



2023 Legislative
Session

Summary of Bills

AUGUST 2023

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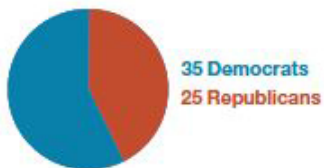
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30
Number of State Senators



60
Number of State Representatives

2970
Number of measures introduced

653
Number of measures passed

3
Number of measures referred to voters: HB 2004, HJR 16, SJR 34

41
Number of legislative committees

168
Number of days in session

227 days
Longest legislative session (2003)

2023 LEGISLATIVE SESSION

OVERVIEW

2023 – A Session of Hits, Misses, Challenges

Oregon's 82nd legislative session ended at 4:27 p.m. on June 25, just seven and one-half hours short of the constitutional Sine Die at midnight. Back in January, there were signs indicating what the LOC and others would experience during the session. House leadership started things off with a joint press conference focused on shared priorities from Republican and Democratic leadership. The Senate, however, started the session off with caucuses criticizing each other's leadership and priorities. This contrast in relationships played out over the course of the session and culminated with a 42-day walk-out initiated by Senate Republicans, denying the Senate majority a quorum to advance legislation. This walkout was the Republican's tactic for expressing their objections to [HB 2002](#) (women's healthcare, abortion access and gender affirming care) and [HB 2005](#) (gun safety), which were key Democratic priorities entering the 2023 session.

The walkout prevented floor votes, created a backup of 400-plus bills in the Senate, and left the LOC and other interests wondering when and if the walkout would end. Once a negotiated agreement to return was brokered, enough Senate Republicans returned to the Senate floor on June 15. The remaining 10-days was a scramble to move bills with little floor debate.

Typically, the last day of a legislative session is largely ceremonial. This was not the case in 2023, when the final day saw three pieces of legislation fail to advance due to lack of votes. These included a priority housing bill from Governor Kotek ([HB 3414](#) - Land Use). The LOC had worked with the governor and her staff to modify HB 3414 and was officially neutral going into the final day. Other interests from land use advocacy and environmental groups remained opposed.

In addition, [HB 3013](#) (Prescription Fee for Consumers) surfaced late in the session and would have added a surcharge to LOC member prescriptions at the urging of advocates for pharmacy benefit managers (PBM). The LOC and its members led this fight to oppose the bill, which would have added \$5 million annually to the cost of health care for CIS members. The final bill that failed on the floor was [HB 3242](#) (Medical Rights of Action). The LOC was not involved in this legislation.

LOC Priorities:

The LOC entered this session with a robust set of [eight legislative priorities](#). Our efforts to advance these priorities were met with frustration and challenges throughout much of the session. One key priority was a joint effort with the Oregon Mayors Association (OMA). Despite a session-long effort, the OMA and LOC were unable to secure direct resources to cities despite historically high funding for those services.

Economic development was also a key priority going into the session, with our focus on sunset extensions for Oregon's successful enterprise zone program and SIP-Gainshare. Sunset extensions were included in the second phase of Oregon's semiconductor package, [HB 2009](#).

We found success with a series of transportation priorities, which focused on a three-session effort to extend the use of mobile and fixed photo radar for speed management to all cities through [HB 2095](#), increased flexibility for "safe routes to school" program in [HB 2099](#), and additional investment in the "great streets program" with [HB 3113](#).

The LOC's lobby team was on top of every issue this session, and thanks to their work, combined with grass roots advocacy from members, many legislative concepts that could have hurt cities were stopped, or substantially amended. Our member advocacy also helped move priority legislation and advance long-term legislative advocacy.

Patience and persistence are critical for the legislative work to have success. Without it, all organizations will struggle. The involvement of our cities during 2023 is notable and we are making progress, but we still have a lot of work to do. Advocacy for your cities or the collective of the LOC is a 24-7-365 effort. Please keep up the outreach with your elected officials. Stay engaged with LOC's lobby team, build relationships that extend beyond your city and look for partners that share similar goals and objectives.

Going Forward

The LOC kicked off the 2023 session with City Day at the Capitol on January 25. It was a well-attended event for members and state legislators, with all members of caucus leadership present and Governor Kotek providing opening remarks. This helped set the stage for what was clearly a significant increase in grass roots advocacy efforts from the LOC's members. Every time we needed members to testify, provide comments, or contact their members, our calls were answered. This was very important to this session's efforts to balance other interests who did not share the LOC's objectives.

As the LOC lobby team prepares for the next session, we need members to maintain this high level of communication. We need your assistance in helping with our education efforts with state legislators. We urge you to invite them to council meetings, events, budget meetings and ask that as city leaders you make sure to attend the town halls they conduct. Every touch point between a local official and their respective state legislator is important for both the relationship and the educational opportunity. We have a long way to go, but the good news is that we are seeing measurable progress and we appreciate everyone who took time this session to become advocates.

How to Read the Bill Summaries

Click on the bill number to view the full text of the bill.

[HB 4106](#): **Happy Valley Annexation from County Service District**
Effective Date: February 27, 2024

Effective Date - indicates the date on which the bill becomes effective

COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

PASSED BILLS

[HB 2009](#): Economic Development Incentive Omnibus



Effective Date: September 23, 2023

This legislation combined several bills with extensions and program changes for key local government 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 5) as part of the semiconductor industry incentive package, designed to help Oregon semiconductor companies be competitive for federal investments from the CHIPS Act (2022).

The LOC supported extending the enterprise zone programs and gain-share (the SIP does not have a sunset) and opposed changes that would limit efficacy or add administrative burden (HB 3011)

Proposed changes that were removed from the final bill language include a 25% school support fee, reducing the gain-share cap to \$5 million, and adding a sunset to the SIP program.

Enterprise Zones (HB 2199 & HB 3011)

- The Enterprise Zone and Long-Term Rural Enterprise Zone programs are 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%. 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 (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 (SIZ).
- 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.*

SB 4: Oregon CHIPS Act

Effective Date: April 13, 2023



SB 4 was effectively Oregon's version of the federal [CHIPS Act](#) and served as the bridge head for critical economic development incentives during the 2023 session. The LOC and its members were very involved in the [Oregon Semiconductor Competitiveness Task Force](#). Several recommendations from the task force were part of SB 4. 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 also 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 (SIP). The incentive package passed later in session (see [HB 2009](#)).

FAILED BILLS

[HB 2258](#): Industrial Site Readiness Funding



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, and Business Oregon stopped accepting applications 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.

HOUSING AND LAND USE

PASSED BILLS

[HB 2001/HB 5019](#): Affordable Housing and Emergency Homelessness Response Package



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. 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 (OHCS and 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 proposal lengthens the eviction notice timeline from 72 hours to 10 days and includes a right of redemption; and

- Establishing and funding 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 2889: Oregon Housing Needs Analysis \(OHNA\) Technical Fix](#)



Effective Date: July 18, 2023

HB 2889 was originally introduced as the vehicle for the Oregon Housing Needs Analysis (OHNA), which ended up being amended into HB 2001 and passing as part of the Emergency Housing Package early in session. HB 2889 was later amended to include technical clarifications for the OHNA that did not make it into HB 2001. The LOC supported HB 2889 and worked on the final language to ensure that the OHNA can be implemented as intended with minimal delay, confusion and litigation risk for cities.

[HB 2984: Commercial Conversions](#)



Effective Date: January 1, 2024

HB 2984 requires cities to allow conversion of a building from commercial use to residential use without requiring a zone change or conditional use permit. The bill prohibits cities from enforcing parking minimums greater than the amount allowed for existing commercial use, or the amount that may be required in lands zoned for residential uses that would allow the converted development. The LOC initially opposed the introduced bill, as it would have prohibited cities from charging system development charges (SDCs) for 15 years.

The final version of HB 2984 allows cities to charge SDCs provided the charge is based on a “specific adopted policy for commercial to residential conversions” adopted on or before **December 31, 2023**, or if the charge is for water or wastewater and includes an offset for at least 100% of the water or wastewater system development charges paid when the building was originally constructed. Cities already tailor SDCs to the specific impacts of each development, and the LOC understands this provision will allow cities to continue charging SDCs accordingly. HB 2984 is **not** intended to require cities to conduct a formal SDC methodology review or update by **December 31, 2023**.

[HB 3395: End of Session Housing Package](#)



Effective Date: June 30, 2023

HB 3395, known as the end of session “Housing Package,” incorporated several bills that had advanced earlier in the session, including an omnibus housing bill, SB 847, which may require cities to make changes to local housing development policies or processes. The bill

also includes funding for local government capacity to support housing development. The sections most relevant to cities are:

- **Residential Use of Commercial Lands (Sections 1-2):** Requires cities to approve the siting and development of housing within commercial zones if it is affordable to 60% AMI or below, or for mixed-use structures with ground floor commercial with residential units affordable to moderate income households. It does not require a city to update its comprehensive plan to implement; however, this change in use may impact a city's employment lands availability. The bill explicitly exempts cities from having to conduct a new economic analysis or comp plan update; however, cities may still wish to consider the impact to Goal 9 for economic development and reflect and accommodate these impacts at a later date. HB 3395 requires cities to apply the residential density level most comparable to the density of commercial density currently allowed in zone, and specifies that updates or analyses relating to economic development are not required.
- **Residential Approval Procedures (Sections 3-6):** Makes two changes to the appeals process for the Oregon Land Use Board of Appeals (LUBA) that is intended to reduce land use appeals or reduce the duration of those appeals and workload on city staff. First, it provides an extra seven days for a city to take final action on an application for a permit, limited land use decision, or zone change, including resolution of appeals, after an application deemed complete. Second, it allows a local government or state agency to withdraw a decision under appeal with LUBA for reconsideration, including decisions related to the development of a residential structure.
- **Emergency Shelter Siting (Sections 6-7):** Continues the existing requirements for when cities must approve the siting of emergency shelters and updates some of the terms. It clarifies that cities do not have to hold a public hearing before approving a shelter siting application under the measure; awards attorney fees to a local government and any intervening applicant that prevail on appeal of approval, or applicant that prevails on appeal of denial; and updates the criteria for qualifying shelter operators. Notably, the shelter siting provisions will no longer sunset or lapse by a certain date, but will now be in effect until the statewide point-in-time count for total sheltered and unsheltered homeless population falls below 0.18% of the state population.
- **Single Exit Multifamily Dwellings (Section 8):** Directs the Oregon Department of Consumer and Business Services to review and adopt updates to the Structural Specialty Code through the Building Codes Structures Board to allow residential occupancies to be served by a single exit. This section also requires updates that would reduce, to extent practicable, costs and barriers to mid-sized multifamily dwelling construction while maintaining safety, and encourage less expensive housing types allowing single-exit residential dwellings consistent with adopted building codes such as those in Seattle, Washington.

- **Planned Community Act Exemptions (Section 9):** Clarifies that development established on or after **January 1, 2024**, in which each residential unit is subject to an affordability restriction or is owned by a public benefit or religious nonprofit corporation, is not defined in Oregon law as a “planned community.”
- **Regulation of Condominiums (Sections 10-14):** Grants the state’s real estate commissioner the exclusive right to regulate submission of property to condominium provisions of Oregon statute. This section also prohibits other restrictions or prohibitions on condominium form of ownership, including charges, taxes, fees, review or approval processes, or additional permitting requirements or conditions. If a city has local regulations specifically related to condominium permitting, they may need to be updated or eliminated.
- **Subdividing for Development of Affordable Housing (Section 15):** Requires a city or county to accept as other assurance, one or more award letters from public funding sources made to an affordable housing developer that is or will be subject to an affordability restriction or affordable housing covenant, provided those awards total an amount greater than the project cost. This section may require cities to update their external and internal processes, and documents for analyzing and approving affordable housing development related to system development charges and entitlements.
- **Single Room Occupancies (Sections 16-19):** Defines “single room occupancy” (SRO) as a residential development with at least four independently rented, lockable units with living and sleeping space for exclusive use of an occupant, but with shared sanitary or food preparation facilities. This section requires local governments to allow SRO development within an urban growth boundary, with up to six units per single-family zoned parcel, and with unit counts consistent with density standards of parcels allowing five or more units. It also adds SROs to the definition of “needed housing.”
- **Siting Duplexes (Sections 20-23):** Requires cities located outside the Portland metro area with a population between 2,500 and 10,000 to allow duplexes on lots zoned for single family detached dwellings. In other words, this extends the duplex requirements established in HB 2001 (2019) to an additional 50 cities and requires those cities to adopt land use regulations or amend comprehensive plans no later than **June 30, 2025**.

A city amending its comprehensive plan or land use regulations is not required to consider whether those amendments significantly affect existing or planned transportation facilities. The bill allows a city, no later than **June 30, 2024**, to request an extension from the **June 30, 2025** deadline and appropriates \$1,250,000 to the Oregon Department of Land Conservation and Development to provide grants to cities to assist them with the middle housing updates.

- **Affordable Housing on Public Utility Lands (Section 29):** Allows public utilities to sell at or below market price, or gift, interest in real property for purpose of developing

affordable housing and requires such property to include an affordable housing covenant. The bill prohibits a public utility from recovering costs of the property sale or gift from customers.

- **Local Government Housing Support (Section 37-39):** Allocates \$5 million to the Oregon Department of Administrative Services (DAS) to provide grants to councils of governments (COGs) and economic development districts (EDDs) to support housing and community development capacity within cities, counties, and Tribes. COGs and EDDs are specifically directed to partner and consult with local governments, developers, financiers, the Oregon Department of Land Conservation and Development, Oregon Housing and Community Services (OHCS), other relevant state agencies and other interested public and private partners to enable local governments throughout the region to encourage community development and the development of infrastructure and needed housing, by: (a) Bridging any information gaps; (b) Identifying and securing needed resources, including infrastructure and community facilities; (c) Connecting producers of needed housing with consumers of needed housing; and (d) Working with representatives of historically underrepresented groups to overcome community-specific barriers to obtaining housing.

HB 3442: Affordable Housing Development in Tsunami Zones

Effective Date: July 31, 2023



HB 3442 clarifies that coastal cities may approve affordable housing development within 100-year floodplains or on property constrained by land use regulations based on natural disasters and hazards, if, within the property's urban growth boundary, 60% of land is within a tsunami inundation zone or 30% is within a 100-year floodplain.

SB 406: Tillamook County Middle Housing Updates

Effective Date: July 13, 2023



This bill was introduced at the request of Tillamook County and LOC member cities to fund and update cities' housing plans to include middle housing code. The LOC advocated ensuring the bill included appropriate funding for the cities to implement.

HB 5027: DLCD Budget Bill

Effective Date: July 27, 2023



HB 5027 was the budget bill for the Oregon Department of Land Conservation and Development (DLCD). The LOC supported funding in the bill for small city planning grants, with \$4.75 million for housing and urbanization grants available to all cities for the 2023-25 biennium. The LOC also advocated for the budget to include \$30 million for cities to implement the Climate Friendly and Equitable Communities (CFEC) administrative rules, however the Legislature allocated only \$3 million.

[SB 5511: Oregon Housing and Community Services \(OHCS\)](#)

Budget Bill



Effective Date: July 27, 2023

SB 5511 is the agency budget bill for Oregon Housing and Community Services (OHCS), the state's housing finance agency. In addition to funding for the wide range of affordable housing and stabilization services, the OHCS budget included \$24.1 million to support ongoing operations needs for certain categories of existing shelters, including Project Turnkey shelters. A detailed summary of the 2023-25 OHCS budget is available [here](#).

FAILED BILLS

[HB 2506: Residential Facility Siting](#)



The LOC supported this bill that would have updated an existing requirement to allow residential care facilities in residential zones. HB 2506 expanded the definition of residential care facilities to include the full range of community-based behavioral health treatment facilities that are being funded by the state. The bill also applied to existing group homes for people with disabilities and a range of needs supported by these in-home care facilities. The behavioral health advocates behind the bill worked with the LOC on technical improvements. Some legislators on the House Housing Committee raised concerns about the proximity of these facilities near schools, and the bill was moved to the House Rules Committee for further consideration. HB 2506 was a land use bill and would not have changed existing public safety laws that prevent people with certain criminal histories from residing near schools. The LOC worked to advocate for the passage of HB 2506 and address any misunderstandings, however the bill did not pass.

[HB 2980A: Moderate-Income Affordable Housing Financing Tool](#)



HB 2980A would have seeded a \$300 million state revolving loan program in which participating cities could award grants to housing developers to encourage the development of middle-income and affordable housing. Cities would repay loans using property tax revenue from the new development. This opt-in bill would give cities a new tool to encourage needed housing, including covering infrastructure costs. The LOC worked closely with the bill proponents and other stakeholders to improve the bill throughout session and will continue to advocate for passage in future legislative sessions.

[HB 2983: Manufactured Housing Development Funds](#)



This bill included a package of funding to preserve and develop affordable manufactured housing parks. HB 2983 also would have allocated \$250,000 to the Oregon Department of Land Conservation and Development (DLCD) to develop model codes for manufactured parks and middle housing. The LOC supported the bill generally and with

specific support for the model code resources at the DLCD that would help cities encourage manufactured housing and middle housing development.

[HB 3569](#): Right to Housing



The LOC opposed [HB 3569](#) as introduced and with a [-1 amendment](#) that would have required cities to approve housing development in any residential and commercial zone and largely preempt any density standards, siting and design requirements, or ability to plan for adequate infrastructure. While the bill advanced to the House Rules Committee, keeping it alive throughout the session, it did not receive additional hearings or support.

[HB 3414](#): Governor’s Housing Production Bill



HB 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. Over the remainder of the session, the LOC worked closely with a coordinated group of cities and legislators with local government experience to gain amendments to improve implementation and reduce administrative burden on local governments, litigation, and development delays. In the final month of session, following numerous amendments and negotiations, the LOC reached a neutral position on the -14 amendment, yet continued to seek and gain additional technical improvements in yet more amendments.

In the final few days of the session, HB 3414 was further amended by a -24A amendment, which established 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, which the LOC supported after working with development stakeholders on improvements to the concept. The “land supply” concept was a priority for Republicans, but raised 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, HB 3414A died on the Senate floor, one vote shy of reaching a constitutional majority.

[SB 847](#): Senate Omnibus Housing Bill



Known as the “Omnibus Housing Bill,” SB 847 was introduced with 14 different housing-related initiatives. The LOC supported the bill sections related to emergency shelter siting and residential approval procedures and either opposed or gained improvements to the remaining sections. Ultimately, the LOC reached a neutral position on the overall bill, which was amended into [HB 3395](#) and passed with bipartisan support.

[SB 1051](#): Urban Reserves and UGB Expansion



SB 1051 with a [-2 amendment](#) would have allowed property owners to request an urban growth boundary (UGB) expansion for land within designated urban reserves

under certain circumstances. The LOC initially opposed both the introduced version and the -2 amendment to bill, due to significant technical concerns. The -2 amendment upended years of local and regional planning, agreements and investments behind the ordered use of lands in the UGB and urban reserves. Urban growth boundaries are intended to provide an indication of where development will occur at the edge of a city and urban reserves indicate where the UGB will go next. Therefore, infrastructure planning focuses on building the capacity needed to serve the expected growth in the UGB. This means that capital improvement plans contemplate the capacity that is needed to serve these areas and the financial planning that it takes to improve infrastructure meets that expectation.

The -2 amendment would have reordered improvements, not just for the city, but also for the other local governments that provide urban services and connect to new development. After working closely with development stakeholders to improve the bill, the LOC supported draft updates that did not end up being posted or publicly heard. Another version of this concept was eventually amended into [HB 3414](#), which did not pass.

ENERGY & ENVIRONMENT

PASSED BILLS

[HB 2530](#): Defining Renewable Hydrogen

LOC
TOOK NO
POSITION

Effective Date: January 1, 2024

HB 2530 provides a state definition for the terms “green electrolytic hydrogen” and “renewable hydrogen.” The bill directs the Oregon Department of Energy (ODOE) to seek and apply for federal funds that may be used to support green electrolytic hydrogen and renewable hydrogen. In addition, education and increased awareness must be provided by the ODOE for groups that include Tribes, local governments, state agencies, federal agencies, private entities, academia, labor unions, and environmental justice communities.

For the purposes of the bill, green electrolytic hydrogen is defined as hydrogen produced through electrolysis using one of three sources of electricity:

- Electricity generated using a resource eligible for the [Renewable Portfolio Standard](#);
- Non-emitting electricity that is not derived from fossil fuels; or
- Electricity that has a carbon intensity equal to or less than the average Oregon grid carbon intensity in the commercial operation date of the electrolysis facility.

Hydropower is considered “non-emitting electricity” for the purposes of this definition. Additionally, the bill does not specify a production pathway for hydrogen and leaves the door open for including other production pathways.

Lastly, SB 5506 included \$200,000 for Oregon's share of upfront monies in a proposal to establish a regional hub intended to move towards producing green hydrogen fuels. Many LOC members are interested in hydrogen production and its possible application. The LOC's main concern was to ensure that local governments receive training and awareness about possible applications and uses of green hydrogen.

HB 3220: Modifies Electronics Recycling Program

Effective Date: September 24, 2023



Modifies provisions of Oregon's electronics recycling program and modifies criteria for an electronics producer responsibility program. Key changes to ensure success of Oregon's E-Cycles Program will include:

- Requiring a Producer Responsibility Organization to ensure that 95% of residents are within 15 miles of a collection site;
- Increasing the number of sites required in cities with a population of 10,000 or more, with more sites required based on population density;
- Ensuring that any willing permitted transfer station, landfill, or material recovery facility can participate as a collection site;
- Expanding the list of covered devices makes it more convenient for citizens to recycle additional items; and
- Improving program stability by requiring a 90-day notice of site changes to existing collection sites and the public.

HB 3409: Climate Package

Effective Date: July 27, 2023 (see other effectives dates below)



HB 3409 is a climate package that includes multiple bills from the legislative session. Some of the sections impact cities, while others have little to no impact on cities.

There are multiple sections that impact cities:

- *Energy performance standards for covered commercial buildings:*

Creates commercial building performance standards (BPS) for existing buildings. There are two tiers with separate timelines. Tier 1 includes local government buildings and commercial buildings that are 35,000 square feet or larger. If existing buildings do not meet the BPS, owners will be required to provide upgrades to the building to meet the standards set forth in rulemaking by the Oregon Department of Energy (ODOE). HB 3409 is modeled after a similar policy in [Washington state](#), and is in line with the [American National Standards Institute's standards for Energy Efficiency in Existing Buildings \(ANSI/ASHRAE/IES Standard 100\)](#).

 - The bill requires the ODOE to create incentives that can be used to offset some of the costs of compliance that can be paired with federal incentives. Cities will retain the ability to create stronger standards for buildings six years or older.

- The ODOE is required to provide a support program to eligible building owners of covered commercial buildings including information and periodic training, technical assistance, and other efforts to assist eligible building owners to comply with the energy performance standard, applicable energy use intensity targets, and reporting requirements.
- The ODOE may impose civil penalties for noncompliance. Some buildings that equal or exceed the square footage requirement may be exempt from the BPS, including buildings that are registered as historic buildings at the local, state or federal level.
- By **July 1, 2025**, owners of Tier 1 buildings must be notified of energy performance standard requirements.
- Starting January 1, **2028**, eligible Tier 1 building owners must comply with the energy performance standard, with compliance timing based on building square footage. Owners of eligible Tier 1 buildings are to report to the ODOE concerning compliance with the energy performance standard every five years.
- By **July 1, 2029**, the ODOE is required to update the energy performance standard.

- Resilience hubs and networks:

Requires the Oregon Department of Human Services (DHS) to provide grants, support, and technical assistance for resilience hubs and networks. Grants are to be awarded for planning and organizing expenses, expanding development and operations of resilience hubs and networks to provide protection from extreme weather or other potential disasters, and for community resources and services to respond to disasters. The DHS is to consult with the Oregon Health Authority (OHA) and ODOE on implementation of this measure. Was appropriated \$10 million. Becomes operative on **January 1, 2024**.

Intent for use of resilience hubs and networks:

- Facilitate communication and coordination of community services;
- Serve as a gathering place in the event of a disruption in the community;
- Enhance the ability of a community to respond to a disruption;
- Operate on a day-to-day basis to distribute food, water, information, charging stations, and medical supplies;
- Support community cache sites and community members who shelter in place;
- Provide childcare, training, food distribution and other services for unmet social needs in the event of an emergency;
- Provide heating, cooling, air filtration and weather protection; or
- Accommodate individuals with accessibility needs.

The LOC strongly supported these elements of [HB 2990](#) before the bill was packaged into HB 3409.

- Community green infrastructure grant program:

Establishes the Community Green Infrastructure Grant Program to provide direct social, environmental and economic benefits to communities across this state through green infrastructure. The bill also provides the Oregon Department of Land Conservation and Development (DLCD) with \$6.5 million to make grants available for:

- Offsetting the cost of planning and developing community green infrastructure projects or green infrastructure economic development projects;
- Developing or supporting native seed banks or native plant nurseries; or
- Supporting and implementing green infrastructure master plans. The DLCD may appoint an Advisory Committee on Community Green Infrastructure Investment that will include city governments.

- Urban tree canopies:

The Oregon Department of Forestry will acquire and maintain an urban tree canopy assessment tool. The agency will develop and implement a program to provide technical and financial assistance to public bodies, including local governments. Assistance may be used for planning, responding to and recovering from damage to habitats and urban tree canopies due to pests, diseases or other natural or human-created conditions that lead to loss of tree canopies. This includes loss of canopy due to wildfires, drought, or pests like the emerald ash borer infestation. The effective date is immediate upon the governor's signature.

- Residential heat pump program; air conditioner and air filter deployment program:

This bill modifies existing law for the residential heat pump program for air conditioner and air filter deployment to extend and provide clarity for the program. The bill also clarifies eligibility and how to determine when entities are eligible. Money is appropriated to the ODOE for the program and for the agency to work with Oregon Housing and Community Services on eligible entities. Eligible entities that can apply must serve or represent environmental justice communities or communities within a region and may partner with other eligible entities for the grant. This may include local governments as the eligible entity to apply and implement the grant. The bill becomes operative on **January 1, 2024**.

- Low-conflict solar siting:

The DLCD is tasked with formulating regulations enabling local governments to authorize solar facilities while giving priority to siting that avoids conflicting with natural resource lands and valuable habitat areas. The directive also designates solar facilities as "rural industrial use" for a goal exception within Chapter 660 of Oregon's administrative rules.

This section also instructs the DLCD to establish a rules advisory committee (RAC) to propose recommendations for the solar siting rules outlined in Section 35. Comprising Tribal representatives, state agencies, local governments, solar development proponents, energy and conservation advocates, environmental justice supporters, and

various industry stakeholders, this committee will also suggest additional data for the [Oregon Renewable Energy Siting Assessment](#) tool. The DLCDC must finalize rules by **July 1, 2025**, and furnish a comprehensive report to the Legislature by **December 31, 2025**.

The LOC participated in the discussion on energy siting and fought to ensure that local governments were at the table and consulted in any formulation of regulations.

- *Renewable energy incentive program updates:*

Extends the [Oregon Solar + Storage Rebate Program's](#) sunset to **January 2, 2029**. The end of session bill, SB 5506, adds \$10 million to the program. An amendment to existing legislation in Section 1 allows for solar and storage systems to be purchased together but installed separately. The systems will still need to be paired after installation.

Section 70 pertains to the [Renewable Energy Development Grant Program](#) and permits a waiver of the 12-month construction requirement for renewable energy production systems if delays resulted from COVID-19-related supply chain or workforce disruptions as long as construction was commencing between **March 1, 2020**, and **March 31, 2022**.

- *Woody biomass for low-carbon fuels:*

Mandates Oregon State University's College of Forestry to develop methods and data for developing clean fuels pathways from woody biomass, focusing on repurposing wood slash piles instead of burning them. Collaboration with the Oregon Department of Environmental Quality (DEQ) and the Oregon Department of Forestry (ODF) is required to align methods with the state's clean fuels program standards. A report detailing their findings is due to the Legislature by **July 31, 2025**, and the bill allocates \$3 million from the state's general fund for this effort. Additionally, Section 31 of the bill revises [ORS 530.050](#) to empower the state forester to establish a program facilitating the marketing of woody biomass conversion offtakes, allowing contracts or agreements for the conversion of biomass into energy feedstock, with transactions at fair market value.

The final version had bipartisan support in the Senate but received votes along party lines in the House. It's awaiting a final signature from the governor.

The LOC remained neutral on the bill throughout the session due to concerns about certain provisions and their unfunded costs to local governments. Specifically for commercial covered buildings, knowing that incentives that will be available will not cover the full cost to meet the building performance standards. The LOC negotiated having a place on the rulemaking advisory committee and was able to protect home rule throughout the bill's development. The LOC's advocacy helped to protect the bill from any preemptions.

The ODOE will adopt rules to establish building performance standards and must establish and consult an advisory committee that must include a representative from local government. Building owners, including local governments, must receive notice by **July 1, 2025** of buildings that must meet compliance and be notified of those requirements.

Starting in **2028**, eligible Tier 1 building owners must comply with the building performance standard, with compliance timing based on building square footage. Owners of eligible Tier 1

buildings are to report to the ODOE concerning compliance with the energy performance standard every five years.

Additional detailed information about HB 3409 can be found [here](#). The ODOE's full legislative report can be found [here](#).

HB 3630: ODOE Omnibus Programs Bill



Effective Date: Upon Signing by the Governor

HB 3630 is a package of programs related to the Oregon Department of Energy (ODOE) from varying legislation throughout the session.

- *Community navigator program in the Oregon Department of Energy (ODOE):*

During the legislative session, the LOC supported and advocated for a community navigator program in the ODOE.

Over the years, Congress and the Legislature have created a variety of new energy incentive programs like the Infrastructure Investments and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). These investments will bring state and federal funding to Oregon communities for energy projects. Navigating the myriad of programs and investments can be daunting and confusing. Section 1 establishes a program designed to provide information about potential funding resources and technical assistance to local governments, rural communities, Tribal governments, and other environmental justice communities. The program will work to develop energy projects or build energy related capacity for communities.

Many cities lack the capacity or resources to learn about and apply for many of the programs that are available. This program was designed for this purpose and will become a critical lifeline for cities as they consider potential energy projects and what support is available.

- *County resilience planning grants:*

The legislation provides support to Oregon counties to develop and adopt energy resilience plans to be incorporated into county natural hazard mitigation plans. The bill directs the ODOE to establish a program to award \$50,000 in technical assistance grants to support development of county energy resilience plans. A few qualifications are required for each energy resilience plan.

It must:

- Be based on a plan for short, medium, and long-term power outages;
- Identify and map energy infrastructure, natural hazard risks in consultation with representatives from local environmental justice communities and identify areas that experience social vulnerability;
- Identify potential locations for community resilience centers, prioritizing areas that experience social vulnerability;
- Inventory the energy consumption needs of critical public services facilities;

- Identify critical public services that could enhance community resilience if served with a backup power system;
- Identify opportunities to align energy infrastructure development with critical public services;
- Identify schedules, priorities, and potential funding sources for developing energy resilience; and
- Identify other actions and resources needed to implement the energy resilience plan.

The LOC was part of a work group to establish this bill. The LOC advocated for city voices to be included in discussions on resiliency but to avoid mandating any costs on local governments or municipal owned electric utilities. The program sunsets on **January 2, 2026**, and the ODOE is required to report on program results **by September 15, 2025**.

- *Home energy programs and a one-stop shop:*

This section is designed to enable Oregon to access funding through two rebate programs aimed at promoting energy-efficient retrofits in existing homes. These programs are part of the [Inflation Reduction Act \(IRA\)](#). The first program, known as the High Efficiency Electric Home Rebate program (HEEHR), offers point-of-sale rebates for qualifying electrification projects in low- and moderate-income households, with a focus on projects that enhance energy efficiency, such as heat pumps, electric stoves, and weatherization. The second program, the Home Energy Performance-Based, Whole-House Rebates program (HOMES), supports performance-based rebates for home energy efficiency retrofits that achieve at least a 20% reduction in household energy consumption.

This legislation also mandates the Oregon Department of Energy (ODOE), in collaboration with Oregon Housing and Community Services (OHCS), to establish and oversee these programs. The ODOE is directed to engage stakeholders and optimize the utilization of both federal and state resources to maximize the benefits of the programs.

Given the new and existing federal and state incentives and rebates, the bill recognizes the need for a simplified process for Oregonians. The ODOE is required to create a comprehensive "one-stop shop" resource. This resource is meant to assist Oregonians in navigating the array of incentives, providing information, technical support, contractor identification, and financing options related to energy efficiency initiatives. The effective administration of this resource involves data exchange coordination among various entities, including federal agencies, utilities, and energy efficiency program providers, while adhering to relevant federal and state regulations, such as the Oregon Consumer Information Protection Act and ORS 192.355. The ODOE may enlist the assistance of non-profit organizations or other entities to carry out this endeavor.

HB 5016: Oregon Department of Energy Budget

LOC
TOOK NO
POSITION

Effective Date: Upon Signing by the Governor

HB 5016 is the [budget bill](#) for the Oregon Department of Energy (ODOE). The bill provides \$121.2 million for the department in the 2023-2025 biennium. The allocation ensures enough funding so that existing work can continue at the agency. It also provides the authority and funding for new positions and enhances the agency's use of data and a mapping tool. HB 5016 also allows for the ODOE's Siting Division to add staff if demand for energy facility permitting increases.

SB 123: Study of Recyclability Claims

LOC
TOOK NO
POSITION

Effective Date: January 1, 2024

Requires the Oregon Department of Environmental Quality to study recyclability claims. The bill also directs the department to submit findings to interim legislative committees related to the environment no later than **September 15, 2024**.

Oregon's Plastic Pollution and Recycling Modernization Act (SB 582, 2021) directed the Department of Environmental Quality (DEQ) to establish a Truth in Labeling Task Force. According to the task force's final report, "Public confusion about what and how to recycle has been one of several root drivers of instability in Oregon's recycling system." To address this confusion, the task force was directed to study smart labeling and make recommendations for legislation to the Legislature. The task force expressed that a diverse group of interested parties should identify best practices for how to integrate commonly used smart labeling technologies into labels to ensure accessibility and comprehension.

SB 488: Modifies Emissions Standards for Municipal Solid Waste Incinerators



Effective Date: August 4, 2023

Requires that owners or operators of municipal solid waste incinerators develop a plan to continuously monitor or sample certain emissions and make emissions data available to the Oregon Department of Environmental Quality and the public. The department may make modifications to the plan to ensure quality and accurate sampling or monitoring data. The measure also caps combustion of hospital, medical, or infectious waste at 18,000 tons per year.

SB 5506: Budget Reconciliation Bill

LOC
TOOK NO
POSITION

Effective Date: Upon Signing by the Governor

The budget reconciliation bill made changes to the state budget for the 2023-2025 biennium. It includes several components relevant to energy and environment:

- \$10 million general fund for the Oregon Solar + Storage Rebate Program at the ODOE;

- \$20 million general fund added to the Community Renewable Energy Grant Program (CREGP) at the ODOE;
- \$4.9 million toward drought-related projects and programs (part of the larger Water and Drought Package mostly found in HB 2010 and HB 2929)
- \$3 million to the Oregon Department of Land Conservation and Development to hire a position and otherwise support local governments in implementing climate friendly and equitable communities measures;
- \$1 million to the Oregon Worker Relief Climate Change Fund;
- \$250,000 to support the state climatologist position at Oregon State University;
- Extends staffing and resources for the Oregon Rental Home Heat Pump Program at the Oregon Department of Energy;
- \$200,000 for Oregon's share of upfront monies for a proposal to establish a regional hub intended to move towards producing green hydrogen fuels; and
- Provides funding for additional positions at the Oregon Department of Energy for oversight and support for implementation of new state and federal energy programs.

FAILED BILLS

HB 2164: Fish Passage Exemption

LOC
TOOK NO
POSITION

Would have exempted dams that provide hydropower, drinking water or irrigation water from fish passage mandates in certain circumstances. Would also have removed the requirement that the Oregon Fish and Wildlife Commission review exemptions from fish passage mandates, and the requirement that certain commission determinations be submitted to Federal Energy Regulatory Commission.

HB 2216: Public Utility Commission Rate Impact Study

LOC
TOOK NO
POSITION

Would have required the Oregon Public Utility Commission to study rate impacts associated with implementing reduction of greenhouse gas emissions required by HB 2021 (2021), and directed commission to submit findings to interim committees of Legislative Assembly related to energy no later than September 15, 2024.

HB 2406: Energy Facility Equipment Waste Recycling and Disposal Needs

LOC
TOOK NO
POSITION

Would have directed Energy Facility Siting Council to adopt standards, for siting, construction, operation, and retirement of energy facilities that generate electricity from renewable energy source, addressing impacts of energy facility's equipment waste recycling and disposal needs over lifetime of energy facility.

[HB 2685](#): Tax Credit for Biomass

LOC
TOOK NO
POSITION

HB 2685A aimed to establish a tax credit for biomass producers or collectors from 2024 to 2030. The tax credit would have been overseen by the Oregon Department of Forestry (ODF). The credit, valued at \$10 per bone dry ton, would be applicable to Oregon-produced biomass utilized for biofuel or biochar production within the state. Eligible materials encompassed forest woody debris, hardwood timber, agricultural residues, and energy crops, while certain items like offal, food waste, wastewater solids, Willamette Valley canola, and grain corn would be excluded from eligibility. This bill would have revised and refined the existing Biomass Producer or Collector Tax Credit.

Biomass production can be utilized for energy purposes or hydrogen production and could be utilized to meet the state's greenhouse gas emissions goals and an allowable use for [Oregon Renewable Portfolio Standards](#) and support the removal of invasive species like the western juniper. Due to some controversy around the use of biomass as a source of renewable energy and its limited interest to certain communities, the LOC took no position on the bill but monitored its progress in session.

[HB 2713](#): Home Rule to Prohibit Fossil Fuels

LOC
TOOK NO
POSITION

HB 2713 was a simple bill that made clear that local governments have home rule constitutional authority to prohibit or limit fossil fuels in buildings or instillation of infrastructure. While the LOC is supportive of legislation that reaffirms home rule, we also were worried about the larger implications of this legislation. By declaring what is part of home rule, it opens the door for the potential argument of what is not included. It's the LOC's belief that home rule allows cities to have this authority but felt it was not appropriate to weigh into this conversation and used the opportunity to educate legislative members on home rule.

[HB 2816](#): High Energy Use Facilities and Clean Electricity

LOC
NEUTRAL

HB 2816, with [proposed -3 amendments](#), would have mandated new data centers or cryptocurrency operations in Oregon to be classified as "high energy use facilities" to adhere to decreasing greenhouse gas (GHG) emission limits for on-site electricity consumption. Such a facility was defined as having a base electricity load of at least 10 average megawatts annually, being a data center or cryptocurrency operation, and not obtaining electricity from investor-owned utilities subject to clean energy regulations under HB 2021.

The LOC was engaged on this bill prior to and during the session. Due to significant concerns with the base bill, the LOC was able to negotiate many changes that were brought forward in the -3 amendment. Chief among those changes was removing a provision that would have voided an enterprise zone tax benefit if a "high energy use facility" did not meet the mandatory targets in the bill. The LOC sought many other changes to reduce any

possible impact to member cities and were ultimately accepted in the -3 amendment. Due to the accepted changes during negotiations, the LOC was neutral on the bill.

HB 3202: Relating to Night Sky



HB 3202 would have revised existing shielded lighting fixture requirements by adding provisions for emitting only as much light as required to achieve the intended purpose, and a maximum limit of color temperature of 3,000 degrees Kelvin. The measure's provisions apply to permanent and portable fixtures, including those installed on buildings or structures used for advertisement or illumination, such as spotlights, searchlights, floodlights, architectural lighting, parking lot lighting, landscape lighting, billboards, and street lighting. The measure also directs ODOT to replace outdoor lighting fixtures, as practicable and safe, with reflective markings, lines, materials, and signs.

The LOC was opposed to the base bill because it mandated cities to make changes to existing lighting structures and buildings without any financial resources. Many cities are also already taking on this work voluntarily and as it becomes applicable. An unnecessary mandate would just impose costs on cities that are already burdened by other state mandates and a lack of revenue sources.

The LOC engaged with proponents to remove the mandate for cities in an amendment that was created but never published due to the bill not moving in committee.

SB 542: Right to Repair



SB 542 aimed to mandate original equipment manufacturers to provide owners or independent repair providers access to necessary documentation, tools, parts, and devices at fair terms for diagnosing, maintaining, repairing, or updating consumer electronic equipment sold in Oregon. This also included tools or parts to disable and reset electronic security functions during repair.

SB 542 attempted to ensure fair access to resources for independent repair providers, empowering consumers, and third-party repair services in the electronic equipment repair market. For the LOC, this is an equity issue for our members and their constituents and part of the Telecom Policy Committee priorities for equitable access to and affordability of technological devices. Cities that are located hours away from a legal entity to repair current equipment would have opened the opportunity for those cities to host local independent repair businesses to avoid unnecessary travel and costs for their constituents when seeking to repair an existing device. The LOC was a strong supporter of the bill and the amendment.

SB 647: Prevents Local Governments from Prohibiting Natural Gas



SB 647 would have prevented local governments from prohibiting natural gas use in new or existing residential or commercial buildings. This is in response to some cities that have attempted to prohibit new natural gas infrastructure in new buildings. The LOC

members are split on the use, and potential benefits or negative impacts of natural gas. Most importantly to the LOC, we opposed this bill due to potential limits on home rule authority.

The bill never received a public hearing, but the Senate Republicans attempted to bring the bill forward during a floor session that was ultimately unsuccessful.

SB 678: Benefits of Offshore Wind to Local Governments for Energy Grid Resilience



SB 678 would have established a comprehensive state policy concerning the benefits derived from offshore wind energy development for local and regional communities, and economies. The bill required the Oregon Department of Land Conservation and Development (DLCD) to collaborate with state agencies, local governments, and affected communities for effective policy implementation.

The bill was amended to emphasize that a substantial portion of the advantages stemming from offshore wind energy development should benefit local and regional communities, with an emphasis on reinvesting these benefits into local economies.

While the LOC supports providing a benefit from renewable resources like offshore wind to be shared with local governments, we ultimately took no position on the bill due to the lack of movement. The bill pitted fisherman and some conservation groups against renewable energy producers, advocates, and union workers that would benefit from an increase in offshore wind projects.

FINANCE & TAXATION

PASSED BILLS

HB 2080: Property Tax Exemption Omnibus



Effective Date: September 23, 2023

HB 2080 is the property tax omnibus bill that combined several bills with property tax exemption extensions and modifications. Since property tax revenue is often the most significant source of revenue for cities, the LOC watches property tax exemptions to reduce impact on local revenue and generally supports local option exemptions.

The LOC supports sections 13-18, which streamlined the application process and reduced administrative burden for cities using the Multiple Unit Property Tax Exemption (MULTE) by allowing cities to administratively approve applications rather than requiring a city to pass an ordinance or resolution to approve each property tax exemption application. It also expanded the property tax exemption to include the entire multiple-unit property.

The LOC also supports sections 25-27 ([HB 2705](#)), which allow greater flexibility for cities to apply the property tax exemption for affordable rental housing created by ([HB 2377](#)) from the 2017 session. It adds another option for jurisdictions to scale the amount of an exemption to the percent of qualified units that are rented to occupants with an annual income (AMI) below 120%.

Property Tax Exemption Extensions

- HB 2062, SB 26, SB 138: Deferral for certain industrial improvements newly constructed or installed in rural areas.
- HB 2065: Federal land used by recreation facility operators under permit.
- HB 2066: Food processing machinery and equipment.
- HB 2068: Property of centrally assessed companies.
- HB 2069, SB 147: Single-unit housing.
- HB 2070, SB 148: Property of surviving spouses of certain public safety officers.

The summary of all sections can be found [here](#).

[SB 919](#): Local Option ADU and Conversion Property Tax Exemption



Effective Date: September 23, 2023

SB 919 creates a local option property tax exemption designed to incentivize housing production that a city or county may adopt by resolution or ordinance. The five-year property tax exemption applies to properties with newly constructed ADUs or a single-family property converted to multi-unit housing. The ordinance may include any other provisions that do not conflict with the legislation. To qualify, the property cannot be used for temporary vacation lodging and must be used as a primary residence. The combined rates of taxation of the city or county and all approving taxing districts equal 51% or more of the total combined rate of taxation on the eligible property. The city or county which adopted the exemption must create and process applications for the exemption. It applies to property tax years beginning on or after July 1, 2024.

[HB 2576](#): Local Income Tax Jurisdiction



Effective Date: September 23, 2023

HB 2576 provides exclusive jurisdiction over local income tax cases and legal questions to the Oregon Tax Court, a statewide court housed in the Oregon Judicial Department that has exclusive authority to hear tax appeals. This bill arose in reaction to recently passed income-based taxes in the city of Portland, Metro and Multnomah County. The proponents stated concern that more local governments will pass income taxes.

FAILED BILLS

[HB 2088](#): Assessment & Taxation Funding



HB 2088 would have diverted 3% of property tax revenues to fund the work of county assessors. The LOC opposed diverting 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 the LOC expects this issue to be brought forth in future sessions.

[HB 2089](#): Marijuana Revenue Distribution



HB 2089 would have increased the revenue share cities receive from the state marijuana tax to help local governments recover from the sudden loss of revenue after Measure 110 (2020) was enacted. Measure 110 capped the total distribution amount to the recipients of state marijuana revenue at \$90 million per biennium and diverted all revenue in excess to fund the Measure 110 treatment and recovery programs, causing a 73% marijuana revenue loss to local governments in the 21-23 biennium.

[HB 2494](#): Transient Lodging Tax Flexibility



HB 2494 would have allowed local governments to dedicate the revenue from a 3% increase in local transient lodging tax to public safety. This bill was introduced at the request of the Eastern Oregon Counties Association. Under current law, the revenue from new or increased local transient lodging tax falls under a 70/30 split: 70% must be dedicated to tourism promotion or tourism related facilities and 30% is unrestricted in its use. Many tourist-dependent cities would like more flexibility to use lodging tax revenue to support the impacts of tourism and the demand on services including public safety, emergency preparedness, infrastructure, and housing. Increased flexibility in transient lodging tax revenue use is a priority for the LOC and we will continue to work towards this outcome in future legislative sessions.

[HB 2505](#): Local Marijuana Tax Increase



HB 2505 would have allowed cities and counties to increase the tax applied to marijuana sales from 3% up to 10%. If a city increased the tax, 20% of the revenue would be shared with counties. Under current law, cities and counties may apply up to a 3% tax to marijuana sales.

[HB 2548](#): Local Income Tax Definition



HB 2548 would have required local governments to conform to the state definition of income, including using the same method of sourcing and apportionment if a local government imposed an income-based tax. While Portland is the only known city that collects an income-based tax, the LOC was concerned that the effects of the bill were unknown and advocated that it be converted into a study bill.

SB 655: Property Tax Freeze

SB 655 would have frozen property taxes for property owners over the age of 68 who would qualify for the senior property tax deferral program run by the Oregon Department of Revenue (DOR), but do not because there is a reverse mortgage on their home. Under the current senior property tax deferral program, the amount of taxes collected by local taxing districts does not change, just which entity pays it.

The state, through the DOR, pays the property tax instead of the homeowner. SB 655 would have introduced a new structure to the senior deferral program with a frozen assessed value. A frozen value (or exemption or special assessment) would lower the amount of taxes owed, which reduces resources for cities and other recipients of property tax revenue.



SB 858: Children's Service Districts

SB 858 would have authorized the creation of children's districts and provided them with the authority to levy permanent property taxes. Adding more taxing districts could lead to compression and properties already in compression would see increased compression causing further revenue loss to taxing districts. Compression is a reduction in taxes that would otherwise be levied but must be reduced due to the 1990 Measure 5 caps of \$5 for education and \$10 for local government.



GENERAL GOVERNMENT

BEHAVIORAL HEALTH

PASSED BILLS

HB 2395: Opioid Crisis

Effective Date: August 4, 2023

HB 2395 removes barriers to the delivery of more effective short acting overdose reversal medications. Currently, state law allows first responders and a wide array of other private and public sector employees to administer Naloxone to reverse an opioid overdose. However, similar but improved medications have come on the market that are not covered by the statute. HB 2395 corrects that shortcoming, while also decriminalizing the possession of fentanyl testing strips and allowing local governments access to bulk purchasing of overdose rescue medications.



HB 2513: Measure 110 Adjustments

Effective Date: January 1, 2025



HB 2513 adjusts the delivery of treatment and harm reductions resources administered by the Measure 110 Oversight and Accountability Committee (OAC) and creates a dedicated executive director to oversee the program within the Oregon Health Authority (OHA). The bill does make administrative improvements to the implementation of Measure 110 but does not address the larger systemic failure of the initiative to curb Oregon's addictions crisis.

The LOC supported the creation of a clear staffing structure in the OHA and other process improvements but opposed the final version of the bill, as it failed to include local government and public safety interests on the governing board. HB 2513 was needed to address the failure of the OHA and OAC to deliver harm reduction and treatment services on time and dysfunction in the program. The LOC advocated for more meaningful reform of Measure 110, but legislative priority was focused on administrative improvements.

HB 2757: 988 Funding

Effective Date: September 23, 2023



HB 2757 creates the 988 Trust Fund and imposes a \$.40 tax per month on each telecommunication device line to fund that service. It also prevents local governments from taxing, adding a fee or surcharge on telecommunications services to fund 9-8-8. 988 operates as a behavioral health emergency crisis line and connects those in crisis to mobile intervention teams. In the event the 988 call centers are fully funded by the tax, excess revenue may be used to fund crisis teams. Cities may access these funds but must enter a memorandum of understanding with their county. State law already requires each county to establish mobile crisis intervention teams, but HB 2757 creates the first dedicated funding for this service. The LOC was opposed to the pre-emption and worked with the bill sponsors to narrow the scope of the pre-emption and ensure that cities would have a path to accessing the new 9-8-8 funds.

ELECTIONS

PASSED BILLS

HB 2004: Ranked Choice Voting

Effective Date: Various



HB 2004 submits to Oregon voters the question of whether to conduct primary elections for President, U.S. Senate, Congressional Representative, and statewide offices by ranked choice voting. Notably, the bill does not apply to legislators. This system of voting, also called "instant run-off," allows voters to rank their preference for an office. Votes are tallied

by counting the first choice marked on all ballots. If no candidate receives a simple majority in the first round, the lowest scoring candidate is eliminated in the second round and their voters have their next ranked choice counted. HB 2004 also allows, but does not require, cities to utilize this method of voting. The bill also requires the secretary of state to conduct a study of and issue a report on elections laws and procedures that would impede implementation of the bill if approved by voters. HB 2004 does not grant cities any new authority, and some cities have already switched to this voting method. Voters will decide the issue in the general election of November of 2024.

HEALTH INSURANCE

FAILED BILLS

HB 3013: Pharmacy Subsidies



HB 3013 sought to create licensing and regulation of pharmacy benefit managers but also sought to impose an additional \$10 increase in pharmacy fees. The LOC was neutral on licensing and regulatory requirements but opposed to requiring public insurance plans to subsidize pharmacies. The additional fees and changes to the way insurers negotiate with network pharmacies would have cost employers in the CIS pool an additional \$5 million. Cities procuring health insurance from other sources and self-insured employers would have been similarly impacted. HB 3013 passed the House by a wide margin but only garnered 14 votes in the Senate due in large part to the advocacy of city leaders.

PARKS

PASSED BILLS

SB 812: Drone Regulation

Effective Date: January 1, 2024



SB 812 grants cities and other park owners the authority to regulate or prohibit the take-off and landing of drones by resolution or ordinance. Currently, a state preemption prevents cities from regulating drones generally, and a federal preemption prevents regulations once they've taken off. Under SB 812, which was introduced at the request of the LOC, cities will be able to determine which parks or portions of parks are appropriate for drone take-offs and landings. They will, however, be required to allow public safety and utility use and provide an affirmative defense for violations due to emergency landings.

PUBLIC EMPLOYEE RETIREMENT SYSTEM

PASSED BILLS

[HB 2296: Work After Retirement](#)

Effective Date: January 1, 2024

HB 2296 extends for 10 years the ability of all retired Public Employee Retirement System (PERS) members to return to work 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. The statute has exceeded expectations in its benefit to the public, employees and employers and will be allowed to continue for an additional decade. HB 2296 was introduced at the request of the International Association Fire Fighters and was supported by the LOC.



PUBLIC CONTRACTING

PASSED BILLS

[SB 594: Prevailing Wage for Demolition Work](#)

Effective Date: September 23, 2023

SB 594 requires payment of prevailing rate of wage for demolition or removal of hazardous waste from a road, highway, building, structure, or improvement in a public improvement contract that uses \$750,000 or more of public funds, or that occurs on property owned by a public agency, including demolition or removal of hazardous waste that occurs in connection with construction, reconstruction, renovation or painting of road, highway, building, structure or improvement. The bill is not a significant departure from current law and clarifies hazardous waste removal is subject to prevailing wage.



[SB 1047: Public Contract Threshold Increase](#)

Effective Date: September 23, 2023

SB 1047 allows a public agency to award contracts for goods and services up to \$25,000 by what means they find practicable, including direct procurement. Currently, public agencies are allowed to purchase up to \$10,000 in goods and services without seeking bids or using more rigorous contracting means. The bill was introduced at the request of Governor Kotek and passed both chambers by wide margins.



FAILED BILLS

[SB 850](#): Project Labor Agreements

SB 850 would have required project labor agreements, a type of collective bargaining contract specific to the construction industry, on public improvements costing \$1 million or more and utilizing at least \$750,000 in public funds. The bill was aggressively opposed by the LOC as it would have increased project costs and significantly reduced the number of contractors eligible to bid on projects. While SB 850 received multiple public hearings, it never advanced to a work session. It is unclear if the bill will be re-introduced in subsequent sessions, and the direct advocacy of city leaders was a major factor in its defeat.



PUBLIC RECORDS AND OPEN MEETINGS

PASSED BILLS

[HB 2295](#): Veterans Preference in Public Contracting

Effective Date: September 23, 2023

HB 2295 expands the existing public contracting preference available to disabled veteran owned businesses to most other veteran owned businesses. To qualify under this bill, a business must be 51% owned by a qualifying veteran, the owner must manage the day-to-day operation of the enterprise, and it must have annual revenues below \$23.98 million. HB 2295 was introduced at the request of Beaverton Mayor Lacey Batey and received wide support.



[HB 3572](#): Benefit Corp Contracting Preference

Effective Date: September 23, 2023

HB 3572 allows, but does not require, a public contracting agency to grant a 5% preference to a certified B-Corp when awarding a public contract. A B-Corp is defined as a for-profit business which considers its impact on society and the environment. The bill was supported by the LOC as it allows cities greater local control in the public contracting process.



[SB 510](#): Public Records Advocate Assessment

Effective Date: September 23, 2023

SB 510 allows the state's Office of the Public Records Advocate (PRA) to assess a fee on state agencies to fund their training and mediation activities. While the bill does not authorize an assessment on local governments, cities are encouraged when utilizing PRA



services.to consider the potential for this legislation to be expanded during a future legislative session.

HB 2805: Serial Meetings and OGEC Enforcement

Effective Date: September 23, 2023



HB 2805 prohibits a city council or other public body subject to Oregon’s open meeting requirements from conducting a serial meeting and gives the Oregon Government Ethics Commission (OGEC) authority to enforce the new standard. A serial meeting is defined as the participation of a quorum of a city council or public body in a communication over time. Not all members of a quorum need to participate in that communication at any one time, but if through a series of texts, emails, messaging apps or conversation a quorum is involved, they would be in violation. The Oregon Court of Appeals has ruled the types of meetings described in HB 2805 are already prohibited by law, but that decision was reversed on technical grounds.

The LOC has trained city officials since 2016 to avoid such meetings, as the courts would likely make the same findings if presented with a similar case. Public officials will also have to attend or view an approved training on open meetings once during their term of office. While the OGEC will have the authority to enforce open meetings law, a city will also have the opportunity to cure a violation before a complaint may proceed.

HB 2806: Executive Session Expansion

Effective Date: July 13, 2023



HB 2806 allows a city council to meet in executive session to discuss the safety and security of facilities, volunteers, employees, and city officials, as well as cyber security issues. As with all other executive sessions, the city may not vote or reach a final decision. The bill contained an emergency clause and became effective on the governor’s signature.

HB 3111: Employee Privacy

Effective Date: May 5, 2023



HB 3111 corrects a discrepancy in public records law that allowed the private information of public employees and volunteers to be released in a public records request when that data was contained outside of a personnel file. Under HB 3111, personal contact information, home addresses and emergency contacts are prohibited from being released regardless of which type of record contains the information. However, this information may be released in the event that a clear and convincing showing reveals that doing so is in the best interest of the public. The bill also gives members of public pension and retirement plans operated by local governments the same strong protections as PERS participants.

FAILED BILLS

[SB 160](#): Mandatory Public Records Fee Waiver



SB 160 would have required public records requests made by journalists to receive a full or partial waiver of fees. Current law allows an agency to charge the actual costs of providing a public record and allows the agency and requestor to refine a request to reduce costs and expedite the delivery of information. The LOC testified against the bill, which received one public hearing and was not subject to additional consideration.

[SB 417](#): Public Records Advisory Council Bill



SB 417 was introduced at the request of the Public Records Advisory Council and was designed to reduce fees charged to journalists for public records requests. The bill received a public hearing and was the subject of an extended workgroup but remained in committee on adjournment. LOC staff anticipate similar legislation to be introduced in subsequent legislative sessions but in a heavily amended form.

PUBLIC SAFETY

PASSED BILLS

[SB 340](#): Organized Retail Theft



Effective Date: January 1, 2023

SB 340 gives police and prosecutors greater ability to combat organized retail theft by:

- Allowing organized retail theft committed in multiple counties to be charged collectively in any county where the offenses were committed;
- Creating a 24-month presumptive sentence for repeated offenses of organized retail theft or other similar crimes;
- Elevating offenses to first degree theft if a person commits a theft which causes substantial risk of injury to another person; and
- Increasing the period from 90 to 180 days within which the value of merchandise can be aggregated to satisfy requirements for the offense of organized retail theft.

SB 340 was the product of a workgroup sponsored by the Oregon Department of Justice and the NW Grocers Association and was supported by the LOC. Organized retail theft has increased in prices for consumers, damaged commercial health of cities and proven difficult for Oregon' criminal justice system to deter.

SB 615: Street Racing

Effective Date: September 23, 2023



SB 615 increased penalties and enforcement options against organized street racing events. Specifically, the bill:

- Modifies the definition of the offense of organizing a speed racing event to include a person who places an obstruction or barricade on a highway or assists another person in doing so to facilitate, or to aid another person participating in, speed racing or reckless driving;
- Reduces the penalty for the offense of organizing a speed racing event from a Class C felony to a Class A misdemeanor unless the defendant has been convicted of the same crime within the last five years;
- Modifies the definition of the offense of reckless driving to include behavior associated with speed racing; and
- Adds reckless driving to offenses for which property used or intended to be used to commit or facilitate prohibited conduct may be subject to criminal forfeiture.

Since 2015, eight people in Oregon have been killed in speed racing-related events and large organized races on city streets have disrupted traffic and caused public alarms in recent years. SB 615 was a priority for the Oregon Association of Chiefs of Police and passed both chambers by wide margins.

HB 2316: Any Impairing Substance

Effective Date: January 1, 2023



HB 2316 expands Oregon's prohibition on driving while intoxicated to include any impairing substance. Under current law, persons driving while impaired by over-the-counter medications or huffing glue could not be charged with driving while under the influence of intoxicants. This bill closes the gap in state statute to allow all drivers chemically impaired to be charged.

BUDGET BILLS

PASSED BILLS

SB 5533: Department of Public Safety Standards and Training

Effective Date: July 27, 2023



SB 5533 funds the Oregon Department of Public Safety Standards and Training (DPSST) for the upcoming biennium. The agency performs several public safety training and regulatory functions, and of principle concern to cities is Oregon's police academy. Due to strong advocacy on the part of police chiefs, sheriffs, and local leaders, the DPSST budget was

increased sufficiently to permit the agency to run concurrent academies, allowing twice the number of police officers to be trained in the first year of the biennium.

Due to lingering impacts of COVID, combined with increase police hirings, the agency was experiencing a six-month or more training backlog for basic police certification academies. The additional appropriations allow the DPSST to train officers faster for a limited time, but that could be expanded by the state's Emergency Board if the current effort proceeds according to plan.

TELECOM, CYBERSECURITY & BROADBAND

PASSED BILLS

HB 2049: Establishes Cybersecurity Center of Excellence

Effective Date: October 1, 2023



This bill establishes the Cybersecurity Center of Excellence (CCOE) at Portland State University (PSU), which will be jointly administered with Oregon State University (OSU) and the University of Oregon (UO). The center will provide cybersecurity education, awareness, and training to public, private, and nonprofit sectors. HB 2049 establishes a Workforce Development Fund and a Grant Program Fund to provide cyber support for local governments and grow the cybersecurity workforce in Oregon.

The bill also establishes an Oregon Cybersecurity Advisory Council (OCAC) within the CCOE. Cities receive a direct spot on the advisory council, and this position will be appointed by the governor in consultation with the director of the CCOE and the state's chief information officer. The CCOE will also provide direct assessment, monitoring, incident response, and competitive grants to local government bodies for cybersecurity-related goods and services.

Due to a lack of funding by the Legislature, HB 2049 was amended to remove the state matching funds necessary for the federal State and Local Cybersecurity Grant Program. The LOC will monitor future opportunities for a member city to serve on the Cybersecurity Advisory Council and provide details for when the CCOE is available as a resource for local governments.

HB 2490: Public Records Exemption – Cybersecurity

Effective Date: January 1, 2024



HB 2490 clarifies that state disclosure laws exempt public records concerning cybersecurity plans, devices and systems, including contractual and insurance records setting forth specifications, applications and coverages. This bill would allow cities to protect the

confidential information and security details of their systems from malicious actors and used against them in a high threat environment. The concept was brought forward by the city of Eugene and supported by the LOC Telecom Policy Committee.

This bill clarifies that local governments can prevent disclosure of information in the interest of protecting systems from cybersecurity breaches and removes the ambiguity of possible court challenges when withholding sensitive records that relate to the security of city systems.

Cities need to know that records pertaining to cybersecurity plans, devices and systems, including contractual and insurance records setting forth specifications, applications and coverages will be exempt from public disclosure starting on **January 1, 2024**.

HB 3201: Aligning Oregon Statute to Maximize Federal Funding for Broadband



Effective Date: Upon Signing by the Governor

HB 3201 aligns Oregon statute in the Oregon Broadband Fund with guidance and best practices from federal programs. The bill aligns speed and eligibility requirements with the BEAD and ARPA 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. HB 3201 also ensures that any changes in federal programs allows to statute by the Oregon Broadband Office (OBO) in consultation with the Oregon Broadband Advisory Council (OBAC) update the statute for the Broadband Fund to align with updated guidance or best practices.

Oregon is set to receive about \$900 million from the federal government for broadband infrastructure and digital equity purposes. The goal of this bill was to ensure that Oregon cities and potential applicants have as much flexibility to spend this funding according to what guidance allows. It removes barriers from previous speed definitions and eligibility requirements that could have prevented some cities from applying for these grants and the state's ability to receive the entirety of the funds that have been allocated.

Cities need to start connecting with nearby communities, their county, local ISPs, community groups, and other interested parties to identify the broadband needs of their communities and to partner together on creating grant applications prior to the funds becoming available.

The LOC was able to help negotiate a final amendment in the Senate with proponents and advocates that kept the integrity of the bill and our main concerns intact, created definitions that aligned with the federal funds and the flexibility to update those definitions if guidance changes.

The LOC strongly supported and led the coalition efforts on HB 3201.

FAILED BILLS

[HB 2766](#): Broadband and Wireless Study Bill

HB 2766 would have required the Oregon Broadband Office (OBO) to conduct a study on barriers, investment, and deployment of wireline and wireless broadband internet service infrastructure by unserved and underserved communities. The bill identified barriers as process and cost, permitting, regulatory, and economic feasibility. HB 2766 is another attempt by industry to limit local government's ability to charge right-of-way fees and permitting for infrastructure purposes under the guise of trying to better map current broadband infrastructure. The LOC strongly opposed this effort. It's clear this effort will not go away, and the LOC will remain vigilant towards future efforts.



[HB 3249](#): Industry Broadband Bill

This bill was an attempt by industry to counter HB 3201 with its own version. HB 3249 differed from HB 3201 by creating strict parameters for how broadband funding could be spent in the Oregon Broadband Fund. These limitations ran counter to federal broadband funding guidance and best practices and would have limited Oregon's ability to serve all our unserved and underserved communities. The impact could have meant less funding for Oregon than what the state deserved and left some communities out from being able to apply for the broadband grants.

The LOC opposed HB 3249 and successfully killed the bill in the House.



[SB 635](#): Authorizes County Governments to Charge a Fee for Right of Way Permits

SB 635 was introduced on behalf of the Association of Oregon Counties (AOC). It aimed to allow counties to require and charge fees for permitting to construct or alter lines, fixtures, or facilities within their right-of-way of public roads under county jurisdiction. It also authorized county governments to charge utilities for costs resulting from failure of utilities to relocate utility facilities in highway right of way under certain circumstances.

Cities have the authority to charge right-of-way and permitting fees and are an important source of revenue for LOC members. An interim workgroup has been established to find a solution for AOC and the LOC has asked to participate in those discussions. It's fully expected that similar legislation will come back in either 2024 or 2025.



[SB 943](#): Broadband Service Infrastructure Program

SB 943 would have created a new Oregon Broadband Service Infrastructure Program to assist in planning and developing high-speed broadband service infrastructure



in unserved and underserved areas. Eligible recipients awarded grants or loans would have needed to create performance agreements to establish broadband infrastructure in designated areas, reaching at least 95% of customers.

The bill also clarified that money in Broadband Fund are appropriated to Oregon Business Development Department (OBDD) for the purpose of providing grants or loans under program and established by rule. Additionally, the bill required the OBDD, through the Oregon Broadband Office (OBO), to implement a program offering grants or loans to support residents and businesses in high-cost broadband service areas, aiming to provide access to broadband services at rates comparable to those outside such areas.

The LOC was opposed to SB 943 but worked with Senator Brock Smith on a coalition bill, HB 3201, to address his reasons for introducing SB 943.

TRANSPORTATION

PASSED BILLS

HB 2095: Photo Radar Authority

Effective Date: January 1, 2024

Currently only 10 cities in Oregon (Albany, Beaverton, Bend, Eugene, Gladstone, Medford, Milwaukie, Oregon City, Portland and Tigard) can use mobile photo radar for managing speed under [ORS 810.438](#). Portland is the only city allowed to use fixed photo radar sites away from intersections, and only on roads where a high number of accidents have occurred.

This legislation extends authority for the use of fixed and mobile photo radar to all 241 cities in Oregon. In addition, all cities will be able to use mobile and fixed photo radar on “high-speed” corridors instead of being confined to a “high-crash” corridor. Finally, the local speed setting authority will allow cities to adjust local street speeds by as much as 10 miles per hour.

HB 2098: Interstate Bridge Replacement

Effective Date: July 1, 2023

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 session, however the bonding authorization is in [HB 5005](#). 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 2099: Safe Routes to Schools/Omnibus Transportation Bill

Effective Date: September 24, 2023

Safe Routes to Schools have been a focal point for many communities and the state; specifically, to improve safety along school access routes. The portion of this omnibus transportation bill includes improvements to the program by expanding eligibility criteria for Safe Routes to School grants and eliminating minimum cash match for grants. These changes should result in a more expansive program in the future.



HB 2101: Fund Exchange

Effective Date: On Passage

For the last three years, the Oregon Department of Transportation's (ODOT) has struggled to maintain stable pass-through funding from the federal Surface Transportation Block Grant (STBG) program, which funds the local government [fund exchange](#) program. The LOC, along with the Association of Oregon Cities (AOC), has worked on multiple solutions to extend the program until additional state funding can be identified. HB 2101 creates a stable funding source for fund exchange, because ODOT will allocate \$35 million annually from its share of state highway fund revenue and transfer straight to the fund exchange. There are 43 cities, 31 counties and seven small Metropolitan Planning Organizations (MPO) that benefit from this legislation.



HB 2793: Jurisdictional Transfer Committee

Effective Date: June 22, 2023

Jurisdictional transfer of transportation facilities has long been an important part of transportation policy for cities. This issue has, however, lacked a funding commitment from the state and a process or criteria for evaluating transportation routes that are prime for transfer to a local community or the state. HB 2793 creates an 11-member committee and criteria to evaluate prospective routes to consider for transfer. The committee membership will have state-wide representation and be appointed by the governor. During each odd numbered session, the committee will bring up to three transportation routes for consideration by the Legislature.



HB 3113: Expanding Great Streets Program

Effective Date: July 1, 2023

This legislation allocated \$10 million from the state's general fund to the Oregon Department of Transportation's (ODOT) [Great Streets](#) program. This is an effort to build on the infusion of \$50 million already programmed by ODOT that was received as flexible federal transportation funds through the Infrastructure Investment and Jobs Act ([IIJA](#)). The



Great Streets program is intended to improve mobility options and increase safety in communities on state facilities. Project funding for the program is based on a series of factors including proximity to main streets in communities.

FAILED BILLS

[HB 3556](#): Abandoned RV Disposal

LOC
TOOK NO
POSITION

The LOC participated in a lengthy, multi-stakeholder workgroup prior to and during 2023 session. HB 3556 was the product of that effort. The goal was to find a solution that would improve the current process of recreational vehicle (RV) removal from local streets as well as locations outside of urban areas. While every effort was made to find a workable outcome, the workgroup was unable to reach a consensus solution that balanced costs associated with the removal process. The LOC will continue to advocate for the establishment of a funding source and reimbursement program to help clear the state backlog of abandoned RVs and will continue to work with our local government partners and the Oregon Department of Transportation.

[SB 933](#): Prohibition on Tolling

LOC
TOOK NO
POSITION

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 as well as 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 ODOT to conduct 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.

WATER & WASTEWATER

PASSED BILLS

HB 2010: Drought Package Omnibus Bill

Effective Date: June 22, 2023



The Bipartisan Drought Relief and Water Security Package represents a collection of more than a dozen pieces of legislation pulled into one as an omnibus addressing all things drought relief. What started as a \$250 million dollar package was narrowed to about \$110 million. The LOC was actively engaged on the 'Drought Package' and key provisions are as follows:

- **Water Reuse and Recycling**
 - Directs the Oregon Department of Environmental Quality (DEQ), in consultation with the Oregon Water Resources Department, to address barriers to, and develop technical assistance resources to support, expanded beneficial water reuse or recycled water programs and projects. The DEQ is to submit a final report, which includes completed resources developed, to the interim committees of the Legislature related to water no later than September 15, 2024.
- **Source Drinking Water Protection**
 - Directs the Oregon Watershed Enhancement Board (OWEB) to establish a program to provide grants of up to \$3 million to water suppliers to protect, restore, or enhance sources of drinking water.
- **Water Well Abandonment, Repair and Replacement Fund Program Changes**
 - Expands eligibility criteria to include projects for the abandonment, repair or replacement of water wells used for household purposes in areas of ground water contamination, if contaminant levels in the water from the water wells exceed levels permitted under drinking water standards.
- **Low-Income Water Rate Report**
 - Requires the Legislative Policy and Research Office to submit a report on processes and outcomes in Oregon related to recent federal funding opportunities to assist low-income drinking water, wastewater, and stormwater ratepayers on or before January 15, 2024.
- **Integrated Water Resources Strategy**
 - Adds the Oregon Watershed Enhancement Board (OWEB) and the Oregon Department of Agriculture (ODA) to the list of agencies the Oregon Water

Resources Department (WRD) is to work with in developing an integrated state water resources strategy.

- **Place-Based Planning Grants**

- The measure appropriates \$2 million from the state's general fund for deposit in the Place-Based Water Planning Fund, along with a \$2 million Other Funds expenditure limitation to expend monies from the fund. Place-based integrated water resources planning means a collaborative and inclusive process designed to gather information to develop a shared understanding of water resources and identify critical issues and knowledge gaps. The process also would examine the existing and future in-stream and out-of-stream water needs for people, the economy, and the environment.

- **Aquifer Recharge Grant Program**

- Makes a one-time appropriation of \$3 million from the state's general fund for deposit in the Aquifer Recharge Fund. Grants may be awarded to perform certain due diligence activities related to aquifer recharge and aquifer storage and recovery. The measure also directs the Oregon Business Development Department to establish and administer an Aquifer Recharge Testing Forgivable Loan Program for certain costs associated with aquifer recharge, storage, and recovery testing.

- **Oregon Association of Water Utilities**

- Appropriates \$1 million from the state's general fund to the Oregon Department of Administrative Services to contract with the Oregon Association of Water Utilities to perform or subcontract to perform a study of the vulnerabilities and needs of small and very small community systems. The agencies would also provide technical, financial, and managerial support and resources to small and very small community water systems and hire and employ one training specialist and two technical assistance providers to address the identified needs and vulnerabilities.

[HB 2238: Removal Fill Fees](#)

Effective Date: September 24, 2023

Fees for removal-fill permits are currently set in statute and only cover about 25% of the costs associated with administration of the removal-fill program. The remainder of the programmatic costs are covered by funds transferred from the state's Common School Fund. Since statehood, the state of Oregon owns and manages lands, the revenue from which is directed to the Common School Fund (revenue comes from leasing of land, lands that have been sold and the harvesting of timber). The Common School Fund provides annual distributions to Oregon's 197 public school districts. HB 2238 allows the Oregon



Department of State Lands (DSL) to adopt removal-fill fee via administrative rulemaking. The DSL estimates approximately \$1.65 million per year is transferred from the Common School Fund to cover the removal-fill program.

Currently, the highest fee level that the DSL can charge for a removal-fee permit is \$1,470. HB 2238 I gives the director of the DSL authority to adopt a new fee structure. The bill provides the DSL with two years to adopt rules to reflect an appropriate fee structure to support the level of service associated with permitting. The DSL testified they may look to the 401-certification program (Oregon Department of Environmental Quality) as a model for the removal-fill fee structure.

In addition, HB 2238 outlines a process by which the DSL may remove personal property from state lands, including requirements for notice and storage.

HB 2929: Injunctive Relief for Water Law Violations

Effective Date: January 1, 2024



Authorizes the Oregon Water Resources Department (WRD) 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 a person has engaged in: an activity that violates water right permitting; unlawful use or appropriation of groundwater, including well construction and operation; interference with a headgate; or the unauthorized use of wastewater. The LOC testified as neutral, sharing our concerns with a broad definition that would have given authority to take any action related to water law violations. An initial draft would have provided too broad of authority to the Water Resources Department.

HB 3097: Simplifies In-Pipe Hydroelectric Projects

Effective Date: January 1, 2024



Allows municipal corporations or 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 that holder is given. Streamlines application process for cities to use in-pipe hydroelectric projects.

HB 3195: Modifies Eligibility for Clean Water State Revolving Fund

Effective Date: January 1, 2024



Broadens the definitions of public agency and treatment works for purposes of eligibility for financial assistance from the Clean Water State Revolving Fund (CWSRF). The CWSRF is a federal-state partnership that provides communities with low-cost financing for a wide range of water quality infrastructure projects.

HB 3208: Department of Environmental Quality Fees



Effective Date: January 1, 2024

Authorizes the Oregon Environmental Quality Commission to annually adjust fees for certain Department of Environmental Quality (DEQ) programs up to a maximum amount of 3% per calendar year. This includes fees related to sewage disposal and associated licensing, septage treatment, 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. Impacts related to fees DEQ can charge.

HB 3211: Water Right Certificates/Authorized Point of Diversion



Effective Date: July 21, 2023

Authorizes holder of specific water right certificates to change the authorized point of diversion and place of use without losing priority of the right under specified conditions. The LOC engaged on this bill to emphasize regulatory certainty and the importance of having flexibility to change point of diversion or place of use of existing storage water rights.

SB 718: Drought Impacts on Forfeiture of Water Rights



Effective Date: January 1, 2024

Provides that a year in which the governor declares that drought exists or is likely to exist within a county does not count toward the five-year water right forfeiture period. The LOC partnered with the Association of Oregon Counties in support of this legislation to mitigate the impact of droughts on water rights forfeiture.

SB 835: ADU Connections to Septic System



Effective Date: January 1, 2024

Directs the Oregon Environmental Quality Commission to adopt rules regarding the conditions to approve a proposal to permanently connect an accessory dwelling unit to the same subsurface sewage disposal system or alternative sewage disposal system as a single-family dwelling on the same lot or parcel.

HB 5018: Department of Environmental Quality Budget



Effective Date: July 27, 2023

Background on Budget: Sixty percent of Oregon's water quality program is funded through permit fees, with 40% funded through the state's general fund. The approved budget includes additional policy option packages that will fund positions for onsite septic permitting and drinking water source protection (with specific attention to areas programmatic expertise necessary to implement federal grants). It also provides funding

for continued work associated with Oregon’s water data portal, as well as increased debt-service that is necessary for Oregon to accept federal Clean Water State Revolving Funds.

Unfunded Policy Option Packages and Reductions: The budget does not include agency policy option package requests that would have invested additional state funding for water quality standards and assessments, wastewater permitting positions, stormwater permitting, one TMDL implementation position (state funding to restore a position reduction due to a federal funding shortage), IWRS support, groundwater management evaluation, domestic well testing, stabilized legal services funding, sustained laboratory infrastructure services, and cross-program regional support. In addition, the budget resulted in certain reductions to programs/positions, including a reduction of \$735,000 to services/supplies and IT services.

Fee Implications: The budget does not include additional permitting program staffing enhancements, so it is anticipated that NPDES/MS4 permits will not see fee increases beyond the automatic, annual 3% adjustments that are authorized in statute. There will likely be slight fee increases associated with the onsite septic program to support new positions that were included in the budget.



HB 5030: Lottery Bond Authorization

Effective Date: July 1, 2023

Authorizes the issuance of lottery revenue bonds for specified projects – including \$30 million to recapitalize the Special Public Works Fund (SPWF) for critical infrastructure funding. The governor’s request budget asked for \$90 million to recapitalize the SPWF; the LOC requested \$125 million, and the Legislature approved \$30 million. Provides the bonding for recapitalization of SPWF.



SB 5524: Business Oregon Budget/Special Public Works Fund

Effective Date: July 1, 2023

Appropriates specified amount from the general fund to the Special Public Works Fund, which provides low-cost financing to eligible municipalities for planning, design, and construction of utilities and facilities essential to industrial growth, commercial enterprise, and job creation. A 2021 report, produced by the LOC in coordination with Portland State University, lays out a \$23 billion need in water and wastewater infrastructure over the next 20 years.

FAILED BILLS

HB 2647: Harmful Algal Blooms

Would have declared harmful algal blooms a threat to safe drinking water and directed the Oregon Health Authority and the Department of Environmental Quality to identify causes and point sources associated with harmful algal blooms, and submit a report.



LOC
TOOK NO
POSITION

HB 2765: South Suburban Sanitary District Reuse

Would have granted the South Suburban Sanitary District with the exclusive right to use and sell treated wastewater (discharged by the district) into the Klamath River or its tributaries. South Suburban had recently learned from the Oregon Department of Environment Quality that it needs to build a new wastewater treatment plant. As part of that discussion, the district engaged in conversations about where they would discharge the water. A nearby irrigation district, which is connected to the Klamath Wildlife Refuge, has indicated it would like to utilize the treated effluent (which will be treated to reuse quality). However, the pipeline required for conveyance would cost approximately \$20 million. The bill would have allowed for the river to serve as a natural conveyance system.



LOC SUPPORTED

HB 3123: PFAS Study Bill

Requested by the Oregon Association of Clean Water Agencies, the bill would have provided \$525,000 in state general funds to have Oregon State University conduct a study of the fate and transport of per- and polyfluoroalkyl (PFAS) in biosolids. The bill required OSU to collaborate with the Oregon Department of Environmental Quality and Oregon wastewater service providers to:

- Identify PFAS concentrations in biosolids produced by selected wastewater treatment facilities in this state;
- Compare the PFAS concentrations identified to PFAS concentrations in the selected agricultural fields where biosolids have been applied as a soil amendment;
- Examine the potential for PFAS to leach into groundwater; and
- Examine PFAS uptake in representative crops from various ecosystems in this state.



LOC SUPPORTED

HB 3125: Low-Income Household Water Rate Assistance (LIHWA)

Would have provided additional funding to the state's Public Drinking Water and Sewer Ratepayer Assistance Fund. The first-of-its-kind program was established by Congress through the appropriation of \$638 million in the Consolidated Appropriations Act (CAA) of 2021 and an additional \$500 million in the American Rescue Plan Act (ARPA) of 2021. Oregon received nearly \$15 million to provide LIHWA assistance to low-income households who have a significant water burden. Payments go directly to the owners and operators of water and wastewater utilities. Households apply for assistance through their local community action agency.



LOC
TOOK NO
POSITION

SB 405: Microfibers

Would have prohibited the sale of new clothes washers, after January 1, 2026, unless the washers are equipped with a built-in or in-line microfiber filtration system.



LOC OPPOSED

SB 949: Modifies Fees for Dredging

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 water course that discharged into port waters during the calendar year prior to the assessment year. Bill would have charged cities for dredging fees.

WILDFIRE POLICY & FUNDING

PASSED BILLS

SB 80: Community Risk Reduction

Effective Date: July 1, 2023

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 a 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. More details of this legislation can be found [here](#).

LOC
TOOK NO
POSITION

SB 509: Wildfire Omnibus Bill

Effective Date: On Passage

This legislation establishes a grant and incentive program through the Oregon State Fire Marshal's Office that will support communities, counties, and the public in reducing wildfire risk. In addition, SB 509 will establish a neighborhood protection cooperative program to coordinate, streamline, and improve programs that will assist with reducing wildfire risk in and around neighborhoods. A user-friendly website for the public to access information along with a 20-year strategic plan is part of this legislation. What will be needed from the Legislature is a long-term commitment to fund the program and not lose ground on a growing amount of lands that present risk of future wildfire ignition. More details of this legislation can be found [here](#).



FAILED BILLS

[SB 5542: Municipal Wildfire Assistance Program \(MWAP\) – Funding Request](#)



The LOC made a priority budget request of \$3 million to re-fill the MWAP. This program has been instrumental for several fire-impacted communities from 2020 Labor Day fires, assisting in planning-related costs and ongoing assistance. This program was not funded, but the LOC is preparing an Emergency Board request for later this year to re-fill this critical funding resource.

VOTING MATRIX

OVERVIEW

Since the 2021 session, the LOC has prepared a full session bill summary that includes a voting matrix. The motivation for this was to share public information on legislation that is important to the LOC and our members.

The legislation displayed is a cross section of bills that the IGR team worked on during the 2023 session. There are seven bills displayed that LOC supported, one bill that we opposed and another that we were officially neutral on. All these bills were voted on in the House and Senate during this session. All bills except for HB 3113 made it out of both chambers and were signed by Governor Kotek.

What this voting matrix is:

The intent of the voting matrix is to provide members with a sense of where important issues stood with the legislature. By looking at the vote count you can get a sense of how the bill is viewed by members of the House and Senate. Keep in mind that there are many reasons why a legislator votes the way they do. It could be a caucus vote that is needed to pass key legislation, it could be related to the legislation not being strong enough to support.

What this voting matrix is not:

This is not a scoring sheet and should not be used in that manner. Several interest groups will select pieces of legislation to score for the purpose of developing grades for legislators based on their voting history. This voting matrix is not being used as such, and we recommend that our members not use it as anything related to a grade or performance.

Voting Key

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