solutions to Natural and Working Lands**

*In committee upon adjournment*

This bill would have defined the following terms: "biological carbon sequestration," "climate resilience," "environmental justice community," "natural and working lands," and "natural climate solutions." It established a state policy regarding natural climate solutions. Created a Natural and Working Lands Fund for appropriation to the Oregon Watershed Enhancement Board (OWEB) and directed OWEB to annually transfer funds in the amounts determined by the Oregon Global Warming Commission (OGWC) to the Agriculture Natural Climate Solutions Fund administered by the Oregon Department of Agriculture (ODA), the Forestry Natural Climate Solutions Fund administered by the Oregon Department of Forestry (ODF), the Watershed Natural Climate Solutions Fund administered by the OWEB, and the Fish and Wildlife Natural Climate Solutions Fund administered by the Oregon Department of Fish and Wildlife (ODFW).

The bill directed the OGWC, in determining allocation amounts, to evaluate the expected ability of each agency to carry out programs or activities and the degree to which allocated moneys should be used to secure federal or other sources of funding, and to consult with relevant agencies to determine each agency's proposed uses for the moneys. Under the proposal ODA, ODF, and OWEB would have used those moneys to provide incentives and financial assistance to help landowners, Indian tribes, land managers, and environmental justice communities adopt natural climate solutions.

## **SB 803 – Study of Fossil Diesel Phaseout**

*In committee upon adjournment*

SB 803 would have directed the Department of Environmental Quality (DEQ) to study feasibility of phasing out fossil diesel fuels with high carbon intensity value as transportation fuels in Oregon and report to the Legislative Assembly no later than September 15, 2024.

## **FINANCE AND TAXATION – Bills that Passed**

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### **HB 2080 – Omnibus Property Tax Bill**

*Chapter Law: 398      Effective Date: September 24, 2023*

This omnibus bill combined several policies and bills from this session relating to property tax. It extends the following property tax exemptions by moving the sunset to a later date (sections of amendment in parenthesis):

- Industrial improvements newly constructed or installed in rural areas (Section 3)
- Federal land used by recreation facility operators under permit (Section 4)
- Food processing machinery and equipment (Section 5)
- Property of centrally assessed companies (Section 6)
- Single-unit housing (Section 7)
- Property of surviving spouses of certain public safety officers killed in the line of duty (Section 8)

The omnibus bill expands the following property tax exemptions:

- Community solar projects: expanded to include non-residential projects (Sections 9-10)
- Food processing machinery and equipment - expanded to include meat or wild game (Sections 11-12)
- Multiple-unit housing: expanded to include the entire multiple-unit housing, rather than the additions and conversions only. Eliminates requirement for city to pass an ordinance or resolution to approve the exemption for each property, since a city-wide ordinance is already required (Sections 13-18)
- Low-income rental housing: expanded to housing units owned by limited equity cooperative corporations (Sections 19-24)

The omnibus bill modifies the following property tax exemptions:

- New or rehabilitated multi-unit rental housing: authorizes city or county to establish alternate schedule for property tax exemption (Sections 25-27)
- Disabled veterans or surviving spouses of veterans: allows surviving spouse of veteran to continue receiving exemption without needing to reapply (Sections 28-29)

### **HB 2110 – Municipal Audits**

*Chapter Law: 10      Effective: January 1, 2024*

HB 2110 was introduced via the Secretary of State's legislation. The bill makes several changes to the statutes governing municipal audits. It increases the threshold for the municipal audit exemption from \$500,000 to \$1,000,000 and the review threshold from \$150,000 to

\$250,000. These thresholds have not been increased since 2005; SB 837 (2005), which enacted the increase, was passed in 2005 when SDAO spearheaded the legislation.

Over the past few years, the cost of doing business has increased exponentially causing small districts to exceed the \$150,000 threshold provided for in ORS 297.435. A municipal audit review can cost a district between \$7,000 to \$10,000 which can cause financial hardship for many of our small districts.

As an example, one of our small districts reported to SDAO during the interim that they were on the verge of going over the \$150,000 threshold last fiscal year by roughly \$35,000 (the total budget was \$185,000). After many calls to auditors approved by the Secretary of State, the district received a handful of calls/emails in response. The auditors all had the same answer, “we aren’t taking new clients.” There is a shortage of auditors who are willing to do this work.

In addition, it doesn’t make sense to spend \$10,000 because a district exceeds a threshold by several thousand dollars. Spending \$10,000 for audit purposes does not make good fiscal sense and can amount to a few months of payroll, typical monthly expenditures, or elimination of a small project that requires funding.

HB 2110 will benefit a large number (nearly 400) of small districts who are having difficulty, not only finding a municipal auditor to serve the district but affording the cost of a municipal audit. SDAO introduced HB 2254 to accomplish the same provisions contained in HB 2110 and is grateful that the Secretary of State’s Office included our suggested language in HB 2110.

## **FINANCE AND TAXATION – Bills that Failed**

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### **HB 2088 – County Assessment and Taxation Funding**

*In committee upon adjournment*

HB 2088 would have diverted 3% of property tax revenues to county assessors’ assessment and taxation programs. Assessors serve a very important function for special districts by assessing and collecting property taxes. Some counties have had difficulty funding their programs. This legislation would have taken a portion of all revenues collected and diverted them to county assessor programs. SDAO opposed diverting this revenue as a solution and participated in a workgroup during the session that focused on finding a more stable funding mechanism for county assessment. The workgroup did not identify a solution and we expect this issue to be brought forward in future legislative sessions.

### **HB 2980 – Tax Increment Financing for Affordable Housing**

*In committee upon adjournment*

This bill would have created a new program at the Oregon Business Development Department

(OBDD) to develop and administer loans to sponsoring jurisdictions (cities or counties) to fund certain costs associated with the construction of housing projects that met certain eligibility requirements. Under the originally introduced bill, those loans were to be paid off within 10 years by the sponsoring jurisdiction using Tax Increment Financing. This caused serious opposition from the fire services, particularly those that were fire districts, because the use of this financing tool would have effectively frozen the property taxes generated from those new developments for 10 years while at the same time generating new service demands for those fire districts. Through the course of several negotiations, we were able to work with the sponsor of the bill and advocates to modify the bill so that fire districts would remain whole, whereas other property tax dependent local governments would not receive the increase property values until the loans from OBDD had been satisfied.

## **GENERAL GOVERNMENT – Bills that Passed**

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### **HB 2001 – Affordable Housing and Emergency Homeless Response Package**

*Chapter Law: 13      Effective Date: March 29, 2023*

On her first day in office, Governor Kotek signed three executive orders aimed at tackling the state’s housing and homelessness crisis by declaring a homelessness state of emergency; setting an ambitious state target to increase home construction; and directing state agencies to prioritize reducing and preventing homelessness in all areas of the state. In response, the legislature passed HB 2001 and HB 5019, also known as the “60-day housing package,” early in the session with broad bipartisan support.

In 2019, the Legislative Assembly enacted House Bill 2003, which required each city with a population greater than 10,000 to conduct a housing needs analysis, and to develop and adopt a housing production strategy to address unmet housing needs. The measure also allocated funding to the Department of Land Conservation and Development (DLCD) to create a new methodology, known as the Regional Housing Needs Analysis, for a statewide approach to address housing need across income levels, while reducing geographic disparities in access to housing. Subsequent legislation in 2021 and 2022 directed DLCD to study and make legislative recommendations on the incorporation of a regional housing needs analysis into state and local planning programs, as well as convene local government, development, and community-based and other stakeholders to make recommendations to address housing needs and land supply issues throughout the state.

The result of this work is the Oregon Housing Needs Analysis policy recommendations, which DLCD submitted to the legislature in December 2022. This bill, among other things, establishes the Oregon Housing Needs Analysis within Oregon Housing and Community Services (OHCS), with stated purpose of furthering housing production and housing choice at all levels of affordability.

**Urbanization within Metro:** HB 2001 directs Metro to conduct an estimate of needed housing for cities within Metro and allocate to these cities a housing need that considers: housing underproduction; forecasted population growth; regional job growth; the needs of individuals experiencing homelessness; vacation or second homes; and equitable distribution of housing across specified income levels. It also distinguishes buildable lands requirements for cities within Metro. The bill requires Metro to develop and adopt a housing coordination strategy identifying regional strategies and impediments to producing needed housing within one year of completing a housing capacity analysis.

**Urbanization outside Metro:** The measure clarifies necessary actions by cities outside Metro with a population greater than 10,000 in conducting inventory of buildable lands and determining capacity for needed housing. It defines “needed housing” as housing by affordability level, type, characteristics, and location that is necessary to accommodate a city's allocated housing need over the specified 20-year planning period, and requires a local government to amend its urban growth boundary or amend other land use regulations when identified needed housing exceeds current capacity. HB 2001 allows cities outside Metro with population greater than 10,000 to adopt rural reserves as defined in statute; clarifies properties within urban and rural reserves are not subject to compensation under statute unless the designation and protection imposes a new use restriction on or reduces the fair market value of the property. Additionally, it clarifies provisions of the bill do not apply to urban reserves or rural reserves acknowledged prior to the measure’s effective date.

**Urbanization Rules Update:** The bill directs the Land Conservation and Development Commission (LCDC) to adopt rules and amendments related to urbanization which provide greater flexibility, options, and certainty for local governments in amending urban growth boundaries or adopting comprehensive plan amendments or land use regulations to support their housing production strategies. It specifies priorities LCDC must consider in rulemaking, to accommodate local housing production strategies, and allows the commission to postpone provisions of Act related to urbanization for certain cities outside Metro to avoid interference with current planning activities. HB 2001 prohibits appeals to local government amendments to a land use regulation or comprehensive plan amendment if local government has utilized the Oregon Housing Needs Analysis methodology. The measure directs local governments to identify, as part of buildable lands inventory, specified development-ready lands, and take actions to prepare lands for development or redevelopment, and appropriates \$1 million in General Fund moneys to LCDC to adopt rules related to urbanization.

**Housing production accountability.** HB 2001 describes Department of Land Conservation and Development (DLCD) responsibilities to partner with public bodies to increase housing production and to develop proportional responses to underperformance or deliberate noncompliance by a local government regarding housing targets, and clarifies terms by which the department may refer a city to department’s housing acceleration program. It defines components of the housing acceleration program, including department-conducted audit of a city’s housing barriers, identification of available resources and available department or other public funding assistance, and agreement by city to adopt amended housing production

strategy within six months. The bill directs DLCD and other state agencies to assist cities in completing actions contained in housing acceleration agreement. It allows DLCD to request enforcement order without prior approval from Land Conservation and Development Commission (LCDC), and requires the Commission to issue enforcement order to cities with a population of 10,000 or greater that: have a pattern or practice of violating statutes which cause unnecessary cost or delay to housing production; have a pattern or practice of creating adverse impacts to protected classes in equitable access to housing; or have failed to enter into or have breached terms of a housing acceleration agreement. The bill expands requirements that LCDC may impose on a city as part of an enforcement order, including imposing model ordinances, reducing development review timelines, or forfeiting grant funds. Lastly, HB 2001 makes operative provisions in the bill related to housing production accountability on January 1, 2025.

The 60-day housing package includes the following:

- \$33.6 million to prevent homelessness statewide.
- \$85.2 million to rehouse people experiencing homelessness and expand shelter capacity in emergency areas.
- \$27.4 million to rehouse people experiencing homelessness and expand shelter capacity in the 26 rural counties that make up the Balance of State Continuum of Care.
- \$5 million to federally recognized tribes to address homelessness needs among tribal members statewide.
- \$3.9 million for emergency management response (Oregon Housing and Community services (OHCS) and Oregon Department of Emergency Management (ODEM)).
- \$25 million for programs supporting unhoused youth.
- \$20 million for modular home production to rapidly deploy affordable housing.
- \$3 million in a revolving loan fund to incentivize housing development with predevelopment loans for moderate-income housing.
- \$5 million to improve on-site workforce housing for agricultural workers.
- A compromise between tenant advocates and landlords that provides renters faced with eviction for non-payment with more time to access rental assistance and other services that will help them stay in their homes.
- The bill lengthens the eviction notice timeline from 72 hours to 10 days and includes a right of redemption; and
- Establishes and funds the Oregon Housing Needs Analysis (OHNA) program, which applies to cities with a population of 10,000 or more.
- The bill includes \$3.5 million in funding at the Oregon Department of Land Conservation and Development (DLCD) for local grants for housing planning updates. That funding, in addition to investments in the DLCD budget, provides \$4.75 million for housing and urbanization grants available to all cities for the 2023-25 biennium.

## **HB 2049 – Cybersecurity**

*Chapter Law: 489      Effective Date: July 31, 2023*

House Bill 2049 establishes the Oregon Cybersecurity Center of Excellence within Portland State University. The intent is to supplement the cybersecurity related activities of the State Chief Information Officer and to coordinate, fund, and provide cybersecurity workforce development, education, awareness, and training for public, private, and nonprofit sector organizations, and cybersecurity-related goods and services to Oregon public bodies with a targeted focus on the unmet needs of regional and local government, special districts, Education Service Districts, K-12 school districts and libraries. The measure directs Portland State University, Oregon State University and University of Oregon to jointly operate the center by agreement and to provide administrative and staff support and facilities for center operations.

A startup amount of \$4.3 million is estimated as the amount needed to conduct baseline cybersecurity assessments and pilot studies, conduct applied cybersecurity research, develop a cybersecurity resilience plan, establish grant program administration functions, and serve as matching funds for federal grants. \$3.1 million of that amount was included in HB 2049 to serve as potential matching funds for nearly \$12 million in remaining federal funds available to Oregon through the Infrastructure Investment and Jobs Act State and Local Cybersecurity Grant Program through the end of federal fiscal year 2025. The amount required in the 2025-27 biennium to replenish monies available within the Oregon Cybersecurity Grant Program Fund is indeterminate at this time.

## **HB 2238 – Removal Fill Fees & Removal of Personal Property from State Lands**

*Chapter Law: 403      Effective Date: September 24, 2023*

This bill authorizes Oregon Department of State Lands (DSL) to remove, store, and dispose of personal property left on state lands without authorization. It would require the DSL Director to adopt rules establishing fees for removal or fill permit applications, wetland delineation report review, and general authorizations, rather than specify those fees in statute.

## **HB 3151 – Manufactured Housing Parks**

*Chapter Law: 334      Effective Date: January 1, 2024*

HB 3151 prohibits a manufactured housing park owner from charging tenants system development charges. It allows the manufactured dwelling park loan fund to be used for the development of new parks and adds specified ownership types within an existing requirement that local governments allow siting of manufactured dwelling parks in certain nonresidential zones without requiring a zone change or conditional use permit, subject to certain conditions.

## **HB 3167 – Public Legal Notice Publication**

*Chapter Law: 257      Effective Date: July 13, 2023*

ORS chapter 193 establishes the requirements for legal notices in newspaper publications and



radio and television broadcasts. For newspapers, public notices shall be published in any newspaper, as defined by statute, that is published within the county, city, district, or jurisdiction where the action, suit, or other proceeding is pending or is to be commenced. If no newspaper meeting the definition is published in the county, city, district, or jurisdiction, public notice must be given in the nearest published newspaper or in any publication that is published at least once a month in the county, city, district, or jurisdiction. This bill changes the definitions to allow the publication of legal notices in both printed newspapers and digital newspapers. The measure also allows the publication of notices in a newspaper that produces local news where at least 25 percent is locally and originally composed, regardless of where the newspaper is produced or printed and in situations where the newspaper recognized as best suited for publication of public notices ceases to operate and no suitable alternative exists.

### **HB 3442 – Affordable Housing in 100-Year Flood Zones and Tsunami Areas**

*Chapter Law: 548      Effective Date: July 31, 2023*

This bill allows a local government to approve affordable housing applications on property that is within a 100-year floodplain or subject to development constraints under land use regulations relating to natural disasters and hazards, with certain conditions. The measure specifies an eligible development must be within an urban growth boundary of a city no more than 10 miles from the Pacific Ocean and in areas requiring compliance with specified federal or local flood insurance and development regulations. The measure prohibits affordable housing from being sited in floodways or in public parks, and it allows local governments to prohibit affordable housing or require a zone change or conditional use permit to develop affordable housing in areas allowed by the measure.

### **HB 3464 – Beavers Take Limitations**

*Chapter Law: 445      Effective Date: January 1, 2024*

HB 3464 removes beavers from the definition of “predatory animal” under the animal laws administered by the Oregon Department of Agriculture. It allows taking of beaver as a “fur-bearing animal” under the wildlife laws administered by the Oregon Department of Fish and Wildlife (ODFW) provided the person who takes the beaver obtains a take permit. The bill creates an exception to the take permit requirement if the beaver damages or imminently threatens infrastructure or agricultural crops, and for an owner of small forestland if the beaver is causing damage or has the potential to cause damage. The new law requires the Oregon Fish and Wildlife Commission to adopt rules by December 31, 2024, that govern the taking of beavers. It establishes criteria and Commission considerations for rulemaking, and requires certain persons exempt from a take permit to still report the taking. Finally, the bill specifies that the removal of beavers from the “predatory animal” definition becomes operative on the date the Commission adopts rules.

## **HB 5030 – Lottery Bonding Bill**

*Chapter Law: 599      Effective Date: August 4, 2023*

This bill authorizes the issuance of lottery revenue bonds for specified projects. A total of \$453 million of net lottery bond proceeds are authorized to be spent on 37 projects included in HB 5030. Authority to spend bond proceeds for project costs and pay for the cost of issuing bonds is included in the budget reconciliation bill (SB 5506). Lottery revenue bonds are scheduled to be issued in the of spring 2024 and 2025 and debt service payments in the 2023-25 biennium are estimated to be \$13.1 million. Lottery revenue bonds are authorized for the relevant projects and programs summarized below:

- The measure authorizes issuance of \$20 million in net proceeds in the 2025-27 biennium for the Coos Bay Channel Modification project funded in the Oregon Business Development Department.
- Port of Portland Terminal 2 Building Innovation Hub Mass Timber Factory - \$5 million
- Port of Hood River - Hood River-White Salmon Interstate Bridge - \$20 million
- Special Public Works Fund - \$30 million
- Levee Grant Program - \$10 million
- Community Drinking Water Enhancement and Protection Fund - \$4 million
- Water Development Projects - \$10 million
- Statewide Irrigation Modernization Grants Program - \$50 million

## **HJR 16 – Impeachment**

*Filed with Secretary of State*

HJR 16 proposes a Constitutional amendment (for consideration at the November 2024 election) to give the Oregon House of Representatives (House) the power of impeachment for statewide elected officials of Executive Branch for malfeasance or corrupt conduct in office, willful neglect of statutory or constitutional duty, or other felony or high crime, and the Oregon Senate the power to try any impeachment received from House. The measure requires a two-thirds majority vote of the House to deliver an impeachment resolution to Senate and two-thirds majority vote of the Senate for conviction.

## **SB 569 – Closed Captioning for TVs in Places of Public Accommodation**

*Chapter Law: 144      Effective Date: September 24, 2023*

This bill requires every place of public accommodation that provides a closed-captioned enabled television in a public area to activate closed captioning. Inplaces of public accommodation with multiple televisions it requires activated closed captioning on at least 50 percent of the televisions within the area.

## **SB 812 – Regulating Unmanned Aerial Systems**

*Chapter Law: 115      Effective Date: January 1, 2023*

Under SB 812, a local government is authorized to enact an ordinance or resolution prohibiting or regulating the takeoff and landing of unmanned aircraft systems (UAS) in parks owned by the local government. It requires that the ordinance or resolution allow utility providers a reasonable ability to use UAS in parks to inspect utility lines; allow public bodies to use UAS in parks for emergency operations, among other things. .

## **SJR 34 – Independent Public Service Compensation Commission**

*Filed with Secretary of State*

Oregon law requires each county to appoint a county compensation board to recommend the compensation schedule for elected county officials. A similar commission was required to review and make recommendations for the salaries of certain state officials, but the commission was largely inactive from its establishment in 1983, by 2000 all positions became vacant until its abolishment in 2017. Legislation enacted in 2007 revitalized the Commission with new membership and a revised scope of work. The Commission's 2008 recommendations were introduced amidst the Great Recession, and the Legislative Assembly ultimately declined to increase compensation for public officials. The Commission went unfunded after 2008 and was eliminated in 2017.

SJR 34 proposes a Constitutional amendment (for consideration at the November 2024 election) to establish the Independent Public Service Compensation Commission. If approved by voters the Commission will establish salaries for specified public officials, including: Governor; Secretary of State; State Treasurer; Attorney General; Bureau of Labor and Industries Commissioner; Supreme Court Judges and other judges governed by the Oregon Judicial Department; District Attorneys; State Senator; and State Representative.

## **GENERAL GOVERNMENT – Bills that Failed**

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### **HB 2981 – Infrastructure Loans for Affordable Housing**

*In Committee upon adjournment*

House Bill 2981 would have directed the Oregon Business Development Department (OBDD), in consultation with the Department of Land Conservation and Development (DLCD) and Oregon Housing and Community Services (OHCS), to provide grants and forgivable loans with terms of 40 years or less to local governments for infrastructure and public improvements supporting developers of moderate-income housing. The bill would have allocated \$20 million in General Fund moneys to OBDD for moderate income housing grants and forgivable loans.

### **HB 3202 – Dark Sky Requirements for Outdoor Lighting**

*In committee upon adjournment*

This bill would have required that any new outdoor lighting that was to be constructed with the assistance of state funding would have been required to meet “dark sky” standards. SDAO engaged in this bill as did the Oregon Parks and Recreation Association. The bill ultimately died in committee.

### **HB 3515 – City of Portland Special Park District**

*In committee upon adjournment*

This measure would have permitted the City of Portland to refer a ballot measure to form a parks and recreation special district. Under the bill, the city council would have served as the governing body of the district. HB 3515 also required the city to receive approval by ordinance or resolution from the county in which the majority of the district lies if the ballot measure included a permanent rate limit for operating taxes for the proposed district. The bill would have removed any existing park and recreation districts within the new districts’ boundaries. SDAO opposed the measure and testified against it in committee.

### **SB 124 – Hydrogen Generators**

*In committee upon adjournment*

This bill would have established a Renewable Hydrogen-Fueled Generator Grant Program within the Oregon Department of Energy (ODOE) for the purpose of providing grants to fund the replacement of backup electrical systems or generators that used diesel or other fossil fuels with renewable hydrogen-fueled generators. The measure would have appropriated \$5 million from the General Fund to the Renewable Hydrogen-Fueled Generator Grant Fund.

### **SB 634 – Lottery Bonds for the Levee Grant Fund**

*In committee upon adjournment (Added to HB 5030 – Lottery Bonding Bill)*

SB 634 authorized the issuance of lottery bonds in an amount that nets \$15 million for deposit in the Levee Project Grant Fund. Those funds were to be used for investigating the adequacy of levees and improving levees so they can be certified and accredited. HB 5030 contained \$10 million for the Levee Grant Fund.

### **SB 635 – County Right of Way Permit Fees**

*In committee upon adjournment*

This bill would have given counties the authority to charge permit fees to private and publicly owned utilities that utilize the county’s right of way. A workgroup was formed due to opposition to the proposed measure by utilities during the session, but those meetings did not result in an agreement. However, a workgroup has been formed over the interim and it is expected that a negotiated measure will be introduced during the 2024 short session.

### **SB 847 – Comprehensive Housing Measure**

*In committee upon adjournment*

This bill contained several provisions relating to housing. One of those provisions would have frozen property taxes assessed on the value of Accessory Dwelling Units for five property tax years beginning on July 1, 2023. SDAO opposed that provision of the bill.

### **SB 858 – Children’s Service District**

*In committee upon adjournment*

This was the sixth time similar legislation has been introduced, and would have permitted the creation of a children’s services district. SDAO testified against the measure and the bill never made it out of committee.

### **SB 998 – System Development Charges**

*In committee upon adjournment*

This bill would have explicitly provided system development charge modification, including exemption from the charges for certain affordable housing, as a tool, cities may use in their Housing Production Strategy. It allowed the Land Conservation and Development Commission (LCDC) to require such modifications in land use and housing production strategy (HPS) enforcement orders and provide a report to the Legislative Assembly on or before December 15, 2023.

## **LABOR – Bills that Passed**

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### **HB 2865 – Military Leave for Public Employees**

*Chapter Law: 325      Effective Date: January 1, 2024*

Current law (ORS 408.290) entitles public employees serving in the National Guard, Guard Reserve, or a reserve component of the Armed Forces or Public Health Service, a 15-day leave of absence without loss of time, pay or regular leave, or other benefits, for initial or annual active-duty training. This bill entitles public employees who are members of the National Guard, National Guard Reserve, or any reserve component of the Armed Forces or Public Health Service to military leave of absence from duties for up to 21 workdays a year.

### **HB 3028 – State Boards and Commission Participation**

*Chapter Law: 331      Effective Date: September 24, 2023*

This bill prohibits employer from requiring employee to use vacation, sick, or annual leave for time spent as an appointed member of state board or commission. It requires the employee to provide at least 21 days' notice to the employer of any time the employee needs for service on

a state board or commission. Employees are eligible to allege violation of the statute and may file a complaint with Bureau of Labor and Industries (BOLI) Civil Rights Division.

### **HB 3307 – Workplace Protections for Apprentices**

*Chapter Law: 99      Effective Date: January 1, 2024*

Currently, certain workplace protections apply only to employees or interns (ORS 659A.230), but because of participants in "on-the-job training program" are not technically considered employees, specific protections are not provided in Oregon. This bill provides employment-related anti-discrimination law protections to persons who participate in registered apprenticeship programs or any private sector on-the-job training programs.

### **SB 168 – Political Activity by Public Officials**

*Chapter Law: 268      Effective Date: January 1, 2024*

Current law (ORS chapter 260) prohibits a public employee, while on the job during work hours, from promoting or opposing any political committee; the nomination or election of a candidate; the gathering of signatures on an initiative, referendum, or recall petition; the adoption of a measure; or the recall of a public office holder. This bill replaces the term "candidate" with "person to a public office" and clarifies that public employees are prohibited from promoting or opposing the appointment, nomination, or election of a person to an elected office while on the job during working hours or otherwise acting in the public employee's official capacity, except in certain situations where the public employee's official duties relate to an appointment required by Oregon Constitution or state statute. The measure also prohibits a public employee from promoting or opposing the filing of an initiative, referendum, or recall petition while on the job during working hours or otherwise acting in the public employee's official capacity.

### **SB 907 – Right to Refuse Dangerous Work**

*Chapter Law: 196      Effective Date: January 1, 2024*

This bill makes it an unlawful employment practice for any person to bar or discharge from employment or discriminate against employee or prospective employee because they have refused to expose themselves to serious injury or death from hazardous condition at place of employment, with no reasonable alternatives and in good faith.

### **SB 912 – Overpayments of Family and Medical Leave Benefits**

*Chapter Law: 120      Effective Date: September 24, 2023*

The family and medical leave insurance program, known as Paid Leave Oregon, is contained in ORS chapter 657B and was enacted by the Legislative Assembly in 2019. This bill creates requirements relating to overpayment of Paid Leave Oregon benefits, collection of overpaid benefits, and penalties for employers who offer, but fail to meet requirements for employer equivalent benefit plans.

### **SB 913 – Family and Medical Leave Technical Changes**

*Chapter Law: 292      Effective Date: September 24, 2023*

This bill makes several technical changes to Paid Leave Oregon and modifications to procedures, including modifying procedures for requesting a hearing, determining when benefits are available to certain persons, and disclosing of confidential information. It also changes the fixed maximum wage subject to Paid Leave Oregon contributions to match the U.S. Social Security contribution and benefit base limit.

### **SB 999 – Family Leave Modifications**

*Chapter Law: 203      Effective Date: June 7, 2023*

SB 999 makes several modifications to Paid Leave Oregon and Oregon Family Leave Act. These changes include requiring employers to offer an employee who returns from leave and whose employment no longer exists an equivalent position at a job site located within 50 miles of the original job site, and requiring consideration of whether there is a significant personal bond resembling a family relationship to determine whether a person qualifies as a family member by reason of affinity.

## **LABOR – Bills that Failed**

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### **HB 2800 – Age Discrimination**

*In committee upon adjournment*

Currently, a person claiming employment discrimination because of age under 659A.030 may file a complaint with the Bureau of Labor and Industries (BOLI) or may file an action in court. This bill would have clarified that, for the purpose of examining allegations of age discrimination, “because of age,” included, but was not limited to, characteristics closely associated with, correlated with, or used as a proxy for age and presumed age was a factor in the employer's adverse employment action, unless an employer could establish it was not. The measure identified characteristics closely associated with age, including but not limited to salary; length of service with an employer; higher cost factors relating to pension benefits, other retirement benefits or any insurance benefits; or retirement or pension eligibility and status.

### **HB 3205 – Hiring and Retention Bonuses**

*At the President's Desk*

In 2021, the Legislative Assembly passed House Bill 2818, temporarily exempting hiring and retention bonuses from the definition of "compensation" for purposes of the pay equity law. The exemption applied only to complaints filed with the Bureau of Labor and Industries (BOLI) and to claims filed in circuit court on or after May 25, 2021, until the exemption expired on March 1, 2022. In 2022, the Legislative Assembly passed Senate Bill 1514, temporarily

reestablishing the exemption for hiring and retention bonuses from the definition of "compensation" for purposes of the pay equity law. The exemption applied to complaints filed with BOLI and to claims filed in a circuit court beginning on or after March 1, 2022, until 180 days following the expiration of the state of emergency that was first declared by the Governor on March 8, 2020.

The state of emergency declared by the Governor expired on April 1, 2022, and the exemption expired on September 28, 2022. This bill originally would have permitted hiring and retention bonuses under the Pay Equity law but was amended to direct the Commissioner of BOLI to adopt rules regarding Oregon's pay equity laws, including clarification around the payment of bonuses based on bona fide factors. The measure also directs BOLI to update the interim committees of the Legislative Assembly related to business and labor by February 1, 2024.

### **SB 925 – Required Posting of Salary and Benefits**

*In committee upon adjournment*

This bill would have made it an unlawful employment practice for an employer or employment agency to advertise a job, promotion, or transfer opportunity without disclosing the pay range and a general description of employment benefits in the job posting.

## **LAND USE – Bills that Passed**

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### **HB 3197 – Clear and Objective Development Standards**

*Chapter Law: 533      Effective Date: July 31, 2023*

HB 3197 clarifies that clear and objective standards, conditions, and procedures regulating housing development apply to land within an urban growth boundary. Beginning July 1, 2025, the measure extends these provisions to designated unincorporated communities, non-resource lands, and areas zoned for rural residential use. County regulations governing farmworker housing that exceed statutory or commission rules must meet clear and objective standards, effective July 1, 2025. In addition, the measure removes the limitation that an alternative approval process for housing be based on a project's "appearance or aesthetics".

### **HB 3395 – Residential Development in Industrially Zoned Areas**

*Chapter Law: 223      Effective Date: June 30, 2023*

House Bill 3395 permits residential uses on lands zoned for commercial uses within urban growth boundaries.

### **SB 644 – County Approval of Accessory Dwelling Units in Rural Residential Areas**

*Chapter Law: 76      Effective Date: May 8, 2023*

This measure requires that in order for a county to approve accessory dwelling unit (ADU)



development on lands zoned for rural residential use, the ADU must comply with the construction provisions of section R327 of the Oregon Residential Specialty Code if no statewide map of wildfire risk has been adopted, or if the lot or parcel is in an area identified as extreme or high wildfire risk on the statewide wildfire risk map.

## **LAND USE – Bills that Failed**

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### **HB 3414 – Governor’s Housing Production Proposal**

*Failed on the Senate Floor*

House Bill 3414 was introduced two months into the legislative session as the Governor’s priority housing bill. It required cities to approve variance requests for a wide range of residential development standards and established a new state Housing Accountability and Production Office (HAPO) to provide technical assistance and support for local development and investigate and enforce local violations of housing laws. SDAO worked with the Governor’s office to include amendments to ensure that water quality permits would not be negatively impacted by the variances permitted under the measure.

In the final few days of the session, HB 3414 was further amended. That amendment created an optional, alternative process for cities to amend their urban growth boundaries for needed housing development. This “land supply” concept had been previously introduced as SB 1096. The “land supply” concept was a priority for the development community, but also created strong opposition from environmental advocates. The day before sine die, HB 3414A passed the House and in the final hours of the last day of the session the bill died on the Senate floor, one vote shy of passing.

## **PERS – Bills that Passed**

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### **HB 2296 – PERS Workback Exemption**

*Chapter Law: 43      Effective Date: January 1, 2024*

HB 2296 extends an existing statutory exemption that was scheduled to expire on December 31, 2024, for PERS workback by an additional 10 years. PERS retirees will be able to return to work (after a six-month break in service) for an unlimited number of hours. The legislature granted this ability in 2019 as part of larger PERS reforms and required employers to pay down their unfunded pension liabilities with a portion of the savings from hiring retirees.

## **PORTS – Bills that Passed**

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### **HB 2038 – Statements of Economic Interest**

*Chapter Law: 392      Effective Date: January 1, 2024*

ORS 244.050 requires elected officials (including Port Commissioners), candidates, and certain appointed state officials to file a statement of economic interest each year with the Oregon Government Ethics Commission (OGEC). The statement must include the names of all positions as an officer of a business or business directorships held by the public official or candidate, or member of the household of the public official or candidate during the previous calendar year and a brief description of each business.

The information public officials are required to report includes: (1) sources of income; (2) real property; (3) all expenses exceeding \$50 received while participating in specified activities; (4) and each source of income exceeding \$1,000 if the source is derived from an individual or business that has or could have legislative or administrative interests. This bill requires statements of economic interest to include certain information about sources of income from both the businesses in which the public official or candidate, or member of the household of a public official or candidate, is an officer or holds a directorship, and for all names under which the public official or candidate and members of their households do business.

### **HB 2099 – Omnibus Transportation Package**

*Chapter Law: 400      Effective Date: September 24, 2023*

This bill became a catch-all for several transportation related bills. One of the provisions in the bill modifies language permitting Oregon Department of Transportation (ODOT) to provide grants under Connect Oregon program when at least \$50 million is available in the Connect Oregon Fund.

### **HB 2270 – Update to Ports Revolving Fund**

*Chapter Law: 41      Effective Date: January 1, 2024*

The Oregon Port Revolving Fund is a loan program administered by the Oregon Business Development Department (OBDD). Any Oregon port district may apply for funds. A port district may utilize funds for purposes that include pre-project planning, engineering, acquisition, improvement, rehabilitation, construction, operation, and maintenance. Ports may finance a total amount of \$3 million from the Fund and a \$100 application fee is required. This bill modernizes provisions of the Oregon Port Revolving Fund program. It eliminates the \$100 application fee and removes the \$3 million lending cap. Furthermore, it changes the language relating to the agencies authority to set interest rates and extends the maximum loan terms under the program from 25 to 30 years.

### **HB 2634 – RV Parks**

*Chapter Law: 250      Effective Date: January 1, 2024*

This measure clarifies that RV tenancies are not subject to Landlord and Tenant Act provisions governing manufactured dwelling facilities. It expands the definition of “vacation occupancy” to include occupancies of up to 90 days at an RV park, provided the space is used for vacation purposes, is not the occupant's primary residence, the RV must be removed from the park at the end of the occupancy period before a new occupancy may begin, and the occupant signs a written agreement acknowledging it is a vacation occupancy. The measure distinguishes RVs from manufactured dwellings and describes landlord or RV park owner rights related to notice and disposal of abandoned RVs.

### **HB 2834 – Vertiports**

*Chapter Law: 516      Effective Date: January 1, 2024*

Advanced air mobility (AAM), sometimes called urban air mobility (UAM), refers to an air transportation system designed to move people and/or cargo between places historically unserved or underserved by aviation. Unserved or underserved areas may include local, regional, intraregional, or urban settings. This bill prohibits local governments from granting exclusive rights to a single operator for development of vertiports or vertiport operations within their jurisdiction.

### **HB 2914 – Abandoned and Derelict Vessels**

*Chapter Law: 419      Effective Date: July 27, 2023*

This bill was introduced at the request of the Oregon Public Ports Association. It establishes the Oregon Abandoned and Derelict Vessel Program in the Department of State Lands (DSL) and requires the program to address abandoned and derelict vessels and ensure that state-owned submerged and submersible lands are managed for the public interests in fisheries, navigation, commerce, and recreation. It directs DSL to identify and work with stakeholders to develop a policy framework for program implementation and authorizes DSL to undertake rulemaking. The measure creates the Oregon Abandoned and Derelict Vessel (ADV) Fund in the State Treasury, and requires the department to submit a program progress report to committees of the Legislative Assembly on or before February 15, 2024. Reporting requirements under the bill sunset on January 2, 2025. It should also be noted that the ADV Fund received \$18.7 million in the Christmas Tree bill, SB 5506.

### **HB 2965 – Port Related Uncollectable Property Taxes**

*Chapter Law: 423      Effective Date: September 24, 2023*

This bill was introduced at the request of the Oregon Public Ports Association. The measure cancels outstanding, uncollectible, property taxes and interest on property transferred from the federal government to a port district (International Port of Coos Bay), and on real property owned by a port without a working waterfront (Port of Tillamook Bay).

### **HB 3058 – Airport Study**

*Chapter Law: 86      Effective Date: May 16, 2023*

A major Cascadia Subduction Zone earthquake would result in widespread damage throughout the coastal and inland Pacific Northwest, including inundation and flooding from a tsunami. The Oregon Resilience Plan outlines a plan for strategically focused retrofit solutions for transportation facilities, including airports, which will play an integral role in emergency response and recovery efforts following a major seismic event. This measure directs the Oregon Department of Aviation to conduct a study to develop a plan for strategic investment for airports in Oregon and requires that a report be submitted to the Legislative Assembly by January 1, 2024.

### **HB 3382 – Coos Bay Expansion of Federal Navigation Channel**

*Chapter Law: 544      Effective Date: July 31, 2023*

This bill specifies that deep draft navigation channel improvements are a reason that a local government may adopt an exception to land use planning goals related to estuarine resources to redesignate or rezone natural and conservation estuary management units, under certain circumstances. It outlines circumstances to include: mitigation of adverse impacts to ensure no net loss of estuarine resources and affected aquatic and shore habitats; project is of the location, design, and minimum extent necessary for the use; application by a public port or federally recognized Oregon Indian tribe; the project is within the jurisdiction of the International Port of Coos Bay; the project does not include or rely upon commercial processing, importing, or exporting of fossil fuels, other than existing facilities for fuel storage and distribution; application is preceded by a report issued by applicant that identifies anticipated funding sources for the channel improvements and an estimate of the number of jobs expected to be created; and the project is conducted in accordance with a plan developed in consultation with tribes regarding archaeological sites and objects.

### **HB 5004 – Department of Aviation Budget**

*Chapter Law: 362      Effective Date: July 18, 2023*

The Oregon Department of Aviation manages and coordinates the state’s general aviation system, including recreational, business and emergency response flying. The department manages and maintains 28 state-owned airports, manages a large-scale pavement preservation program for the state’s 66 paved public use airports, conducts mandatory compliance inspections of the state’s 97 public use airports, and plans for the safe operation, growth, and improvement of aviation in Oregon.

The Department of Aviation’s (ODAV) Aviation fuel and Jet fuel tax revenues are the primary source of funding for the department’s operations and make up approximately half of the department’s Other Funds revenues. Additional sources of Other Funds revenue include aircraft registration fees, hangar and site leases, and other charges for service. ODAV receives Federal Funds from the Federal Aviation Administration (FAA) for aviation system planning and construction projects. Federal Funds account for about 40 percent of the department’s total revenues. The department manages and maintains 28 state-owned airports, manages a large-

scale pavement preservation program for the state's 66 paved public use airports, conducts mandatory compliance inspections of the state's 97 public use airports, and plans for the safe operation, growth, and improvement of aviation in Oregon.

The General Aviation Entitlement Program administers FAA funded capital improvement projects to address safety, operations, and development needs at airports in Oregon. The FAA grants generally cover 90 percent of project costs with the remaining 10 percent paid by the airport owner. The subcommittee recommended a budget of \$7,259,683 total funds, which includes \$690,693 Other Funds and \$6,568,990 Federal Funds.

### **HB 5524 – Oregon Business Development Department Budget**

*Chapter Law: 475      Effective Date: July 27, 2023*

Oregon Business Development Department's (OBDD) mission is to invest in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy. The Department's vision statement is "Prosperity for all Oregonians." Core functions of the Department include rural community development and infrastructure financing; business retention, expansion, and recruitment; export promotion and international trade; industry innovation and research and development; entrepreneurship and small business assistance; and support for arts and cultural organizations. OBDD is organized into four operating divisions: Business, Innovation, and Trade; the Infrastructure Finance Authority; the Arts Division; and Operations. The Office of Film and Video is a program unit within the Department's budget for passthrough purposes only.

The Subcommittee approved a budget of \$1,584,067,843 total funds: consisting of \$131,270,615 General Fund, \$146,469,261 Lottery Funds, \$859,026,872 Other Funds expenditure limitation, \$97,904,234 Federal Funds expenditure limitation, \$349,396,861 Other Funds Nonlimited, and 183 positions (175.94 FTE). This represents a total funds decrease of 26.1 percent from the 2021-23 Legislatively Approved Budget (LAB). OBDD's position count remains the same as the 2021-23 LAB at 183 positions; however, is an increase of 8.90 FTE.

The Infrastructure Finance Division (IFD) assists communities in building and maintaining critical infrastructure through low-cost financing, grants, technical assistance, and capacity building. IFD has dedicated funding sources for municipal infrastructure, water, and wastewater facilities to ensure compliance with federal law, seismic rehabilitation for schools and emergency facilities, port and airport facilities, levee improvements, marine navigation improvements, and other facilities supporting economic and community development. IFD programs are a primary source for the state's rural communities to access low-cost financing for vital public infrastructure projects. As communities and entities identify projects, IFD staff work directly with applicants to develop preliminary proposals before proceeding to complete program applications.

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The Subcommittee recommended a budget of \$1,010,537,011 total funds (\$21,671,479 General Fund; \$4,591,498 Lottery Funds expenditure limitation; \$590,049,859 Other Funds expenditure limitation; \$57,803,364 Federal Funds expenditure limitation; \$336,420,811 Other Funds Nonlimited) and 41 positions (40.13 FTE). The total funds budget represents a 37.3 percent decrease from the 2021-23 LAB.

Provisions within the bill include \$10 million for distribution to the Oregon International Port of Coos Bay to support the continuation and final completion of the engineering and design work related to the deepening and widening of the Federal Navigation Channel at Coos Bay to support existing businesses and promote new business opportunities. The original appropriation of \$15 million was provided to the agency in the 2022 legislative session.

This package establishes Other Funds expenditure limitation of \$20 million for the Oregon Industrial Site Readiness Program for tax reimbursements. Program revenues are transferred to OBDD from the Oregon Department of Revenue. The program provides state income tax reimbursements to local governments providing funds to ready industrial sites for development. The program provides a mechanism for a local government to recover the costs associated with the preparation of a regionally significant industrial site for industrial use through the receipt of up to 50 percent of the state income tax paid by employees working at that site whose average wage is at least 150 percent of the county or state average wage, whichever is less. Beginning the year after a project reaches its employment thresholds tax reimbursements are annually distributed to the approved local government. OBDD is authorized to reimburse \$10 million a year across all projects.

There was an increase in resources to expand staffing related to the administration of the Safe Drinking Water Revolving Loan Fund in anticipation of significant increased federal funding for the program through the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Bill. OBDD operates the Safe Drinking Water Revolving Loan Fund portion of the state's Safe Drinking Water Program through an interagency agreement with the Oregon Health Authority.

Funds were provided to establish a permanent full-time Operations and Policy Analyst (1.00 FTE) in the IFD to support the Brownfields Properties Revitalization program established by House Bill 2518 (2021).

The bill contains a provision to carry forward \$1.6 million in Lottery Funds expenditure limitation for funding allocated in the 2021-23 biennium for a committed funding agreement with the Port of Port Orford for a cannery improvement project.

**SB 16 – Expansion of State Rail Rehabilitation Fund Uses**

*Chapter Law: 65      Effective Date: May 8, 2023*

This measure expands the list of authorized uses of the State Rail Rehabilitation Fund to specify rail capacity improvements, such as new or lengthened sidings, or industrial spur construction or rehabilitation; capital safety improvements; investments to reduce greenhouse gas emissions; and providing state matching funds to leverage federal discretionary grant funding for rail projects. SB 16 directs the Oregon Department of Transportation (ODOT) to develop a methodology for prioritizing funding that considers an applicant’s ability to leverage federal discretionary funding, and that ensures that selected projects are consistent with the goals of the Oregon State Rail Plan.

**SB 814 – Anti-Trust Immunity for Ports**

*Chapter Law: 164      Effective Date: June 6, 2023*

Senate Bill 164 was introduced at the request of the Oregon Public Ports Association. Oregon ports are regulated by the Shipping act of 1937 (Shipping Act). The Shipping Act grants marine terminal operators the ability to discuss rates and expenses regarding carriers providing services at their ports. It allows ports to file a discussion agreement with the Federal Maritime Commission (FMC) so that they may act collectively without violating antitrust laws.

The FMC recently alerted the Northwest Marine Terminal Association (a voluntary association of deepwater ports and marine terminal operators in Oregon and Washington) that certain domestic public ports in Oregon are not serving “common carriers,” defined as a commercial enterprise that moves passengers or goods for a fee. The FMC deemed some ports ineligible for antitrust immunity under the Shipping Act, including the Port of Astoria, Port of Columbia County, and the Port of Coos Bay.

Notwithstanding the applicability of state and federal antitrust laws, SB 814 declares it to be state policy to displace competition under state action doctrine that public ports in Oregon and other members of the Northwest Marine Terminal Association, can coordinate, make agreements, and implement action that is within the public port’s authority. This includes discussions and agreements on rates and charges rules, practices, and procedures; planning, management, marketing, operations, uses of public port facilities; and other matters related to cargo and passenger service operations.

**SB 5521 – Oregon State Marine Board**

*Chapter Law: 473      Effective Date: July 27, 2023*

The Oregon State Marine Board (OSMB) serves the recreational boating public with education,

enforcement, boating access, and environmental stewardship. The board's programs serve the owners of registered boats and non-registered boats, outfitters and guides, charter vessel operators, marinas, and floating property owners. The Governor appoints the five-member board to serve four-year terms, subject to Senate confirmation. OSMB is also guided by four external advisory teams representing Outdoor Sportsmen, Cruising, Watersports, and Paddle sports. The subcommittee recommended a total funds budget of \$39,272,684 and 45 positions (42.50 FTE). The recommended budget is an increase of 1.8 percent over the 2021-23 Legislatively Approved Budget.

The Boating Facilities Program provides grants and technical assistance for the maintenance and improvement of public recreational boating facilities statewide. Grants rely on partnerships and leveraging other financial resources such as Federal Funds, private funds, donations, and other funding sources. The subcommittee recommended a budget of \$9,353,313 Other Funds expenditure limitation and \$2,325,698 Federal Funds expenditure limitation with nine positions (9.00 FTE).

The Aquatic Invasive Species program mitigates the effects of invasive species on native waters through inspecting and decontaminating watercraft. This program was created because of a law enacted by the legislature in 2009, with the intent of protecting the state from invasive species. The program dedicates funds toward education, monitoring, enforcement, inspections, and decontamination services. This program manages the permitting process and education and outreach efforts impacting non-motorized boaters, motorized boaters, and out-of-state visitors bringing their boats to use on Oregon waterways. The subcommittee recommended a budget of \$1,735,797 Other Funds expenditure limitation with one position (1.20 FTE)

## **PORTS – Bills that Failed**

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### **HB 2098 – Interstate Bridge Replacement**

*In committee upon adjournment*

This legislation commits Oregon to \$1 billion toward the Interstate Bridge Replacement (IBR). Oregon's funding matches the state of Washington's commitment made earlier this year. HB 2098 did not advance during the session; however, the bonding authorization is in HB 5005, and the funding commitment is in the Christmas Tree bill, HB 5506. Finally, SB 1049 has additional funding components. Oregon's funding commitment comes entirely from general obligation (GO) bonds of \$250 million over four consecutive biennia. With the funding commitments from Oregon and Washington, a joint grant application for federal funds will be submitted with hopes of seeing more than \$3 billion in federal funding toward an estimated \$6.3 billion cost.



## **HB 2170 – International Port of Coos Bay Hydrogen Hub**

*In committee upon adjournment*

This bill would have required the Oregon Department of Energy to study and report on the feasibility of establishing a renewable hydrogen hub at the Oregon International Port of Coos Bay.

## **HB 2816 – High Energy Use Facilities**

*In committee upon adjournment*

As originally proposed, this bill would have imposed substantial fines and penalties on data centers that did not meet greenhouse gas emission goals over a period of time. It defined a “high energy use facility” as a facility that: 1) uses a base load of 10 or more megawatt-hours; 2) uses electricity that is not supplied by an electric company or electricity service supplier, that is subject to certain requirements; and 3) has a primary purpose of providing electronic data processing or hosting services or producing or processing cryptocurrency or carrying out other operations related to cryptocurrency. The bill required a person who owns, operates, or controls a high-energy-use facility to ensure that greenhouse gas (GHG) emissions associated with electricity used by high-energy-use facility are reduced to 60 percent below baseline emissions levels by 2027, 80 percent below baseline emissions levels by 2030, 90 percent below baseline emissions levels by 2035, and 100 percent below baseline emissions levels by 2040.

## **HB 2903 – Adaptive Management for Marine Reserve**

*In committee upon adjournment*

This bill would have directed the Oregon Department of Fish and Wildlife (ODFW), the Oregon Fish and Wildlife Commission, the State Land Board, and relevant state agencies to implement recommendations from the Ocean Policy Advisory Council to develop an adaptive management plan for Oregon’s marine reserves. Components of the plan included monitoring and research, social impacts, long-term sampling protocols, data collection and evaluation, and outreach and engagement. \$800,000 would have been appropriated to ODFW to implement the provisions of the measure.

## **HB 2916 – Money to Address Abandoned and Derelict Vessels**

*In committee upon adjournment*

This bill was introduced at the request of the Oregon Public Ports Association. It would have appropriated \$2 million to the Oregon State Marine Board (OSMB) for the salvage, towing, storage and disposal of abandoned recreational vessels and derelict vessels, and \$5 million to the Department of State Lands (DSL) for the purpose of salvage, towing, storage and disposal of abandoned non-recreational vessels and derelict vessels.

### **HB 3139 – Maritime Workforce Development**

*In committee upon adjournment*

This bill would have established a program in Higher Education Coordinating Commission (HECC) to support strategic investment in workforce development programs and activities in Oregon’s maritime sector in coordination with local workforce development boards, community colleges, and other workforce partners and would have appropriated \$2 million General Fund to HECC. The contents of this measure were included in HB 3410, the Rural Economic Development package.

### **SB 200 – Salvage Chief**

*In committee upon adjournment*

After nearly 60 years of salvage work, the Salvage Chief was berthed off Swan Island in Portland, until it was purchased by Salvage Chief LLC and relocated to Astoria. The new owner converted the ship into a training vessel for local mariners. However, efforts are underway to reconvert the Salvage Chief to active duty to help with response in the event of an earthquake and/or tsunami. This bill would have provided \$3 million from the General Fund to the Department of Administrative Services (DAS) to repair, upgrade, and return the Salvage Chief to operation.

### **SB 431 – Hood River-White Salmon Bridge**

*In committee upon adjournment*

This bill would have appropriated \$125 million to the Department of Transportation for distribution to the Port of Hood River for construction of the Hood River-White Salmon Bridge. Although this bill did not move forward \$20 million was appropriated for this project under the Budget Reconciliation bill, SB 5506, otherwise known as the Christmas tree bill.

### **SB 678 – Offshore Wind Benefits to Local Communities**

*In committee upon adjournment*

Among other things, this bill would have established policy of the State related to benefits from offshore wind energy development and local and regional communities and economies. It required the Department of Land Conservation and Development (DLCD) to conduct outreach and engage and coordinate with state agencies, local governments, and affected communities to carry out policies of state established by the bill. Policies of the State under the bill included: (1) support engagement between offshore wind energy developers and certain communities and entities; (2) minimization and mitigation of adverse effects of survey activity related to offshore wind leasing while maximizing benefits; and (3) promotion of economic diversification and resilience. It also required DLCD to conduct, or support, federal consistency reviews of offshore wind leasing decisions and related actions off the Oregon Coast made by the federal Bureau of Ocean Energy Management. A similar bill (HB 2190) was introduced in the House.

**SB 679 – Offshore Wind Policy***In committee upon adjournment*

This bill would have established policy of the State related to benefits from offshore wind energy so that a meaningful share of the benefits from offshore wind energy development go to local and regional communities and that, to the extent practicable, the benefits from offshore wind energy development are reinvested into local and regional economies. SB 679 would have required the Department of Land Conservation and Development (DLCD) to conduct outreach and engage and coordinate with state agencies, local governments, and affected communities to carry out those policies.

**SB 815 – Bridge of the Gods***In committee upon adjournment*

This measure would have appropriated \$6 million from the General Fund to the Department of Administrative Services (DAS) for distribution to the Port of Cascade Locks for expenses relating to the seismic strengthening of the Bridge of the Gods.

**SB 842 – Port of Port Orford Seafood Hub Redevelopment Project***In committee upon adjournment*

During the 2021 session, the legislature approved increased Lottery Fund expenditure in the amount of \$1,600,000 to provide a grant to the Port of Port Orford for the Seafood Hub Redevelopment Project for the biennium beginning July 1, 2021. The project focuses on the creation of a seawater system that will allow the Port to provide sustainable operational support to the fishing fleet, facilities for on-site marine research, and recreational opportunities. The project expects to receive additional funding from local funds and the U.S. Economic Development Administration. This bill would have changed the expenditure limitation grant for the Port project to the biennium beginning July 1, 2023, and would have expanded the grant to cover Port redevelopment projects, including crane replacement and a seawater delivery system.

**SB 933 – Prohibition on Tolling***In committee upon adjournment*

Due to the ongoing debate over the use of tolling to finance transportation projects, several legislative concepts were introduced during the 2023 session. The concepts ranged from delaying the use of tolls to mandated revenue sharing with local governments to an outright prohibition on tolling. SB 933 would prevent the use of tolls on Interstate 205 and Interstate 5, except for the I-5 Bridge Replacement (IBR) project. This legislation also requires Oregon Department of Transportation (ODOT) to evaluate other funding sources for bridge replacement projects. None of the proposed legislative concepts received hearings.

Legislative leadership and Governor Kotek agreed to delay tolling efforts for the Abernethy Bridge projects and lane expansion on Interstate 205 until January of 2026. In addition, a special transportation committee to review tolling was established. This new Special Subcommittee on Transportation Planning will oversee ODOT's infrastructure repair and modernization plans, including efforts to mitigate the impact of tolling on vulnerable communities. The committee will meet over the next couple of years to frame recommendations on the use of tolling in advance of the 2025 session.

### **SB 949 – Port Assessment for Sedimentation of Boat Basins**

*In committee upon adjournment*

This bill would have authorized a port to assess public bodies for a share of the cost of removing sediment from port waters where a public body owns or controls a culvert, creek, or other watercourse that discharged into port waters during the calendar year prior to the assessment year.

## **PUBLIC CONTRACTING – Bills that Passed**

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### **HB 2295 – Veteran Preference in Public Contracting**

*Chapter Law: 497      Effective Date: September 24, 2023*

Under Oregon law, a business owned by a service-disabled veteran (SDV) may be certified for contract preferences with public bodies. Certification is based on the individual owner, rather than the size of business. Qualifying businesses must be a for-profit entity; must register with the Secretary of State; and have gross receipts not exceeding \$23.98 million over a three-year average. Qualifying business owners must be a U.S. citizen or permanent resident; own and control at least 51 percent of the business; control and manage day-to-day operations; be properly licensed; and have made a contribution of capital. This bill extends eligibility for a contracting preference to all veteran-owned businesses.

### **HB 3372 – Public Contracting Preference for Public Benefit Corporations**

*Chapter Law: 559      Effective Date: September 24, 2023*

In 2013 the legislature created a new corporation status for benefit companies. A benefit company is a type of corporation or limited liability company that considers its impact on society and the environment in addition to earning a profit. Benefit company status only affects corporate purpose, accountability, and transparency and does not change tax or tax-exempt status. In March 2023, there were 2,635 active benefit companies operating in Oregon. This bill encourages contracting agencies to grant a preference to procuring public use goods and services from a benefit company, whose majority of their regular and full-time workforce operates in Oregon at the time of bidding. The measure allows procurement preference only if the goods and services are not more than five percent of the goods and services available from a non-benefit company contractor.

## **SB 594 – Prevailing Wages for Demolition and Removal of Hazardous Waste**

*Chapter Law: 137      Effective Date: September 24, 2023*

This bill expands the definition of public works for the purposes of the Prevailing Wage Rate to include the demolition or removal of hazardous waste related to road, highway, building, structure, or improvement of any type that: a public agency contracts or carries on to serve the public interest; uses \$750,000 or more in public funds of a public agency; occurs with or without public agency funds on property owned by a public university; or that uses more than \$750,000 in public agency funds or occurs on real property owned by a state agency, but does not involve constructing, reconstructing, renovating or painting a road, highway, building, structure, or improvement.

## **SB 1047 – Threshold Increase for Small and Medium Procurements**

*Chapter Law: 127      Effective Date: September 24, 2023*

Senate Bill 1047 raises the contract price threshold under which contracting agencies may apply certain solicitation and procurement methods for public contracts and requires the Department of Administrative Services (DAS) to promote a policy of diversity, equity, and inclusion in public contracting. The measure increases small procurement dollar threshold from \$10,000 to \$25,000 and intermediate procurement dollar threshold from \$150,000 to \$250,000, resulting in more contracts being small and intermediate procurements, which are simpler and faster for firms to navigate.

## **PUBLIC CONTRACTING – Bills that Failed**

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### **HB 2870 – Surety Bonds in Place of Retainage**

*In committee upon adjournment*

This bill would have changed the retainage requirements to allow a contractor to submit surety bonds for all or a portion of the retainage required for public improvement contracts. The measure required a contractor on a large commercial structure or public improvement contract to accept a surety bond from subcontractors or suppliers from which contractor has withheld retainage if a contracting agency or owner accepted a surety bond in lieu of retainage from a contractor. The measure permitted a contractor on a large commercial structures or public improvement contract, upon request of a subcontractor, to submit a surety bond for the portion of contractor's retainage that pertains to subcontractor.

### **SB 442 – Environmental Preference in Public Contracting**

*In committee upon adjournment*

SB 442 would have added a provision allowing a contracting agency to grant a preference in the procurement of goods or services, for a public use, that are fabricated, processed, or have services performed in Oregon when the cost is not more than five percent greater than the

goods not processed or fabricated, or services are not performed in Oregon, and the contracting agency determines that the cost offsets environmental costs attributable to the transportation of out-of-state goods or services.

### **SB 848 – Indemnification for Architects and Engineers**

*In committee upon adjournment*

Under this measure, a public body would have been prohibited from requiring a person or entity providing architecture, landscape architecture, engineering, photogrammetric mapping, transportation planning, land surveying services or related services to pay for the public body's attorney fees, expert fees, investigation expenses or other costs of defending against a claim involving the professional consultant's services, until after the professional consultant's liability or fault had been determined by adjudication, dispute resolution, or settlement agreement. It limited the professional consultant's liability for the public body's costs of defense to the proportionate fault of the professional consultant. The bill made contrary contractual provisions unenforceable until after the professional consultant's liability or fault had been determined.

## **PUBLIC MEETINGS – Bills that Passed**

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### **HB 2805 – Handy Decision on Public Body Meetings and Required Training**

*Chapter Law: 417      Effective Date: September 24, 2023*

Currently, the Oregon Government Ethics Commission (OGEC) has regulatory authority over executive sessions. HB 2805 gives OGEC regulatory authority over public meetings. Under the provisions of the bill elected officials of public bodies with \$1 million or more in annual expenditures are required to participate in public meetings training once per term of office (SDAO will provide the required training). In the event a public meeting violation occurs public bodies will have the opportunity to correct the error (right to cure). HB 2805 stipulates that the standard for violation is “intentional disregard or willful misconduct” (a very high bar that will be difficult to achieve) making the \$1,000 civil penalty that can be assessed for violations, coupled with the “right to cure,” very unlikely.

This bill specifies that, for the purpose of public meetings law, the use of serial written communication, or use of intermediaries to communicate, may constitute a quorum of a governing body under certain circumstances. It clarifies that public meetings law does not apply to communications between or among members of a governing body that are purely factual or educational and convey no deliberation or decision on matters that may come before the body, that are not related to any matter that could be reasonably foreseen to come before the governing body for deliberation or are non-substantial in nature. HB 2805 directs the OGEC to provide or arrange for annual training on public meetings law and best practices and requires members of governing bodies with over \$1 million in annual expenditures to attend a training.

Finally, the bill authorizes the OGEC to receive reports of alleged violations and to investigate such reports.

**HB 2806 – Executive Sessions for Safety**

*Chapter Law: 252      Effective Date: July 13, 2023*

This bill authorizes the governing body of a public body to meet in executive session to consider the safety of the governing body, staff and volunteers of the public body, the security of public body facilities and meeting spaces, cybersecurity infrastructure, and responses to cybersecurity threats.

**SB 207 – OGEC Investigations of Executive Sessions**

*Chapter Law: 68      Effective Date: January 1, 2024*

Under current law, any individual may submit, in writing, a complaint with the Oregon Government Ethics Commission (OGEC) alleging a violation of ethics laws. Additionally, the OGEC has the authority to proceed on its own motion, as though it received a complaint, if it has reason to believe that a violation exists. Complaints of violations of the executive session provisions (ORS 192.660) alleged to have been committed by public officials may be made to the OGEC for review, investigation, and imposition of civil penalties.

This bill authorizes the OGEC to proceed with its own motion, as though it received a complaint, if it has reason to believe that a violation of the executive session provisions of public meetings law has been committed.

**PUBLIC RECORDS – Bills that Passed**

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**HB 2112 – Public Records Retention**

*Chapter Law: 35      Effective Date: January 1, 2024*

Public entities are required to maintain a public record or accurate copy of the public record, regardless of the technology or medium used to create or communicate the record, in accordance with a retention schedule authorized by statute (ORS 192.018, ORS 192.105 and ORS 192.108) if the public record has certain values or purposes. This measure adds tribal cultural purposes to considerations in appraising records for retention, makes the records retention purposes and values consistent across various statutes, and updates references to obsolete technology.

**HB 2490 – Public Records Disclosure Exemption for Security**

*Chapter Law: 307      Effective Date: January 1, 2024*

This bill adds language to ORS 192.355 to exempt from public record disclosure cybersecurity

documents that protect computer, information technology, or communications systems from threat or attack.

## **PUBLIC RECORDS – Bills that Failed**

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### **SB 417 – Fees for Public Records**

*In committee upon adjournment*

SB 417 was introduced at the request of the Public Records Advisory Council. It would have directed public bodies to perform search, review, and duplication work when responding to public records requests in the least expensive manner reasonably possible. It limited the hourly rate of compensation that could be charged for such work to no more than the hourly rate of the lowest-paid employee capable of performing the work. It permitted public bodies to recover fees for work done by volunteers and required public bodies to provide an explanation of fees if sought by requester, in manner allowing reasonable person to understand. The measure authorized public records custodians to waive or reduce fees for any reason and enumerated factors that could be considered when determining fee waivers or reductions. It required custodians to furnish public records without charge if disclosure primarily benefited the general public, unless the disclosure was outweighed by substantial prejudice to the custodian, or if the waiver would have prevented the custodian from performing other required functions. The bill also required requests made by members of news media to be assumed to be in the public interest unless custodian could demonstrate that it did not. Finally, SB 417 would have provided a process for a public body issuing fees and fulfilling request and allowed facilitated dispute resolution services from the Public Records Advocate if a fee waiver or reduction request made in public interest or other factors was denied.

The bill received one hearing where local government expressed opposition to the measure – primarily for fiscal reasons. The Chair of the Senate Rules Committee directed interested parties to form a work group. That work group met seven times during the session and came to a consensus on modifications to the bill. That measure is expected to be introduced during the 2024 short session.

## **PUBLIC SAFETY – Bills that Passed**

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### **HB 2294 – Apprenticeship for Firefighters**

*Chapter Law: 496      Effective Date: January 1, 2024*

This bill directs the Bureau of Labor and Industries (BOLI) to develop and administer a grant program for up to 10 pilot projects for firefighter apprenticeship programs. The projects must provide on-the-job training and education and collaborate with associations representing fire service professionals. HB 2294 provides \$5 million for the program and requires BOLI to submit



a report to the Legislative Assembly no later than December 31, 2026. The new law sunsets on January 1, 2027.

**HB 2484 – Urban Search & Rescue Coordination**

*Chapter Law: 305      Effective Date: January 1, 2024*

This bill directs the Department of the State Fire Marshal to coordinate urban search and rescue functions of the state. It authorizes the department to solicit and accept gifts, grants, donations, and other moneys from public and private sources for urban search and rescue purposes. Requires State Fire Marshal to submit a report on recommendations to the Legislative Assembly by September 15, 2024.

**HB 2522 - Rural Structural Fire Protection Review Committee**

*Chapter Law: 310      Effective Date: July 18, 2023*

This bill requires the State Fire Marshal to establish and appoint a Rural Structural Fire Protection Review Committee. The committee is required to conduct a comprehensive review of statutes related to structural fire protection, not including provisions related to forestland assessment, field burning, or consultation with the Oregon Department of Forestry. The committee must develop recommendations to modernize and improve rural fire protection district operations, and submit a report of the recommendations to relevant committees of the Legislative Assembly by September 15, 2024. The bill sunsets January 2, 2025.

**HB 2757 – 40-cent 9-1-1 Tax for 9-8-8**

*Chapter Law: 251      Effective Date: September 24, 2023*

In 2019 the Federal Communications Commission (FCC) proposed 9-8-8 as the nationwide 3-digit dialing code for individuals in crisis to connect to suicide prevention and mental health crisis counselors with the National Suicide Prevention Lifeline. In October 2020, the federal National Suicide Hotline Designation Act of 2020 was signed into law, incorporating 9-8-8 into federal statute as the new Lifeline and Veterans Crisis Line phone number. The following year, the Legislative Assembly passed House Bill 2417 (2021) creating the statewide coordinated crisis system consistent with the framework of the National Suicide Hotline Designation Act. The measure appropriated \$15 million from the State’s General Fund to the Oregon Health Authority, with \$5 million earmarked for the crisis hotline center and \$10 million for distribution to counties to establish and maintain mobile crisis intervention teams. The measure establishes the 9-8-8 Trust Fund to improve the statewide coordinated crisis system, maintain and improve the 9-8-8 suicide prevention and behavioral health crisis hotline.

HB 2757 imposes a tax of 40-cents per line, per month on each line capable of accessing 9-1-1 mobile crisis intervention services and specifies contents of the MOU. The bill requires the Oregon Health Authority to establish an advisory committee to provide primary oversight and direction on operation of statewide coordinated crisis system.

### **HB 2772 – Domestic Terrorism**

*Chapter Law: 608      Effective Date: January 1, 2024*

This bill creates the crime of domestic terrorism in first degree, a Class B felony, if a person intentionally destroys or substantially damages critical infrastructure, or intentionally introduces, releases, or disperses a toxic substance into widespread contact with humans. It also creates the crime of domestic terrorism in second degree, a Class C felony, if a person intentionally possesses a toxic substance with the intent to introduce the substance into widespread contact with humans, possesses a destructive device with the intent to destroy or substantially damage critical infrastructure, attempts to destroy or substantially damage critical infrastructure, or attempts to introduce, release or disperse a toxic substance into widespread contact with humans.

### **HB 3059 – Oregon Disaster Response Assistance Matching Fund**

*Chapter Law: 427      Effective Date: July 27, 2023*

This bill establishes the Oregon Disaster Response Assistance Matching Fund for use in assisting local governments to meet matching fund requirement for federal grants or other federal aid or to assist in disaster response efforts. It directs the Legislative Revenue Office to conduct a study of a means of granting a tax benefit to emergency management volunteers and submit a report of findings to interim revenue committees of Legislative Assembly by September 15, 2024.

### **HB 3426 – Suicide Crises Line for First Responders Training**

*Chapter Law: 443      Effective Date: January 1, 2024*

This bill requires 9-8-8 call centers to include firefighters and first responders as high-risk and specialized populations in operator trainings and policies.

### **SB 80 – Community Risk Reduction**

*Chapter Law: 611      Effective: August 4, 2023*

Among other things, this legislation combines funding allocations for wildfire risk reduction plans and policy improvements. Despite the ongoing wildfire risk in communities, the legislature only funded \$3 million for the Community Risk Reduction (CRR) program and did not meet a \$40 million funding request from the Oregon State Fire Marshal’s office. There is also a change in how the Wildfire Risk Map will be described. The changes have dropped “risk” and inserted “hazard,” so the new map will be the Wildfire Hazard Map (WHP). A series of other changes include notification of WHP will be limited to landowners in the extreme and high hazard categories. There are also additional details on the standard of public engagement to improve community engagement and education. The eligibility of home hardening will include an allocation of \$7 million, with \$20 million committed to the landscape resiliency fund.

### **SB 864 – Volunteer Firefighter Liability**

*Chapter Law: 77      Effective Date: January 1, 2024*

In 2019, the legislature passed SB 290 that provided civil immunity to individual volunteers who engage in efforts to fight wildfire on private cropland, pasture, or rangeland. The immunity did not extend to members of a volunteer fire department or fire district that have been trained in firefighting techniques, nor did it extend to the operation of a motor vehicle or to fires burning on private forestland. SB 864 extends civil immunity to individual volunteers engaging in efforts to fight wildfires on private forestland.

### **SB 1068 – Fire District Annexation**

*Chapter Law: 208      Effective Date: September 24, 2023*

This bill authorizes the board of directors of rural fire protection districts under certain circumstances to annex lands to the district that are within coverage area of the district. Prior to annexation, a district must identify the district's coverage area.

## **PUBLIC SAFETY – Bills that Failed**

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### **HB 2873 – Funding for SPIRE**

*In committee upon adjournment*

The State Preparedness and Incident Response Equipment (SPIRE) program provides grant funds for the purchase and distribution of equipment to local jurisdictions, including vehicles and other property, to be maintained and used by those jurisdictions until needed for use during an emergency. The program was approved during the 2017 legislative session, with a second round approved with the passage of House Bill 2426 (2021). The 2021 legislation expanded the types of equipment eligible for grants to include those used in urban search and rescue operations. This bill would have authorized the issuance of \$10 million in lottery bonds to fund additional SPIRE program grants.

## **WASTEWATER/WATER QUALITY – Bills that Passed**

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### **HB 3208 – DEQ Water Quality Fees**

*Chapter Law: 258      Effective Date: January 1, 2024*

This bill authorizes the Environmental Quality Commission (EQC) to annually adjust, by up to three percent, fees associated with various programs administered by the Department of Environmental Quality (DEQ), including sewage disposal and associated licensing, septage management, subsurface injection of fluids, sewage treatment works certification, and fees for

state certification under Federal Water Pollution Control Act. The bill also repeals the statutorily established fee schedule for subsurface injection of fluids.

### **HB 5018 – Department of Environmental Quality Budget**

*Chapter Law: 452      Effective Date: July 27, 2023*

HB 5018 is the 2023-25 legislatively adopted budget for the Oregon Department of Environmental Quality (DEQ). The budget totaled \$716 million, full-time employees were increased by 47 from the previous biennium to total 848. The Water Quality Division received \$109,974,878 total funds and the total FTE is limited to 249. Key budget highlights include: three new positions to provide improved regulatory oversight of onsite septic system permitting programs (small and large) across the state; three positions to improve DEQ staffing, and resource capacity dedicated to protecting drinking water sources, with specific attention to areas experiencing contamination or threats to drinking water supplies.

### **SB 411 – Drug Take Back Incineration**

*Chapter Law: 91      Effective Date: May 16, 2023*

Oregon's Drug Take-Back Program was established in the Oregon Department of Environmental Quality (DEQ) in 2019 with the passage of House Bill 3273. The Drug Take-Back Program offers Oregon residents a convenient, safe, and secure way to dispose of unwanted medications at either drop-off locations or via the mail. The program is available to Oregon residents, nonbusiness entities in Oregon, and ultimate users. Current law limits the locations at which medications may be disposed of to hazardous waste disposal facilities or municipal solid waste incinerators. This bill adds hospitals and medical and infectious waste incinerators meeting specified requirements to facilities at which drugs given to the Drug Take-Back Program may be disposed of.

### **SB 546 – Chemicals in Cosmetics**

*Chapter Law: 575      Effective Date: January 1, 2023*

This bill requires the Oregon Health Authority (OHA) to adopt and maintain a list of designated high priority chemicals of concern used in cosmetic products and to periodically review and revise the list. SB 546 requires manufacturers of cosmetic products sold in Oregon to include on the manufacturer's website a notice of certain chemicals used in products and prohibit the sale and distribution of cosmetic products containing certain chemicals beginning on January 1, 2027.

### **SB 835 – ADUs and Sewage Disposal**

*Chapter Law: 371      Effective Date: January 1, 2024*

In 2021, the Legislative Assembly enacted Senate Bill 391, which authorized counties to allow the construction of accessory dwelling units (ADU) in rural residential areas. The provision of the law that relates to sewage requirements states that all ADUs must "comply with all

applicable laws and regulations relating to sanitation and wastewater disposal and treatment." Applicable laws and administrative rules include ORS 454.605 to 454.755 and OAR 340-071-0100 to 340-071-0800, which provide for the regulation of subsurface sewage disposal and onsite wastewater treatment systems. When the Environmental Quality Commission (EQC) considers permitting, limiting, or prohibiting construction of subsurface sewage disposal systems or alternative sewage disposal systems, the Commission must currently consider the capacity of existing systems along with other specified factors. This bill directs the EQC to adopt rules setting forth conditions for approving a proposal to permanently connect an ADU to a single-family dwelling's sewage disposal system.

### **SB 931 – Connecting to a Community Sewerage System**

*Chapter Law: 467      Effective Date: September 24, 2023*

This bill requires the Environmental Quality Commission (EQC) to adopt rules for determining whether a community or area-wide sewerage system will satisfactorily accommodate a proposed sewage discharge. It requires, in rule adoption, consideration of factors including: the legal availability and physical availability of a sewerage system; the scope and magnitude of the proposed repairs to an existing sewage disposal system; the cost of repairs to an existing system compared to the cost of connecting to a sewerage system; statewide planning goals; and environmental and public health concerns. The measure establishes that these provisions become operative on January 1, 2024 and authorizes the Department of Environmental Quality (DEQ) and EQC to take any needed actions before the operative date. Finally, SB 931 creates temporary provisions to sunset on January 2, 2025, that allow DEQ to issue a permit to repair or replace a sewage disposal system without regard to the availability of a community or area-wide sewerage system provided that certain conditions are met.

## **WASTEWATER/WATER QUALITY – Bills that Failed**

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### **HB 2248 – Post-Fire Water Quality Monitoring**

*In committee upon adjournment*

This bill would have directed the Oregon Water Resources Department and Oregon Department of Environmental Quality to jointly study the impacts of wildfire on the quality of streams and tributaries in consultation with other relevant state agencies. Study requirements included water quality impacts of first rains post-wildfire as well as turbidity and sedimentation change post-wildfire and their effects on salmonid habitat pools and spawning gravel. An amendment was crafted to require the Oregon Department of Fish & Wildlife to conduct the study. Findings would have been required to be reported to water-related interim legislative committees by September 15, 2024.

### **HB 2765 – South Suburban Sanitary District**

*In committee upon adjournment*

HB 2765 would have provided the South Suburban Sanitary District (SSSD) the exclusive right to use and sell treated wastewater discharged by the district, and compliant with permitting requirements by the Department of Environmental Quality, into the Klamath River or any of its tributaries. It prohibited the appropriation of treated wastewater discharged pursuant to the measure and required SSSD to file a notice with the Oregon Water Resources Department prior to using the treated wastewater.

### **HB 3123 – PFAS Study Bill**

*In committee upon adjournment*

This bill, introduced at the request of the Association Clean Water Agencies, would have required the Oregon State University Extension Service and the Oregon State University College of Agricultural Sciences in collaboration with the Oregon Department of Environmental Quality and Oregon wastewater service providers to study the fate and transport of perfluoroalkyl and polyfluoroalkyl found in biosolids applied to agricultural fields and to report findings to agriculture-related interim committees of Legislative Assembly by September 15, 2025.

### **HB 3231 – Wastewater Reuse**

*In committee upon adjournment      Part of the Drought Package (HB 2010)*

This bill would have directed the Department of Environmental Quality (DEQ), in consultation with the Oregon Water Resources Department (OWRD) and other relevant state agencies and interested parties, to study barriers and opportunities to expanding water reuse or recycled water programs in Oregon by (1) characterizing priority recycled water and beneficial land application project types in regard to water quality, water supply, or habitat and ecosystem needs; (2) identifying regulatory and other impediments to expanding water reuse and potential regulatory changes needed to remove them; (3) identifying environmentally friendly water reuse approaches in other states; and (4) developing technical assistance guidance for local jurisdictions and industries seeking permitting and development of recycled water and other beneficial land application programs related to water reuse. It required DEQ to report findings to the Legislative Assembly by September 15, 2024, and specified the contents of the report. The measure also appropriated \$340,000 and \$100,000 General Fund moneys to DEQ and OWRD respectively. The bill would have sunset on January 2, 2025.

### **SB 405 – Microfiber Filters and Washing Machines**

*In committee upon adjournment*

This measure would have prohibited a person from selling or offering for sale a clothes washer unless it had a built-in microfiber filtration system beginning on January 1, 2026; or the washer is sold with a compatible in-line microfiber filtration system. The bill authorized the

Department of Environmental Quality and the Environmental Quality Commission to take action prior to bill becoming operative to enable the Department to carry out related duties.

## **WATER – Bills that Passed**

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### **HB 2010 – Comprehensive Drought Package**

*Chapter Law: 606      Effective Date: August 4, 2023*

This bill is an amalgam of fourteen other individually introduced policy bills and contains provisions for:

- a source drinking water protection grant program;
- expansion of eligible funding from the Water Well Abandonment, Repair and Replacement Fund;
- low-income rate payer assistance program research; implementation of the 1998 Stewardship and Supply Initiative;
- initiation of collaborative process for water management in the Chewaucan River watershed;
- modifying the process, content, and timeline for updates to the Integrated Water Resources Strategy;
- establishment of an agricultural water management technical assistance program;
- coordination and implementation of place-based water planning, including grant funding the support of place-based planning;
- changes to water examiner certification eligibility;
- addressing barriers to development of water reuse or recycled water programs and projects;
- funding a study of the needs and vulnerabilities of small and very small community water systems;
- providing authority to the Water Resources Department to require water use reporting when water use is required to be measured;
- allowing for grants from the Water Supply Development Fund to be provided more often than once annually;
- establishment of an aquifer recharge due diligence and testing grant program;
- grants to soil and water conservation districts for wester juniper removal and the monitoring of the effectiveness of those activities by Oregon State University;
- grant funding to the High Desert Partnership for design and maintenance of wet meadow, wetland, and lake conditions on the Silvies and Donner and Blitzen Rivers floodplains, at Malheur Lake and in the Malheur National Wildlife Refuge; and
- support for the creation of voluntary groundwater agreements in the Greater Harney Valley Groundwater Area of Concern.

As amended, the bill includes a total of \$17.1 million General Fund appropriations for these items and \$6 million in Other Funds expenditure limitation for General Fund monies that are used to capitalize funds created under the measure.

**HB 2929 – Injunctive Relief for the Oregon Water Resources Department**

*Chapter Law: 518      Effective Date: January 1, 2024*

This measure authorizes the Oregon Water Resources Department (OWRD) to seek temporary or permanent injunctive relief at the Circuit Court for Marion County, or the circuit court in the county where the activity takes place, if OWRD has information that a person has engaged in an activity that: violates a water right permit; constitutes an unlawful use or appropriation of groundwater or wastewater; or interferes with a headgate. HB 2929 requires OWRD to report to a water-related legislative committee by September 15, 2028, on the frequency and outcomes of the department's pursuit of injunctions. The bill sunsets the authority to pursue an injunction on January 2, 2030

**HB 2984 – Conversion of Commercial to Residential Property and SDCs**

*Chapter Law: 521      Effective Date: January 1, 2024*

This measure requires local governments to allow conversion of a building from commercial to residential use without requiring a zone change or conditional use permit. Housing developed under this bill may only occur within an urban growth boundary for cities with populations of 10,000 or greater, and not on lands zoned for heavy industrial use. Local governments are permitted to require payment of system development charges (SDC) if the charge is based on a specific commercial to residential conversion policy adopted by a local government on or before December 31, 2023; or is for water or wastewater and offset by any SDCs paid when building was originally constructed. The bill prohibits enforcement of parking minimums greater than those required for existing commercial or residential use.

**HB 3097 – In-conduit Hydro**

*Chapter Law: 49      Effective Date: January 1, 2024*

In-conduit hydroelectric power is not allowed as a municipal beneficial use. Municipalities must undergo an application process with the Oregon Water Resources Department (OWRD) in conjunction with the Oregon Department of Fish and Wildlife to obtain a hydroelectric certificate, and the application can only be filed by the original water right holder. This bill allows municipal corporations and people's utility districts to apply for water use certificates for hydroelectric purposes within a piped conduit in an artificial delivery system that is delivering water for municipal uses regardless of who holds the underlying municipal water right, if written authorization by the underlying water right holder is given. Authorizes the OWRD to amend its application filing rules by December 31, 2024, if needed.



### **HB 3164 – Split Season Leasing**

*Chapter Law: 55      Effective Date: January 1, 2024*

Split season leases authorize the water right holder to use the water for a portion of the year with another party leasing that water for in-stream use during the same year. The split season leasing program was established by the Legislative Assembly in 2001. It was set to sunset in 2024. This bill eliminates the sunset allowing a water right to lease to split the use of water between the existing water right and in-stream water right within the same year provided that the uses of both rights are not concurrent and the holders of the rights measure and report the use of each water right to the Oregon Water Resources Department.

### **HB 3187 – Eligibility for Water Rights Examiner Certificate**

*Chapter Law: 532      Effective Date: January 1, 2024*

This bill was introduced at the request of the Oregon Water Resources Congress. It makes individuals eligible to apply for water right examiner certification if they have been employed by an irrigation district, drainage district, water improvement district, or water control district for seven or more years and have seven or more years of relevant technical experience conducting similar work. HB 3187 sunsets on July 1, 2027.

### **HB 3195 – Expansion of Eligibility for Clean Water State Revolving Funds**

*Chapter Law: 56      Effective Date: January 1, 2024*

The Clean Water State Revolving Fund (CWSRF) program is a federal-state partnership that provides low-cost financing to communities for a wide range of water quality infrastructure projects. In Oregon, the definition of eligible recipients excludes some public agencies, such as domestic water supply districts, if they do not have wastewater system authority. This definition is more restrictive than what is allowable under federal CWSRF program regulations. This bill modifies the definition of "public agency" to expand eligibility for Water Pollution Control Revolving Fund financial assistance and would modify the "treatment works" definition and state policy to incorporate references to nonpoint source management activities.

### **HB 3211 – Newport Dam Location of Storage**

*Chapter Law: 535      Effective Date: July 31, 2023*

The City of Newport has two dams that store water for the community. Both of those dams are considered highly dangerous and vulnerable to seismic activity. As a result, the city is seeking to replace those dams with a more modern and resilient storage facility. This bill authorizes the holder of water right certificates 21358, 48627, and 89100 (The City of Newport) to apply to change the authorized point of diversion and place of use without losing priority of the right if the following conditions are met: the water right certificate authorizes the storage of water for municipal use, and the dam at the authorized point of diversion has been determined to have a high hazard rating, and to be unsafe or potentially unsafe. The bill requires the holder of the water right certificate to comply with other applicable state and federal environmental laws

when constructing the resulting new dam and reservoir. It specifies that provisions apply to applications filed after the effective date of the Act and before January 1, 2026.

### **HB 5043 – Oregon Water Resources Department Budget**

*Chapter Law: 460      Effective: July 27, 2023*

This bill provides \$190,674,021 million for the Oregon Water Resources Department (OWRD) for the 2023-2025 biennium, this is more than \$12.1 more than previous biennium. Total FTE is 241 – up 42 positions from the previous biennium. Investments were made in the following areas: funding for permanent personnel for Oregon’s Integrated Water Resource Strategy (IWRS), funding for personnel to support Place-Based Planning, \$500 thousand to pay Department of Justice (DOJ) and Administrative Hearings for progress on the department’s protest backlog, funding to coordinate research and technical activities to refine estimates of water availability, and money to address complex basins in Klamath, South Central and Eastern Regions.

### **SB 718 – Drought and Forfeiture**

*Chapter Law: 185      Effective Date: January 1, 2024*

SB 718 defines "drought year" as a calendar year in which the Governor declares that a severe continuing drought exists or is likely to exist within a county and provides that a drought year does not count as a year for purposes of water right forfeiture, if the water right holder has a facility capable of handling the entire authorized rate and duty and is otherwise ready, willing, and able to make full use of the water right. It provides that a year during which nonuse occurs that precedes or follows a drought year, counts as a year for purposes of forfeiture, and prohibits application to water right transfer applications.

## **WATER – Bills that Failed**

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### **HB 2647 – Hazardous Algal Blooms**

*In committee upon adjournment      Part of Climate Resiliency Package (HB 3409)*

This measure requires the Department of Environmental Quality (DEQ) to develop and maintain a harmful algal bloom (HAB) monitoring and response strategy as well as the collection, production, and storage of data related to HAB risk level of harm to the public. The bill also required DEQ in coordination with Oregon Health Authority (OHA) to implement the developed strategies to reduce pollutants from point and non-point sources. It reassigns the determination of drinking water sources susceptible to or potentially influenced by HABs and adds the development of a system for monitoring and testing to the responsibilities led by the OHA.

### **HB 2813 – Source Water Protection**

*In committee upon adjournment      Part of Drought Package (HB 2010)*

This measure directed the Oregon Watershed Enhancement Board (OWEB) to establish a grant program for water suppliers to protect, restore or enhance drinking water. The bill described eligible grant uses and created a maximum grant cap of \$3 million, and the application and selection process. Under the bill, OWEB was authorized to adopt rules that may include (1) eligibility criteria for water suppliers, including water system types and requirements that eligible water suppliers serve rural or low-income communities, (2) grant requirements, (3) criteria for grant ranking, (4) fund matching requirements, (5) deadlines and award timelines, and (6) verification processes for the use of grant funds. It specifies grant recipient's responsibilities and exempts OWEB from liability for the failure of a grant recipient to fulfill the terms or conditions of any agreement between a landowner, or other person involved in the grant project and the grant recipient. The bill required OWEB to submit a report on the grant program by April 1, 2025. HB 2813 establishes Community Drinking Water Enhancement and Protection Fund, and approximately \$2,247,000 million was appropriated to OWEB for the bill.

### **HB 2867 – Desalinization**

*In committee upon adjournment*

This bill would have established a Task Force on Desalination. Under the bill the Task Force was directed to study the creation of a statewide desalination program and to submit a report to an interim committee of the Legislative Assembly related to water no later than September 15, 2024. The Task Force, its membership, responsibilities, and meeting criteria would have sunset on December 31, 2024.

### **HB 3100 – Integrated Water Resources Strategy**

*In committee upon adjournment      Part of Drought Package HB 2010*

This bill was added to HB 2010 as part of the Drought Package. It added the Oregon Department of Agriculture (ODA) and the Oregon Watershed Enhancement Board (OWEB) to the list of agencies tasked with the development of the Integrated Water Resources Strategy (IWRS) and an ongoing forecast of Oregon's in-stream and out-of-stream water needs. It added irrigated agriculture to the included categories of these water needs and the informing of recommended actions at multiple scales to the purposes of the ongoing forecast.

HB 3100 required that the IWRS also describe: critical water issues at the state level and within water basins across the state; plans and actions concerning water-related natural hazards; provisions to engage with the public, promote meaningful engagement with environmental justice communities, and promote partnerships with tribes and public bodies to implement the recommended actions as appropriate; specified implementation plans at various scales in a balanced, equitable and integrated manner; methods to support implementation of priority actions; provisions to achieve interagency coordination and coordination with federal agencies

and neighbor states; and processes of biennial work plan development and implementation coordination.

The bill revised the list of entities that Water Resources Commission must notify prior to adopting or revising the IWRS. It also changed from every five years to every eight years the interval of IWRS review and update. It also required the Oregon Water Resources Department (OWRD) to biennially report to a water- or natural resources-related interim legislative committee on IWRS implementation and efficacy and any policy changes or investments needed to facilitate further implementation.

### **HB 3103 – Agricultural Water Management**

*In committee upon adjournment Part of the Drought Package HB 2010*

Among other things, this bill would have required the Oregon Water Resources Department (OWRD) to provide publicly accessible satellite-based evapotranspiration data as collected by a contracted organization and use it to support evapotranspiration data production, provide more accurate data for different regions in Oregon; conduct outreach to agricultural producers to verify accuracy and improve data usability; partner with agricultural producers and other subject matter experts to verify remote sensing data accuracy, develop new tools, and identify best management practices; perform and publish agricultural water management research; develop and update Oregon-specific resources with a focus on effective practices that will increase the likelihood of securing federal funding for agricultural water management; and provide technical assistance to small farmers or ranchers in accessing state and federal assistance programs.

### **HB 3125 – Low-Income Water Assistance**

*In committee upon adjournment Part of the Drought Package (HB 2010)*

This bill was introduced at the request coalition of groups including public water and wastewater providers. The bill would have established a Public Drinking Water and Sewer Ratepayer Assistance Fund and directed the Oregon Housing and Community Services Department (OHCS) to provide grants from fund moneys to qualified organizations to distribute water and sewer bill payment assistance to low-income residential households. OHCS would have been required to adopt rules for the administration and implementation of Fund distribution and the bill would have appropriated \$15 million General Fund moneys to the assistance program. Although this bill did not advance, a study was included in HB 2010 (the Drought Package) that funds a study on funding options for a low-income water assistance program.

### **HB 3163 – Place-Based Planning**

*In committee upon adjournment Part of the Drought Package (HB 2010)*

This bill would have authorized the Water Resources Director to award grants from a fund to support place-based integrated water resources planning. It specified as eligible expenses the

costs of filling gaps in state, tribal, and local capacity, knowledge, and skill sets; developing data and associated analyses specific to a place-based integrated water resources plan (IWRP); assessing critical issues within the planning area; building knowledge and relationships among state agencies, interested organizations, and people who were associated with the planning area; assisted groups with preparing and assessing readiness to engage in relevant planning and building the capacity of a community; facilitating and managing a collaborative planning process; developing or supporting the development of a place-based IWRP and facilitating relevant public participation including by members of environmental justice communities; updating a state-recognized place-based IWRP; and implementation coordination.

The bill specified that grants could be awarded to persons, public bodies, Indian tribes, and nonprofit organizations and as part of the cost sharing with other programs that support place-based integrated water resources planning. It authorized the Oregon Water Resources Department (OWRD) to require cost matching by applicants, as well as authorized the Director to use fund moneys for specified agreements and contracting to further place-based integrated water resources planning. It required the Director, prior to issuing grants, to consult with the Department of Environmental Quality (DEQ), the Department of Land Conservation and Development (DLCDD), the Oregon Health Authority (OHA), the Oregon Watershed Enhancement Board (OWEB), the Oregon Department of Agriculture (ODA), and the Oregon Department of Fish and Wildlife (ODFW) regarding their capacity to participate and provide information and assistance regarding application and planning efforts and authorized these departments to provide technical information and assistance to applicants and grant recipients.

HB 3163 directed the Water Resources Director to notify county and tribal governments within the proposed planning boundary of an application. It required the Oregon Water Resources Commission to consider state-recognized place-based integrated water resources plan when updating the integrated state water resources strategy. In addition, it allowed the commission to adopt rules regarding clarifying eligible expenditures, prioritization of funding issuance, requirements for promoting community participation and engaging environmental justice communities, criteria, and process for state recognition of a place-based IWRP, implementation of actions, and reporting and other requirements necessary to maintain the status of a state-recognized place-based IWRP.

### **HB 3207 – Domestic Water Well Testing**

*In committee upon adjournment*

This bill would have amended the reporting requirements for real estate transaction sampling of domestic wells to require test results to be submitted to the Department of Environmental Quality (DEQ) within 90 days of submitting the test results to the seller, and to be made available to the Oregon Health Authority (OHA) as well as the public.

### **HB 3228 – SDCs for Rural Affordable Housing**

*In committee upon adjournment*

This bill would have established the Rural System Development Charges Program within Oregon Housing and Community Services (OHCS) and directed the agency to allocate program funds to pay SDCs assessed by rural governments for affordable multifamily housing projects. The measure would have allocated \$3 million in General Fund moneys to the fund and requires OHCS to deliver a biennial report to the Legislative Assembly.

### **HB 3321 – Study of Needs of Small and Very Small Water Systems**

*In committee upon adjournment      Part of the Drought Package (HB 2010)*

This bill would have directed the Oregon Association of Water Utilities (OAWU) to perform and enter a contract with a third party to study the needs and vulnerabilities of small and very small community water systems. It directed the Department of Administrative Services (DAS) to consult with Oregon Health Authority (OHA), the Department of Environmental Quality (DEQ), Oregon Water Resources Department (OWRD), county environmental health departments and county emergency managers to design the study parameters. The measure would have also appropriated \$2.5 million for the purposes of the study. HB 2010 contained the provisions of this bill and appropriated \$1 million.

### **HB 3346 – Protest Backlog**

*In committee upon adjournment*

This bill would have required the Oregon Water Resources Department (OWRD) to work with the Oregon Department of Justice (DOJ), the Office of Administrative Hearings, and the Oregon Department of Fish and Wildlife (ODFW) to reduce the number of water rights and transfer protests backlog by contracting with an independent assessment of the backlog, developing a strategy to reduce it, and providing recommendations for improving the water rights and transfers decision system.

### **HB 3365 – Irrigation District Water Management**

*In committee upon adjournment*

This measure would have authorized certain Deschutes Basin irrigation districts under specified conditions to temporarily change the place of use or the point of diversion of a water right within the legal boundaries of the district or another Deschutes Basin irrigation district.

### **HB 3368 – Surface and Ground Water Availability**

*In committee upon adjournment*

HB 3368 would have directed the Oregon Water Resources Department (OWRD) to periodically produce a state of water resources report that included all of Oregon's basins and characterized OWRD's understanding of the basin's water supply and demand, including the availability of

surface and ground water to meet current and future in-stream and out-of-stream water needs. OWRD would have been required to include a vulnerability and resilience assessment that evaluated anticipated changes in surface and ground water supply and demand as well as the vulnerability and resilience of water use sectors under various climate change and population growth predictions. The bill specified the contents, procedural requirements, and purpose of the report and basin assessments, and required OWRD to report specific initial results to a water related interim committee of the legislature by December 31, 2024, and produce the full state of water resources report and basin assessments by December 31, 2028.

The bill required the Legislative Policy and Research Office (LPRO) in consultation with the Oregon Water Resources Commission to submit a report to a water related interim committee on possible improvements to basin planning and basin program rules including needs and opportunities for increasing their flexibility and accountability, and how to support integrated, coordinated basin programs related to water resources management policy. It required the report to include a thorough review of relevant statutes, rules, Oregon's past and current approaches to basin planning and water management, a comparative analysis of relevant approaches in other states, and policy and funding recommendations to modernize Oregon's approach to basin planning and management. Additionally, the bill directed OWRD to develop and maintain a publicly available water availability and allocation tool showing estimated water supply, use and availability for appropriation.

### **HB 3575 – Water Supply Development Account**

*In committee upon adjournment      Passed in the Drought Package (HB 2010)*

In 2013, the Oregon Legislative Assembly passed Senate Bill 839, establishing the Water Supply Development Account to provide grants and loans for projects that address an in-stream or out-of-stream water supply need and result in economic, environmental, and social/cultural benefits. Currently loan and grant funding decisions are made once per year. This bill would have required the Oregon Water Resources Commission to make loan and grant funding decisions related to the Water Supply Development Account twice per year.

### **SB 455 – Aquifer Storage and Recharge**

*In committee upon adjournment      Passed in the Drought Package (HB 2010)*

The Oregon Water Resources Department (OWRD) authorizes aquifer recharge (AR) and aquifer storage recovery (ASR) projects by permit; AR projects must meet anti-degradation standards and ASR projects must meet drinking water standards. OWRD assesses and monitors areas facing limited water availability statewide through 22 designated groundwater administrative areas. The department has established seven critical groundwater areas, classified additional areas as having restricted uses, and has withdrawn basins or aquifers from further groundwater appropriation in Oregon. As part of the department's efforts to evaluate water storage options in the state, OWRD has conducted an assessment to identify areas geologically suitable to support underground water storage. This bill would have directed the Oregon Business Development Department (OBDD) to establish and administer the Aquifer Recharge Due

Diligence Grant Program and Aquifer Recharge Testing Forgivable Loan Program for grants and forgivable loans to public bodies.

## **WORKERS' COMPENSATION – Bills that Passed**

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### **HB 2056 – Public Body Self Insurance**

*Chapter Law: 230      Effective Date: January 1, 2024*

HB 2056 enacts clarifying language changes to existing statute proposed by our association and unanimously adopted by the legislature in 2005 related to public body minimum self-insured requirements (ORS 30.282). A strict reading of the statute prevents reserves from liability and workers' compensation public body self-insured programs to be used interchangeably. HB 2056 clarifies that reserves are the public entities' funds and can be used for the benefit of the program's public bodies.

HB 2056 amends ORS 30.282 (6)(c) to read "Program contributions and reserves must be held in separate accounts and used for the exclusive benefit of the program, the contributing public bodies, or any other program of self-insurance for which at least one of the contributing public bodies is a member. This proposed statutory change will not lessen the overall requirements of ORS 30.282 (6) which still requires a high level of financial due diligence including:

- Conducting an annual independent audit
- Retaining a minimum level of surplus for financial security.
- Obtaining adequate excess or reinsurance to protect against catastrophic claims.
- Collecting a minimum level of contributions (premiums) from members to provide a critical mass for rate stability.
- Setting claim reserves based on proper actuarial calculations and review.

The changes approved in HB 2056 will allow the Special Districts Insurance Services Trust (SDIS) to continue to return surplus funds to members, provide rate stability across the board, and free up surplus funds to be used to start or strengthen other self-insurance programs.





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# 2023 LEGISLATIVE SESSION

## FINAL REPORT