



2019 Bill Summary

SEPTEMBER 2019

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2019 LEGISLATIVE SESSION

OVERVIEW

The 2019 legislative session proved to be a challenge for local governments and the League of Oregon Cities. The session required diligent work to combat legislation that would have had significant negative impacts on city governance, operations and funding. At the same time, the LOC government relations teams worked hard to advance six LOC Board-established priorities, including: additional mental health resources; PERS and property tax reform; housing and homelessness investments, third-party building inspection preservation; broadband investment; and additional investments for infrastructure, including resilience.

The 2019 session was Oregon's first with a three-fifths super-majority in both the Senate and House. Despite the supermajority held by the Democrats, the Oregon Constitution stipulates that two-thirds of either the House or Senate must be present in order to convene and take votes on bills. This led to two Senate Republican walkouts, which denied Senate leadership a quorum for conducting business. The lack of a quorum slowed the progress of many bills, some more controversial than others, and made even the simplest of legislation more difficult to move toward in the final weeks of the session.

Adding to the overall frustration, there were numerous efforts to erode local control and to further preempt local government regulatory and taxing authority. To highlight this, the Student Success Act, HB 3427, was developed to raise an additional \$2 billion in biennial revenue for K-12 education with the implementation of a new, corporate activities tax (CAT). In literally the last few days of deliberation, a local government preemption was added to the legislation, preventing local governments from implementing a local CAT in the future. Language in the initial preemption was so broad, there was significant risk to other revenue generating authority. Fortunately, the LOC intervened with key House and Senate members to find tighter language that only impacts future local implementation of a CAT, while protecting existing taxing authority for communities.

Mental Health Resources

The LOC had success advocating for significant additional revenue for mental health resources, a top priority for LOC's members.

PERS Reform/Property Tax Reform

The LOC was successful in advocating for PERS reforms with the passage of SB 1049. While improvements and cost savings were not as significant as hoped, the LOC was also able to shift the PERS reform conversation from covering schools, as initially contemplated, to

instead include a comprehensive reform that was applied to all PERS employers, including cities.

On the property tax front, there was not a lot of action by the Legislature, but because of HB 3427 (corporate activities tax) and general discussion related to the need for additional public education funding, there were a lot of conversations about Oregon's property tax system. However, these conversations were focused on impacts to school revenues. There were, however, some novel ideas offered, including the option of putting a referral to voters to move Measure 50 from a constitutional provision to a state statute. Such a referral would allow the legislative process to begin meaningful work to address property tax reform. This concept will likely be revisited in the 2020 short session.

Broadband Investment, Telecommunications and Right-of-Way

There was no adverse right-of-way (ROW) legislation proposed this session, and the LOC was able to help pass a 9-1-1 bill, HB 2449, which will add significant revenues to local call centers and PSAPs starting 2020. The LOC was also successful in passing HB 2173, which will establish a state-wide broadband office that will be important for the future deployment of broadband. Another bill, HB 2184, which would have set up a local funding source to leverage federal and private dollars for broadband deployment, failed to pass. However, the LOC believes there will be a legitimate opportunity to pass this legislation during the 2020 session.

Infrastructure Finance and Resilience Investment

The LOC advocated for an increase in the state's investment in key infrastructure funding sources, including, but not limited to the Special Public Works Fund (SPWF), the Brownfields Redevelopment Fund and the Regionally Significant Industrial Site Loan program. The LOC requested an \$80 million investment in the SPWF, and while the Legislature only provided \$30 million in lottery bonds for that specific fund, they made significant additional investment in other infrastructure funds, including: \$ 15 million for the SPWF levee grant program (sub-account); \$25 million for the Water Supply Development Account, and \$5 million for the Brownfields Redevelopment Fund. Also notable was an additional \$66.3 million for specific water-related projects, including city-owned water and wastewater treatment infrastructure and several high-hazard dams.

Housing and Homelessness Investment

The outcome of housing issues was a mixed bag for the LOC and its members. The League was disappointed with the final outcomes on major housing policy, as additional mandates for local planning and mandates for up-zoning residential neighborhoods moved through the session despite the LOC presenting significant technical information regarding local government's ability to implement the changes. There was a bright spot, with significant funding added to help build affordable housing projects and funding for smaller community's planning requirements.

Third Party Building Inspection Preservation

One of the more frustrating issues to not get closure on was related to a legislative solution for third party building inspection. The LOC was unable to broker an agreement between leadership in the House and Senate as the session came to an end. Unfortunately, this leaves those communities which depend on a third-party inspection program to rely on the state's Building Code Division (BCD) to determine the outcome via rules. The BCD will rely on direction provided by the Oregon Department of Justice, which states there is no statutory authority for using a privately employed building official. LOC staff will be working with the BCD and others to find a pathway forward.

Closing Thoughts

The frustration LOC faced this session is the continuation of trend. Despite ongoing efforts to combat it, the erosion of local regulatory and taxing authority continues. The LOC is hopeful that with expanded communication, legislator education and vote transparency, we can move forward with a stronger, more unified voice representing local governments. We'll need your help and support to be successful. Your entire government relations team looks forward to increasing our legislative and grassroots efforts in Salem with a sustained message of supporting the needs and priorities of cities across the state.

How to Read the Bill Summaries



Indicates bills that require city action.



Indicates bills that have preemptive provisions.

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

[HB 2001: Single Family Rezoning](#)

Effective Date: August 8, 2019

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

COMMUNITY DEVELOPMENT

Building Codes

PASSED BILLS

[HB 2206](#): Post Emergency Building Safety Review

Effective Date: January 1, 2020

HB 2206 requires the Office of State Fire Marshal to administer statewide program to evaluate condition of buildings after an emergency and determine which buildings may be safely occupied. The state fire marshal is also required to work with local governments to designate local program coordinators to implement program.

[HB 2333](#): RV Tilting and Definition

Effective Date: January 1, 2020

HB 2333 provides the Oregon Department of Transportation with the ability to provide a title for “park model recreational vehicles.” The bill also clarifies that a recreational vehicle that is converted for use as a structure must meet the requirements of the statewide structural building code. An RV or park model RV is presumed to be used as a structure if it is not in an RV park and is either made immobile or directly hooked up to utilities.

[HB 2423](#): Tiny Home Building Code

Effective Date: October 1, 2019

HB 2423 puts a specialty code into statute to allow for the construction of tiny homes, which are defined as a single-family residence of less than 400 square feet. The code takes effect October 1, 2019 and sunsets on January 1, 2026. HB 2423 requires that these homes be considered “single family” projects for building and zoning permits.

[SB 410](#): RV Building Inspection

Effective Date: January 1, 2020

SB 410 removes the state from inspection of recreational vehicles and changes some definitions for recreational vehicles and recreational vehicle parks. This puts Oregon in line with most other states for not regulating the construction standards for RVs.

FAILED BILLS

[HB 2208](#): Unreinforced Masonry Seismic Safety Program

HB 2208 would have required Business Oregon to create a program for grants to improve the seismic safety, stability and resiliency of qualified unreinforced masonry buildings. The bill did not receive a hearing in the Joint Ways and Means Committee.

[HB 2420](#): Third Party Building Inspection

HB 2420 would have placed new requirements on locally run building inspection programs. As introduced and amended, the bill would have required a city to have a government-employed building official. It would have allowed cities to contract together or with councils of government to jointly hire an official. HB 2420 also included increased certification and experience requirements for local building officials and, when a city's building official did not meet the new requirements, allowed a city program to qualify if another employee held the required level of experience and certification. The bill failed to get a hearing in the Senate Rules Committee.

[HB 3432](#): Condominium Construction Defect

HB 3432 would have amended the state's building codes to create new inspections for detecting specific construction defects in exterior waterproofing system. A public hearing was held in the House Rules Committee, but the bill did not receive a vote.

[SB 898](#): Building Inspection Program Reform



SB 898 would have made significant changes to building inspection programs and was a placeholder for a potential fix for clarifying that a city or county could use a third-party building official. The bill did not receive a hearing.

[SB 1047](#): Third Party Building Official

SB 1047 would have clarified state law to allow a local government to have a privately employed building official. The bill included significant sideboards for any local government using a third-party official. SB 1047 did not receive a hearing.

Economic Development

PASSED BILLS

[HB 2053: Rural Industrial Property Tax Exemption Clarity](#)

Effective Date: September 29, 2019

In 2016, a new local option rural industrial property tax exemption was created. Local governments can tailor the program, but there are minimum annual wage and annual average employment requirements. HB 2053 clarifies how the location of employees is to be used for making the calculations and provides that the deadline for the applicant to meet the requirements may be set by agreement between the governing body and the applicant but may be no later than the end of the first property tax year for which the exemption is granted. The bill would have also made other changes to the RSIS (Regional Significant Industrial Site) program and other Business Oregon programs, but the original bill proved too complex and it was pared back by amendment. The LOC supports expanding the eligibility of RSIS projects to include certain public-private funding projects.

[HB 2054: Oregon InC Program Adjustments](#)

Effective Date: May 22, 2019

This bill makes program changes to the Oregon Innovation Council (Business Oregon program) statutes regarding council membership and terms, investment type eligibility, reporting requirements, and contract authority with signature research centers (SRCs). Oregon InC is a public-private partnership that helps create new jobs and new companies, diversifying Oregon's economy and bringing federal research dollars to Oregon.

[HB 2173: Oregon Broadband Office](#) ([See Telecommunications Section](#))

[HB 2174: Urban Renewal Reforms](#)

Effective Date: September 29, 2019

This bill requires concurrence of each proposed “public building project” in an urban renewal plan (term is narrowly defined in the bill) by at least three of the four taxing districts that are estimated to forgo the most property tax revenues with tax increment financing. HB 2174 makes numerous technical changes to the urban renewal statutes. The bill clarifies substantial amendment triggers associated with land area additions (1% is cumulative calculation). Lastly, HB 2174 will improve urban renewal plan transparency by requiring improved notice to overlapping taxing districts, urban renewal agency annual statements to include maximum indebtedness for each urban renewal area, distribution of the annual statement to each taxing district, and urban renewal representatives to be made available to answer questions annually. The bill was a product of an interim work group involving LOC, SDAO, OEDA and other key stakeholders.



Cities adopting a new urban renewal plan must follow the new notice and public building project concurrence requirements of HB 2174. Projects in existing urban renewal plans are grandfathered, but certain amendments to plans may trigger the new requirements. The required annual urban renewal statement (due January 31), must contain additional maximum indebtedness information next year, and the report must be distributed to all affected taxing districts. In addition, a representative from the urban renewal agency must be made available to consult with the affected taxing districts and respond to questions each year.

HB 2933: Eastern Oregon Border Economic Development Board

Effective Date: May 6, 2019

Clarifies, for purposes of Eastern Oregon Border Economic Development Board activities, that "workforce development" includes development of residential housing necessary to attract and keep employees in Eastern Oregon Border Economic Development Region. Authorizes Oregon Business Development Department to enter into intergovernmental agreements as necessary for administration of Eastern Oregon Border Economic Development Board Fund.

FAILED BILLS

HB 2144: Federal Opportunity Zone: State Tax Add Back

This bill would have prohibited taxpayers from receiving the federal opportunity zone tax benefits on their Oregon state income tax returns. That is, the bill would have required the addition to the taxpayer's state income amounts deducted as gain attributable to investment in a federal qualified opportunity zone. The LOC and OEDA opposed HB 2144 as it would have decreased the competitiveness of this tool for investments in Oregon. See <https://www.oregon4biz.com/Opportunity-Zones/> for more information, including project opportunities.

HB 2408: Prevailing Wage for Enterprise Zones ([See Public Contracting Section](#))

HB 3110: Increased Grant Writing Capacity

This is a capacity building program for rural communities. It provides an infusion of \$875,000 for the 2019-2021 biennium that will help fill a needed gap for cities with a population less than 2,500 and counties with a population less than 12,000 for grant writing services for anything from local school needs, to economic development and other critical infrastructure needs. More than one-half the 241 cities that are part of this targeted legislation will qualify for funding. It's likely there will be requests that exceed this funding level just given the constant narrative of needs expressed by cities across Oregon.

SB 34: Industrial Site Readiness

This bill would have expanded eligibility requirements to allow Business Oregon to enter into tax reimbursement arrangements (forgivable loans) for eligible industrial land site preparation costs with private owners (and not solely public entities). The LOC and the Oregon Economic Development Association supported SB 34 because the state has a shortage of industrial lands and much of the existing land is neither shovel ready nor owned by public entities. More incentivizing tools to develop constrained industrial lands are necessary. SB 34 would have limited reimbursement for private owners to 50 percent of eligible site preparation costs. The bill also would have reduced certain program wage compensation requirements from 150% to 130% of the county or state average wage, whichever is less. The bill, introduced at the request of Business Oregon, received a hearing and much discussion but did not advance.

SB 258: Appropriation for Entrepreneurial Investments

SB 258 would have appropriated \$1 million to the Oregon Regional Accelerator and Innovation Network, and \$1.2 million in additional investments to rural entrepreneurial economies (divided among five economic development entities). The purpose of the appropriation was to build entrepreneurial capacity in rural regions of this state. The bill had bipartisan support and received a do pass recommendation from the Senate Business and General Committee; however, it remained in the Ways Committee upon adjournment of the session. The Oregon Economic Development Association and the LOC were late supporters of the bill; more interim work is necessary to highlight the programs and need for entrepreneurial investments.

SB 418: Investment in Regional Accelerators

This bill would have appropriated \$1 million to Oregon Business Development Department for direct distribution pro rata to Oregon State University Advantage Accelerator (OSU Advantage) and Regional Accelerator & Innovation Network (RAIN Eugene). The appropriation required the networks to raise matching funds and the start-up businesses assisted with appropriated moneys must generally be traded sector businesses or those with traded sector potential. Note that OSU Advantage and RAIN Eugene are accelerator networks that have helped local entrepreneurs convert university-assisted academic activities into viable businesses to the tune of more than 300 jobs and \$15 million in revenue. SB 418 received a do pass recommendation from the Senate Business and General Committee; however, the bill remained in the Ways Committee upon adjournment of the session.



PASSED BILLS

HB 2001: Single Family Rezoning

Effective Date: August 8, 2019

HB 2001 will significant impact how cities plan and zone for housing. There are two different ways in which the bill impacts city work on housing: requiring more types of units to be allowed by-right in single family residential zones and changing how housing need and capacity is calculated. HB 2001 includes technical assistance funds and requires the Oregon Department of Land Conservation and Development (DLCD) to create model codes to assist cities undertaking this work. The key components of the legislation are:

Zoning

- By June 30, 2022, requires all cities in Metro with a population over 1,000 and all cities outside Metro with a population over 25,000 to allow:
 - a duplex on any lot or parcel zoned for residential use that allows for development of a single-family dwelling and
 - all “middle housing” types (duplex, triplex, quadplex, cottage cluster, or townhome) in areas zoned for residential use that currently allows a single-family dwelling.
- By June 30, 2021, requires all cities outside Metro with a population exceeding 10,000 and less than 25,000 to allow a duplex on any lot or parcel zoned for residential use that allows for development of a single-family dwelling.
- Extensions can be made for areas that do not have sufficient water, sewer, storm drainage, or transportation services (subject to approval by DLCD).

Capacity Calculations

- Changes the data that is used for capacity calculations.
- Requires caps on expected capacity for newly rezoned single-family zones.
- Amends factors to be considered for estimates of housing needs.

Other sections of the bill create a new process for approving an alternative process for conversion of single-family residences to triplexes or quadplexes; prevent regulations of accessory dwelling units that require off-street parking or owner-occupancy; and limits deed restrictions on new developments that would prevent middle housing construction.



Cities outside the Metro region with a population between 10,000 and 24,999 must amend their code in zones that allow for development of a single-family dwelling to also allow a duplex on any lot or parcel by June 30, 2021. Cities in Metro with a population greater than 1,000 and cities outside Metro with a population greater than 25,000 must amend their zoning codes for areas that allow development of a single-family dwelling to also allow a duplex on any lot or parcel and allow the

development of triplexes, quadplexes, cottage clusters or townhomes within these zones by June 30, 2022. All cities may review the sufficiency of the transportation, water, sewer and storm drainage in these areas and seek an exemption in a process that will be established by the DLCD. Cities undertaking buildable land inventories and capacity calculations should review the new standards and adjust to the new requirements. Cities over 2,500 in population must also review any development requirements for ADUs to ensure they comply with the new “reasonable” standards. Finally, cities with building inspection programs must establish a process for appeals of denied applications for conversions of single-family dwellings into duplexes, triplexes or quadplexes.

HB 2002: Affordable Housing Preservation

Effective Date: January 1, 2020

HB 2002 requires the owner of a residence that provides publicly supported housing to provide 30 to 36 months' notice to state and local government if they intend to withdraw the property from publicly-supported housing use. In addition, the bill clarifies the process for a local government or the state to purchase under a right of first refusal.

HB 2003: Housing Planning Requirements

Effective Date: August 8, 2019

HB 2003 requires the state to create and perform regional housing needs analysis for each Regional Solutions area. In addition, it requires cities with a population greater than 10,000 to create a “housing production strategy” every eight years; cities inside Metro must create a strategy every six years. This plan is not a land use decision but can include plans to update local land use and development regulations. The bill also provides the Oregon Department of Land Conservation (DLCD) the authority to set the schedule for cities to complete the strategy, establish the rules for approving adopted strategies, and enter into an enforcement proceeding if a city fails to work toward the concepts included in their strategy. HB 2003 also requires DLCD to set a schedule for large cities to determine if they have a sufficient land supply that allows completion two years prior to their required housing production strategy. Finally, the bill provides some funding for technical assistance for the first biennium of cities needing to comply with these new requirements.



Upon the establishment of the schedule by the DLCD, cities must prepare housing land supply analyses and housing production strategies based on that schedule.

Cities should pay attention to rulemaking by the DLCD to ensure they comply with the requirements.

HB 2006: Renter and Landlord Education

Effective Date: August 8, 2019

HB 2006 creates a funding source for the Oregon Housing and Community Services Department (OHCS) to provide trainings for tenants and landlords about the state's Rent

Guarantee Program, fair housing requirements, and other education, service, and resources that are needed.

[HB 2056: Renter and Landlord Education](#)

Effective Date: January 1, 2020

HB 2056 creates a new Housing Development Grant Program for administration by the Oregon Housing and Community Services Department. The program will provide funding for the development, acquisition, or rehabilitation of housing affordable to very-low, low- and moderate-income levels.

[HB 2336: UGB Expansion for Affordable Housing Pilot Revision](#)

Effective Date: January 1, 2020

HB 2336 allows the Oregon Department of Land Conservation and Development (DLCD) to select two large cities to use a pilot program for a small expansion of an urban growth boundary to accommodate affordable housing. The program originally allowed one city with a population under 25,000 and one with a population more than 25,000 to participate, but only cities larger than 25,000 applied.

[HB 2916: Transitional Housing](#)

Effective Date: June 17, 2019

HB 2916 modifies the rules related to siting of transitional housing. The bill allows a city to designate more than two parcels within city limits for use as a transitional housing location. In addition, it expands the types of housing units that can be placed as transitional housing to include structures like tiny homes and tents. HB 2916 allows more cities to explore partnerships to place homeless persons in housing that is not "permanent" throughout the city.

[HB 2997: Inclusionary Zoning Exemption](#)

Effective Date: January 1, 2020

HB 2997 exempts continuing care retirement communities from a locally adopted inclusionary zoning requirement until the residences are converted for residential sale or rent as a multifamily structure.

[SB 8: Fee Shifting for Affordable Housing Land Use Decisions](#)

Effective Date: January 1, 2020

SB 8 requires the Oregon Land Use Board of Appeals to award attorney fees to cities and applicants if the board affirms a local government's approval of publicly supported housing.

[SB 262: Multifamily Tax Exemption for Transit-Oriented Development](#)

Effective Date: September 29, 2019

This bill extends the ability for a city to institute the optional property tax exemption for multifamily housing in transit-oriented areas through January 1, 2032.

SB 534: Historic Lot Development

Effective Date: January 1, 2020

SB 534 requires a city with a population greater than 25,000 to allow development of at least one dwelling unit on every platted lot that is zoned for a single-family dwelling. The city can make exceptions if the water, sewer, storm water drainage or streets are inadequate; the lot is in a 100-year floodplain; or the lot is otherwise constrained because of natural hazard or natural resource-based regulation. Cities need to be aware of the historic plats that are underlying many existing neighborhoods that are developed to the zoning density that may be impacted by the new requirement.

SB 608: City-owned Rent Increase/Tenant-Landlord Restrictions

Effective Date: February 28, 2019

While SB 608 does not directly impact city operations, unless they manage residential rental units, it is expected that citizens will possibly reach out if they are having difficulty as a tenant or a landlord. The bill made no changes to week-to-week tenancy laws or month-to-month tenancies during the first 12 months of the tenancy. After a year, a landlord may only terminate the lease if they have cause or if their reason qualifies under the new law. SB 608 also limits the percentage by which a landlord may increase rent in a year period, but also provides an exemption for newly built units, defined as receiving its certificate of occupancy within the previous 15 years to the rent increase.

SB 1045: Property Tax Exemption for House Sharing

Effective Date: September 29, 2019

SB 1045 allows a city to provide a property tax exemption to a homeowner who rents a portion of their home through a home share program. There is a statewide limit of 500 participants, and a maximum assessed value reduction of \$300,000 per participant.

FAILED BILLS

HB 2055: Greater Oregon Housing Accelerator

HB 2055 would have created a permanent program called the “Greater Oregon Housing Accelerator” to direct funds to locations that have seen difficulty in getting development started. The bill was focused on smaller, more rural communities, and died in the Joint Ways and Means Committee. However, \$5 million was provided to the Oregon Housing and Community Services department to pilot this concept.

HB 2075: Development Readiness Program

HB 2075 would have created a new technical assistance program run by the Oregon Department of Land Conservation and Development, allowing cities to enact plans for the creation of housing and economic development. The Joint Ways and Means Committee did not hold a hearing on the bill.

HB 2228: Local Government Assistance for Housing

HB 2228 would have established a program for the League of Oregon Cities and the Association of Oregon Counties to directly provide technical assistance for improving housing outcomes in multiple regions statewide. The bill did not receive a hearing in the Joint Ways and Means Committee.

HB 2360: Surplus Public Lands Task Force

HB 2360 would have created a task force to examine the use of public surplus lands for housing. The bill did not receive a hearing in the Joint Ways and Means Committee.

HB 2802: Homeownership Repair and Rehabilitation Program

HB 2802 would have created a new program providing grants to low-income households for the repair and rehabilitation of single-family residences. In addition, the bill would have created another program to provide no-interest loans to address home health hazards. HB 2801 did not receive a hearing in the Joint Ways and Means Committee.

SB 10: Mandatory Zoning Levels on Transit Corridors

SB 10 would have established permissible density requirements within urban growth boundaries for cities within the metropolitan service district or with a population more than 10,000 for areas adjacent to transportation corridors and zoned to allow residential development. The bill would have set minimum density standards for certain areas along transit corridors. SB 10 received a hearing in the Senate Rules Committee but did not advance.

SB 595: Transient Lodging Tax for Housing

SB 595 would have permitted a local government to allocate up to 30 percent of any transient lodging tax imposed after July 2, 2003 for affordable workforce housing. The bill had a hearing in the Senate Finance and Revenue Committee but did not receive a vote.

SB 621: Preemption of Short-Term Rental Regulation

SB 621 would have prohibited a local government from restricting the use of any residence as a short-term rental property. The bill received a hearing in the Senate Business and General Government Committee but did not move forward.

Land Use

PASSED BILLS

[HB 2306: Substantial Completion](#)

Effective Date: January 1, 2020

HB 2306 prevents a city from denying a building permit on the basis that the supporting infrastructure is not completed in a subdivision. If a residential subdivision is built, the city must have a process to allow the builder to seek building permits upon “substantial completion” of the infrastructure required as a condition of development. Substantial completion is defined as a completed water system, fire hydrant system, sewer system, storm water drainage (but not including the landscaping that might be included), curbs, demarcation of streets so emergencies responders can navigate, and roads to the condition they can be accessible to emergency vehicles. The developer must also provide a financial guarantee, like a bond, for the incomplete work. A city may decline to issue the certificate of occupancy if all conditions for development are not met.



By January 1, 2020, cities must establish a process for certification of “substantial completion” when a subdivision is developed pursuant to a development agreement or conditional approval that includes the construction of public improvements. This includes coordinating with other agencies to ensure improvements are approved through inspections or testing, and confirmation that the financial guarantee is obtained prior to any building permit being issued. Finally, there must also be a process to prevent the issuance of certificates of occupancy until all improvements are completed. These last steps are significant for cities that do not manage all infrastructure systems or the local building permitting process.

[HB 2577: Residential Annexation Delay](#)

Effective Date: May 30, 2019

HB 2577 codified the recent Oregon Land Use Board of Appeals decision that the statutorily mandated three-year delay of the effective date of an annexation applies to lands where residential use is a permitted use and the land is in residential use. It also allows a property owner to waive the delay of the effective date.

[HB 3272: LUBA Appeal of Record](#)

Effective Date: January 1, 2020

HB 3272 limits the extension that the Oregon Land Use Board of Appeals (LUBA) may provide a petitioner whose objection to record is denied to 14 days from either the original deadline or the date of denial, whichever is later. The bill also requires LUBA to award attorney fees for any motion filed without merit.

HB 3309: DOGAMI Regulations Reforms

Effective Date: January 1, 2020

HB 3309 redefines "surface mining" to exclude excavation or grading work that is related to on-site construction and does not sell the materials into commercial market. Additionally, the bill removes the authority for the Oregon Department of Geology and Mineral Industries (DOGAMI) from regulating the siting or development of facilities in the tsunami inundation zone.

SB 2: Eastern Oregon Employment Lands

Effective Date: January 1, 2020

SB 2 allows specific Eastern Oregon counties to perform economic opportunity analyses to determine if they would designate up to 50 acres outside of urban growth boundaries for industrial or employment uses.

SB 92: Annexation Incentive

Effective Date: January 1, 2020

SB 92 provides flexibility to cities seeking to incentivize annexation of residential properties. The bill allows a city to offer a ramp-up period of up to 20 years until the full city property tax is reached. If a city uses this option, a new property owner will pay the full property taxes upon transfer or sale of the property. Finally, SB 92 also amends the definition of an "island" for annexation purposes to include the boundary of another incorporated city as a boundary of the island. This means that the method of island annexation can be used when two cities surround an unincorporated area.

SB 93: Beverage Container Redemption Centers

Effective Date: January 1, 2020

SB 93 differentiates between "full-service" and "dealer" redemption centers. It also declares that a full-service redemption center is not a recycling depot for purposes of zoning and siting these facilities.

SB 431: Urban Flood Safety District

Effective Date: September 29, 2019

SB 431 creates a new special district to replace several levee and watershed districts in Multnomah County for managing and improving the levee system, drainage and natural areas.

FAILED BILLS

HB 2108: Annexation for Extraterritorial Services

HB 2108 would have explicitly stated a city's authority to require consent to eventual annexation of property before providing extraterritorial service. The bill would have prevented a city from requiring consent if: the extraterritorial service was the result of an

intergovernmental agreement with another local government; consent was not a requirement of the intergovernmental agreement or a comprehensive plan; and the extraterritorial service was a service other than water service, sewer service, storm water service, construction of first paved access to the property or service provided by a municipal electric utility.

[HB 2109: Island Annexation](#)

HB 2109 would have required a double majority vote prior to the annexation of “island” parcels of 100 acres or more. That is, when a city charter requires a vote on annexation, citizens in both the “island” to be annexed and the city at-large would have to approve. The LOC opposed this bill, as it would allow residents of the island to essentially veto any attempts to annex a larger island and inhibit the organized urbanization of city areas. The House passed the bill, but it did not move out of the Senate Natural Resources Committee.

[HB 2594: Sustainable City Year Program Funding](#)

HB 2594 would have provided a significant increase in appropriation for the University of Oregon's Sustainable City Year Program, which connects students and communities to work through real community problems and plan for sustainable development.

[HB 3099: Withdrawal from County Service District](#)

HB 3099 would have provided a method for a city to withdraw from a county service district if it entered into the district through an act of the city council. The bill passed the House but did not get a vote by the Senate Business and General Government Committee.

[HB 3226: Building Across Lot Lines](#)

HB 3226 would have required local governments to allow building across lot lines if an owner has a recorded covenant not to sell separately. This would have impacted development rights in cities that have old plats maps that have not been updated to reflect development levels. HB 3226 had a hearing in the House Agriculture and Land Use Committee but did not receive a vote.

[SB 254: Levee Grant Recipient Expansion](#)

SB 254 would have allowed more entities to qualify for levee project funds and put further sideboards about what cost and amounts could be granted. The bill did not receive a hearing in the Joint Ways and Means Committee.

Wetlands

PASSED BILLS

[HB 2436: Studying Partial 404 Assumption](#)

Effective Date: August 9, 2019

HB 2436 requires the Oregon Department of State Lands (DSL) to develop a proposal to assume administration of certain permit programs currently provided by the U.S. Army Corps of Engineers under the Clean Water Act (“404 assumption”). To create an acceptable proposal, the DSL would need to ensure the state and federal standards are sufficiently equivalent for protection of natural resources. Any proposal for 404 assumption of removal and fill permits would be limited development within an urban growth boundary, related to mining and related activities, and the creation of mitigation banks. The bill does not allow the DSL to look at assuming permitting related to farming, ranching, or forestry actions. The DSL would have to report recommendations to the Legislature for the 2020 session, allowing the Legislature to continue to exercise significant oversight before any formal application is made to seek 404 assumption.

[HB 2437: Ditch Bill](#)

Effective Date: August 9, 2019

HB 2437 amends the existing removal-fill regulatory structure for the maintenance of agricultural drainage channels. The bill allows agricultural drainage ditches to be cleaned and maintained upon notification to the Oregon Department of Agriculture. HB 2437 requires the Oregon Department of State Lands, in coordination with the Oregon Department of Agriculture and the Oregon Department of Fish and Wildlife, to adopt rules to implement the provisions of the bill. Finally, HB 2437 requires Oregon State University to conduct a study of the benefits and impacts of maintenance activities in traditionally maintained channels on habitat complexity and other biological parameters, including the benefits and impacts of maintenance activities for fish and wildlife that inhabit the channels. In conducting the study, the college shall assess the impacts of maintenance activities at a variety of geographic locations, in a variety of channel types and on a variety of channel conditions.

FAILED BILLS

[HB 2438: Wetland Mitigation Pilot Project](#)

HB 2438 would have provided funds to the Oregon Cascades West Council of Governments to address the mitigation needs and opportunities for development that might occur in its region. This would have served as pilot project that could have created a model for similarly situated regions. The bill did not receive a hearing in the Joint Ways and Means Committee.

HB 2796: Wetlands for Housing

HB 2796 would have required the Oregon Department of State Lands to develop rules to allow removal and fill of degraded wetlands for needed housing projects by general permit or authorization. The bill included a definition of “degraded wetland.” In addition, HB 2796 would have allowed the department to suspend, modify or revoke rules to obtain authority to assume federal wetland permitting.

ENERGY & ENVIRONMENT

PASSED BILLS

HB 2007: Clean Diesel

Effective Date: August 9, 2019

HB 2007 implements new, “clean diesel” standards for medium and heavy-duty trucks (weighing more than 26,000 pounds) registered in Washington, Clackamas and Multnomah counties. The requirements are as follows:

- As of January 1, 2025 - the Oregon Department of Transportation (ODOT) may not issue a certificate of title for model year 2009 or older engines for medium duty trucks (weighing between 14,000 – 26,000 pounds) and model year 2006 or older engines for heavy-duty trucks (defined as weighing greater than 26,000 pounds).
- As of January 1, 2023 - ODOT may not issue a registration or renewal of registration in Washington, Multnomah and Clackamas counties for medium-duty trucks or heavy-duty trucks with diesel engines that are model year 1996 or older.
- As of January 1, 2029 - ODOT may not issue a registration or renewal of registration in Washington, Multnomah and Clackamas counties for:
 - Medium-duty trucks with 2009 or older diesel engines;
 - Heavy-duty trucks with 2006 or older diesel engines (unless the heavy-duty truck is owned by a public body);
 - Heavy-duty trucks that are owned by a public body, including a city, that are powered by a model year 2009 or older diesel engine.

The bill includes exemptions from the requirements, including an exemption that was requested by the LOC and other local governments, for emergency vehicles and ambulances.



If a city is in Washington, Clackamas or Multnomah County and has adopted a vehicle replacement schedule or policy, those schedules and policies should be reviewed and potentially revised to reflect the requirements in HB 2007. Cities in the impacted counties should be aware of HB 2007 and may want to begin budgeting for potential vehicle replacements or retrofits.

HB 2093: State Procurement for Electric Vehicle

Effective Date: September 29, 2019

Current statute authorizes state agencies to locate electric vehicle charging facilities and devices for public use. HB 2093 authorizes the Oregon Department of Administrative Services to contract with a third party to acquire, install, maintain or operate electric vehicle charging facilities and devices, and to administer cooperative procurements, under which public bodies, including cities, may acquire, install, maintain or operate such facilities and devices for public use. The bill exempts cooperative procurements for electric vehicle charging facilities and devices from the definition of “public improvement” under ORS 279A.010 but does specify that electric vehicle installation is subject to prevailing wage requirements.

HB 2209: High Hazard Trains

Effective Date: January 1, 2020

HB 2209 modifies oil spill statutes to include high hazard train routes. The bill defines “high hazard train routes” as a section of rail line in the state which:

“a) abuts or travels over navigable waters, a drinking water source or an inland location that is one quarter mile or less from the waters of the state; and

(b) over which trains operate that, in a single train, transport:

(A) 20 or more tank railroad cars in a continuous block that are loaded with oil; or

(B) 35 or more tank railroad cars loaded with oil that are spread throughout the entirety of the rolling stock, not including the locomotive, that make up the train.”

The bill requires railroads to submit a contingency plan and financial responsibility statement for high hazard train routes to the Department of Environmental Quality. HB 2209 specifies what must be included in the contingency plan and requires plans to be renewed every five years. Finally, the bill establishes fees that railroads must pay for the operation of high hazard train routes and establishes a High Hazard Train Route Oil Spill Preparedness Fund that can be used to defray administrative costs for the state and to assess the ability of governments to prevent and respond to oil train emergencies.

HB 2250: Baseline Federal Environmental Standards

Effective Date: January 1, 2020

HB 2250 was introduced at the request of Governor Kate Brown. The bill requires the Oregon Department of Environmental Quality (DEQ) and the Oregon Health Authority (OHA) to regularly assess final changes to federal environmental law to determine whether the changes are significantly less protective of public health, the environment or natural resources than baseline federal standards. HB 2250 defines “baseline federal standards” as the standards and requirements contained in a federal environmental law, as those standards and requirements were in effect on January 19, 2017. If a change is found to be significantly less protective of public health, the environment or natural resources, the DEQ and the OHA shall recommend actions, as necessary, to continue state implementation of

standards and requirements that are at least as protective of public health, the environment or natural resources as baseline federal standards.

HB 2329: Optional Local Land Use Siting for Certain Renewable Energy Projects

Effective Date: January 1, 2020

HB 2329 allows certain renewable energy projects to be sited by local governing bodies rather than by the Oregon Department of Energy's Energy Facility Siting Council (EFSC). The bill modifies the definition of "energy facility" to specify which projects must be approved by the state (through EFSC), and which projects may be approved by a local governing body. HB 2329 also includes language that allows for a developer of a facility or the local governing body to defer regulatory authority back to the state.

HB 2496: Green Energy Technology

Effective Date: September 29, 2019

HB 2496 modifies current state law, which requires public contracting agencies, including cities, to reserve 1.5% of the total contract price for certain public building projects to incorporate green energy technology as part of the project. HB 2496 increases the project threshold for required compliance from \$1 million to \$5 million. The bill also allows the 1.5% to be used for battery storage or for passive solar energy efficiency that reduces energy use from other sources by at least 10% (the current passive solar provision requires reductions of at least 20%). Finally, HB 2496 exempts airport facilities and construction, for the sole purpose of increasing seismic resilience, from the green energy technology requirement.



If cities are planning to construct or reconstruct a public building, they should be familiar with ORS 279C.527 and ORS 279C.528 and the changes included in HB 2496. Cities can also contact the Oregon Department of Energy to inquire whether the mandate to include green energy technology applies to a specific public building project.

HB 2509: Single-Use Plastic Bags

Effective Date: January 1, 2020

HB 2509 creates a statewide policy on single-use bags for restaurants and retail establishments and requires a minimum fee of no less than 5 cents for each paper bag provided at retail establishments, including grocery stores. The bill defines "retail establishment" as a store that sells, or offers for sale, goods for retail that is not a restaurant. There are specific exemptions from the single-use bag provisions, including: bags that are provided by a retail establishment to a customer at a time other than the time of checkout, including but not limited to bags provided to package bulk items; unwrapped bakery items; greeting cards; prescription drugs or small hardware items; as well as bags used to contain or wrap frozen food, meat, fish, flowers, a potted plant or

another item for the purpose of addressing dampness or sanitation. Newspaper bags, door hanger bags, garment bags, laundry bags and dry-cleaning bags are also excluded. The LOC worked with proponents of HB 2509, including one of its chief sponsors, Representative Janeen Sollman, to try to protect local ordinances already in place as of effective date of the bill. Local ordinances, charter provisions, and resolutions adopted or amended after the effective date of HB 2509 will need to include definitions, requirements and restrictions that are identical to those established in the bill. Local governments can adopt, amend, and enforce penalties for violations of bag-ban provisions that differ from the enforcement provisions included in the bill and can require a restaurant or retail establishment to charge a fee of more than 5 cents.

In addition, HB 2509 requires the Oregon Department of Environmental Quality to report on collection of the recycled paper bag fee from establishments that primarily sell groceries, and assess customer use of recycled paper checkout bags, reusable fabric checkout bags and reusable plastic checkout bags.



Local ordinances, charter provisions and resolutions will need to be reviewed to determine consistency with the definitions, requirements and restrictions of those established in the bill. Local governments can adopt, amend and enforce penalties for violations of bag-ban provisions that differ from the enforcement provisions included in the bill and can require a restaurant or retail establishment to charge a fee of more than 5 cents.

HB 2618: Rooftop Solar

Effective date: September 29, 2019

HB 2618 requires the Oregon Department of Energy to establish a program, via administrative rulemaking, that will provide rebates for the purchase, construction and installation of solar electric systems and paired solar and storage systems. Rebates will be made available for residential customers or for low-income service providers. The bill requires contractors to use the full rebate amount received to reduce net costs to consumers. Rebates will be calculated based on the amount per watt of installed capacity over a 20-year period. HB 2618 establishes specific rebate limit amounts based on the type of solar or paired solar and storage system that is installed.

HB 2623: Hydraulic Fracturing

Effective date: June 17, 2019

HB 2623 prohibits hydraulic fracturing in the exploration or the production of oil and gas in this state. The bill defines hydraulic fracturing and provides for exemptions for natural gas storage wells, geothermal wells or activities related to exploration for geothermal energy, and coal bed methane extraction wells in existence as of the date that the bill passed.

HB 2829: Oregon Conservation & Recreation Fund

Effective date: July 15, 2019

HB 2829 establishes an Oregon Conservation & Recreation Fund within the Oregon Department of Fish and Wildlife, appropriates \$1 million (general funds) to the fund, and establishes an Oregon Conservation and Recreation Advisory Committee. The committee is tasked with reviewing department policies regarding the use of the Oregon Conservation and Recreation Fund and making recommendations to the commission and the department about the use of the fund to implement and administer department activities.

Types of activities eligible to receive funds include, but are not limited to:

- Promoting the health of Oregon’s ecosystems and fish and wildlife species by implementing conservation programs and strategies identified in the Oregon Conservation Strategy;
- Supporting conservation, management, research, habitat improvement, enforcement, outdoor recreation or education activities;
- Improving engagement of the public in hunting and fishing opportunities and in other outdoor recreation opportunities related to and in support of healthy fish, wildlife and habitats;
- Improving educational outreach and engagement of the public, including diverse and underserved communities, related to and in support of healthy fish, wildlife and habitats; and
- Engaging in, and providing funding for, joint projects of the department and the Oregon Parks and Recreation Department or other state agencies as recommended by the Oregon Conservation and Recreation Advisory Committee.

SB 38: Thermal Renewable Energy Certificates

Effective date: January 1, 2020

SB 38 clarifies that thermal renewable energy certificates can be used for compliance with Oregon’s Renewable Portfolio Standard. The bill ensures provides needed certainty to facilities, including some wastewater treatment plants, that generate thermal energy as part of a biomass cogeneration project.

SB 90: Statewide Straw Policy and Local Preemption

Effective date: June 13, 2019

SB 90 implements a statewide “ask first” policy for single-use straws. In addition, the bill very broadly pre-empts local governments from enacting, after June 13, 2019, any ordinance, resolution, regulation, rule or other laws with requirements that differ from the provisions set forth in the bill.



The bill preempts local governments from enacting any ordinance, resolution, regulation, rule or other laws, after June 13, 2019.

SB 98: Renewable Natural Gas Program

Effective Date: September 29, 2019

SB 98 requires the Public Utility Commission (PUC) to adopt rules for a renewable natural gas program with specific portfolio targets for large natural gas utilities (defined as serving more than 200,000 customers) and a voluntary, opt-in program for small natural gas utilities. Large utility targets start at 5 percent in 2020 and ramp up to 30 percent by 2045. The PUC rules will establish a process for natural gas utilities to fully recover prudently incurred costs associated with both the large and small renewable natural gas program. The bill authorizes large natural gas utilities to make qualified investments and to procure renewable natural gas from third parties to meet the established targets in the bill. SB 98 defines “renewable natural gas” as biogas; hydrogen gas derived from renewable energy sources; or methane gas derived from certain sources.

SB 1044: Zero-Emission Vehicle Goals

Effective Date: January 1, 2020

SB 1044 establishes goals for conversion to zero-emission vehicle fleets of 50,000 registered vehicles by 2025; 250,000 by 2030; 25 percent of total registered vehicles by 2030 and 90 percent of new motor vehicles sold annually by 2035. The bill also includes specific requirements for the certain state boards, departments and divisions to purchase or lease light-duty and medium-duty zero-emission vehicles and for state agencies to convert their light-duty fleets. SB 1044 authorizes schools to use funds collected through the state’s “public purpose charge” for fleet audits and subsequent fleet conversions. Finally, the bill requires annually reporting to the governor and Legislature on metrics for achieving fleet conversion goals, including identified barriers; and assessment of private and public charging infrastructure and the impact of the sales and ownership of zero-emission vehicles on revenues that would otherwise accrue to the State Highway Fund (i.e. fuel tax revenues).

FAILED BILLS

HB 2020: Statewide Carbon – Cap and Trade

HB 2020 would have established the “Oregon Climate Action Program” to meet updated greenhouse gas reduction goals for the state, with a goal of reducing emissions to 80 percent below 1990 levels by the year 2050.

The bill would have required the Climate Policy Office (CPO), established under Section 4 of the bill, to place a cap on emissions from “covered entities” beginning in 2021. The CPO would also have been required to set annual allowance budgets for the years 2021 through 2050. Entities, that are permitted as an air contamination source and that have annual regulated emissions that meet or exceed 25,000 metric tons of carbon dioxide equivalent would have been considered as “covered entities” subject to cap.

How Does a Carbon Cap Work? HB 2020 would require covered entities to obtain a tradable allowance for each metric ton of carbon dioxide equivalent emitted annually. The 2021 allowance budget would have reflected a baseline calculation of forecasted emissions attributable to all covered entities. The annual allowance budget would be reduced each year as necessary to achieve the greenhouse gas reduction goals as established in the bill (45 percent below 1990 levels by 2035; and 80 percent below 1990 levels by 2050).

Who Would have been Regulated Under HB 2020? Providers of electricity, natural gas, transportation fuels and certain industries (primarily manufacturing) are among those who would have been directly regulated under the program. The legislation also specified how allowances would be provided to various regulated sectors, with some sectors, including electric companies, receiving allowances at no-cost for a specified period. With the transportation fuels sector representing approximately 40 percent of the state's greenhouse gas emissions, the impact of the legislation represented an approximate 22-cent per gallon increase in the cost of fuel.

How Would Revenues be Generated and Spent? HB 2020 I would have resulted in the creation of a market for allowances to be purchased by covered entities through a state auction or traded in a secondary market. The bill required the Climate Policy Office to set an auction floor price for 2021 that would increase by a fixed percentage each calendar year. Funds would have been directed to the Climate Investments Fund, the Just Transition Fund, the Common School Fund, or, for those generated through the transportation fuels sector, the funds would be directed to a Transportation Decarbonization Investments account. HB 2020 specified the types of project eligible for funding through the established Funds, and specific requirements for use of those funds. Fifty percent of the funds in the Transportation Decarbonization Investments Account would have been used by the Oregon Transportation Commission for eligible projects, with the other 50% set aside for grants for transportation projects for cities, counties and metropolitan planning organizations. Eligible transportation projects would need to: promote greenhouse gas emission sequestration and mitigation; promote the adaptation and resilience of natural and working lands, fish and wildlife resources, communities, the economy and the state's infrastructure in the face of climate change and ocean acidification; or promote assistance to households, businesses and workers impacted by climate change or climate change policies.

[HB 2496: Public Purpose Charge](#)

HB 2494 would have extended the sunset date for the public purpose charge from 2026 to 2036. Oregon's public purpose charge is assessed on all retail consumers of services provided by Pacific Power and Portland General Electric. The funds pay for energy efficiency, the development of new renewable energy and low-income weatherization.

[HB 2619: Chlorpyrifos](#)

HB 2619 would have prohibited the sale, purchase or use of pesticide products containing chlorpyrifos.

HB 2772: Household Hazardous Waste Program

HB 2772 would have established a product stewardship program for household hazardous waste that would be administered by the Oregon Department of Environmental Quality.

HB 2852: Community Choice Aggregation

HB 2852 would have authorized local governments, including cities, counties, irrigation districts, the Port of Portland, and other port districts, to establish a community choice aggregation program. The bill defined “community choice aggregation program” as a program for aggregating the loads of eligible retail electricity consumers in order to purchase or generate electricity on behalf of the retail electricity consumers. Essentially, community choice aggregation (CCA) allows one or more local governments to form an authority for the purpose of purchasing and generating electricity. Under a CCA model, the incumbent electric company would continue to maintain transmission lines, provide distribution services, metering, billing, ancillary services and customer service. The LOC was supportive of HB 2852, on the basis that it is a local control issue and due to several cities reaching out to indicate interest in forming a CCA authority. In addition, there are effectively no other feasible opportunities for municipalities to form public power entities in Oregon due to legislation passed in 2016 that makes the formation of municipal electric utilities cost prohibitive. HB 2852 did not receive a public hearing, and the LOC will be encouraging additional conversations in future legislative sessions to ensure that such a policy is implementable, financially feasible, and includes appropriate measures to ensure that costs are not unfairly shifted to other customers.

HB 2857: Small-Scale Renewable Projects

In 2016, the Legislature passed SB 1547, which updated Oregon’s renewable portfolio standard (RPS). The RPS requires electric utilities to acquire a certain percentage of “qualifying renewable energy” by specified timelines. SB 1547 also enacted a requirement for investor-owned utilities, serving more than 25,000 retail customers, to have 8% of their aggregated electrical capacity be generated by small-scale renewable energy projects with a generating capacity of 20 megawatts or less for facilities that generate electricity using biomass that also generate thermal electricity for a secondary purpose. HB 2857 would have made changes to the 8% “small-scale” requirement by requiring that small-scale energy projects, used for RPS compliance, are not owned by an electric company. This change, among others included in the bill, were intended to incentivize certain small-scale renewable projects. HB 2857 would have also required electric companies, after the year 2025, to continue to make best efforts to increase the annual percentage of electricity solid in this state from small-scale renewable projects.

HB 2883: Polystyrene Ban

HB 2883 was one of several bills proposed during the 2019 session that sought to ban or regulate single-use products. While other “ban” legislation did pass (see SB 90 – straw ban and HB 2509 – single-use bag ban), HB 2883 failed on the Senate floor. HB 2883 proposed

to prohibit food vendors from using polystyrene containers when selling, offering for sale, serving or dispensing prepared food to a member of the public. The bill, as introduced, applied to solid polystyrene plastic and polystyrene plastic foam (e.g. plastic cups or “clamshell” containers) but was later amended to more narrowly apply only to polystyrene foam, commonly referred to as Styrofoam. Unlike other legislation banning single-use products, HB 2883 did not include any preemption language to prevent local governments from adopting similar, or more comprehensive, ordinances.

[HB 3058: Chlorpyrifos Study](#)

HB 3058 would have required the Oregon Department of Agriculture to review current scientific data regarding the safety of pesticide products containing chlorpyrifos. The bill would require the department to report findings and recommendations to an interim legislative committee by January 1, 2020. The department would also have been required to review data for registered pesticide products that contain chlorpyrifos and add any additional restrictions on those products as warranted by the findings of the review.

[HB 3094: Home Energy Weatherization, Retrofit and Affordability Program](#)

HB 3094 would have established the Home Weatherization, Retrofit and Affordability Program within the Oregon Housing and Community Services Department. The program would have created incentive payments to construction contractors for undertaking energy improvement projects to gain energy efficiency for households across Oregon with an emphasis on affordable housing, lower-income populations and rural parts of the state.

[HB 3141: Electric Vehicle Charging for Multi-Family & Public Buildings](#)

HB 3141 would have required the state to adopt amendments to the state building code requiring newly constructed multifamily residential buildings, with three or more units, to include electric vehicle (EV) charging capacity for at least 20 percent of the vehicle parking spaces in the garage or parking area for each building. The new code would have applied to buildings permitted on or after, July 1, 2020. The bill specified that local governments could require higher standards. In addition, HB 3141 required public buildings, including city buildings, to provide EV charging capacity for at least 20% of vehicle parking spaces for the building. However, one of the chief sponsors of the bill drafted amendment language to limit that requirement to state-owned buildings. Finally, HB 3141 required 25% of specific types of state-owned fleet to be either EV or low emission by July 1 of 2020. The bill also outlined provisions authorizing the Oregon Department of Administrative Services enter into agreements to procure electric vehicles in bulk to reduce costs when purchasing electric vehicles for the department’s motor fleet. HB 3141 passed out of the House Energy & Environment Committee but failed to make it out of the Joint Ways & Means Committee process prior to adjournment.

HB 3274: Small-Scale Renewable Projects

In 2016, the Legislature passed SB 1547, which updated Oregon's renewable portfolio standard (RPS). The RPS requires electric utilities to acquire a certain percentage of "qualifying renewable energy" by specified timelines. SB 1547 also enacted a requirement for investor-owned utilities, serving more than 25,000 retail customers, to have 8% of the aggregated electrical capacity be generated by small-scale renewable energy projects with a generating capacity of 20 megawatts or less or facilities that generate electricity using biomass that also generate thermal electricity for a secondary purpose. HB 3274 would have made changes to the 8% "small-scale" requirement by requiring that small-scale energy projects, used for RPS compliance, are not owned by an electric company. This change, among others included in HB 3274, were intended to incentivize certain small-scale renewable projects, such as in-conduit hydroelectricity projects from irrigation canals.

HB 3408: Wood Smoke Reduction Grant Funding

HB 3408 would have provided \$500,000 additional funding to support community efforts to reduce emissions from solid fuel burning devices that burn wood, such as woodstoves. While the bill did not pass, funding was included in the DEQ budget bill, HB 5017.

HB 3425: Carbon Fuel Low Income Tax Credit

HB 3425 established a process by which lower-income individuals could receive a tax credit to mitigate transportation fuel price increases associated with implementation of a statewide carbon cap and trade program. All provisions of the bill were contingent upon passage of HB 2020 (carbon cap legislation). HB 3425 would have allowed individuals, with adjusted gross incomes not exceeding 250 percent of the federal poverty guidelines, to apply for the credit. Neither HB 3425 nor HB 2020 passed.

SB 508: Hydroelectricity for RPS Compliance

SB 508 would have allowed hydroelectricity to be eligible for compliance with Oregon's renewable portfolio standard (RPS). Under current law, only "new" hydroelectricity (operational on or after January 1, 1995) can be used for RPS compliance.

SB 928: Oregon Climate Authority

SB 928 would have established the Oregon Climate Authority as a state agency and would have abolished the Oregon Department of Energy. The bill was largely contingent upon passage of HB 2020 (carbon cap legislation). The Climate Authority would have collected and analyzed climate-related data; coordinated state agency actions to achieve greenhouse reduction and energy efficiency goals; advised on energy-related matters; and helped administer the implementation of a carbon reduction plan. SB 928 also would have modified permissible uses of the energy supplier assessment that energy, natural gas and petroleum suppliers currently pay, and would have reduced the maximum amount assessed from up to .375 % to no more than .25 % of annual gross operating revenue.

SB 1031: Residential Solid Fuel Heating Air Quality Program

SB 1031 would have appropriated \$2 million in general funds to the Oregon Department of Environmental Quality's (DEQ) Residential Solid Fuel Heating Air Quality Improvement Fund for local grants to reduce emissions from wood smoke. While SB 1031 did not pass, \$500,000 was allocated to this fund in the DEQ budget bill (HB 5017).

FINANCE & TAXATION

Property Taxes

PASSED BILLS

HB 2130: Property Tax Exemption Extensions

Effective Date: September 29, 2019

HB 2130 extends the sunset for various property tax exemptions: the exemption for land held by non-profits for low income housing is extended to 2029; the exemption for shipping cargo containers is extended to 2026, and the exemption for a surviving spouse of a fallen public safety officer is extended to 2025. In addition, the bill extends the 130% central assessment cap to 2025. The LOC worked to keep the list of extensions narrow and with as much local control as politically possible.

HB 2458: Cooperative Providing Steam or Hot Water Heat Exemption

Effective Date: September 29, 2019

HB 2458 creates a new property tax exemption for property that is owned or used by a cooperative for the purpose of providing steam or hot water heat by combustion of biomass and more than 50 percent of the interest in the cooperative is owned by public entities whose property is exempt. Presently there is a boiler in Harney County that is used by a school, courthouse and other buildings.

HB 2587: Homestead Deferral with Reverse Mortgage Eligibility

Effective Date: Effective Date: September 29, 2019

This bill expands the eligibility for the use of the property tax deferral program (utilized by seniors and persons with disabilities) to allow certain properties with a reverse mortgage to qualify. The LOC supported this bill, as it will help persons remain in their homes and property taxes will continue to be paid by the state through the program.

HB 2684: Gigabit Exemption Repeal

Effective Date: September 29, 2019

HB 2684 repealed the gigabit property tax exemption and is a win for the LOC and all local governments as it restores \$4.7 million in property tax revenues in the upcoming biennium and tens of millions more into the future. The large exemption failed to provide a good return on investment to taxing districts. The bill will compensate Frontier for one more quarter next property tax year. The LOC has been working on this, the Comcast litigation, and the broader central assessment issues since 2015.

HB 2699: Brownfields Exemption Is Stackable

Effective Date: September 29, 2019

HB 2699 provides that the local option brownfield granted property tax incentive benefit may be granted along with any other special assessment, exemption or partial property tax exemption for which the property is eligible. However, tax benefits may not stack to reduce property tax liability below zero for any property tax year. The bill requires the local government granting the brownfield property tax incentive benefit to specify how the jurisdiction intends to apply and stack multiple property tax benefits and to notify the county assessor. HB 2699 was supported by the LOC and the Oregon Brownfield Coalition.

HB 2949: Manufactured Structure Exemption Cap Raised

Effective Date: September 29, 2019

Those who live in manufactured and mobile homes pay personal property taxes based on the assessed value of the home; however, if the assessed value is below a threshold (\$17,000 this year as there is a CPI calculation), the home is exempt. The governing body of a county with a population of more than 570,000 (Washington or Multnomah County) may raise the cap on the dollar amount of the exemption to \$25,000 (escalated for CPI this year to \$34,000). HB 2949 allows the governing body of these same counties to raise the cap above \$25,000 and provide a partial exemption (i.e. not an all or nothing exemption if the value of the home is above the cap). These allowances are intended to keep manufactured housing affordable as housing values rise.

SB 769: Utility-Scale Solar Projects' Payments In Lieu of Taxes Program Adjustments

Effective Date: September 29, 2019

SB 769 was requested by the Oregon State Association of County Assessors to make an administrative change to how fees from utility-scale solar projects (that use the Payments in Lieu of Taxes program) are distributed. The bill will require a county assessor to place such fees upon a tax roll for distribution pursuant to the regular property tax percentage schedule. The bill also adjusts deadlines and administrative procedures, including reporting requirements, to coordinate the PILOT program with the Oregon Department of Revenue and the assessors.

[SB 837: RMV Corrections](#)

Effective Date: September 29, 2019

This bill adds the sale of property to ORS 309.115 as one of the reasons an adjustment may be made to the real market value of property subsequent to a Board of Property Tax Appeals (BOPTA) or other adjudicated decision that corrects the real market value of property. Current law requires the real market value entered on appeal to be maintained on the assessment and tax rolls for five assessment years after the year for which the order is entered unless one of the exceptions applies. SB 837 will help restore tax fairness when the sale indicates the valuation decision was incorrect.

[SB 1045: Home Share: Local Option Property Tax Exemption for Homeowners](#)

Effective Date: September 29, 2019

SB 1045 provides for a new local option property tax exemption for homeowners who rent a portion of their home to qualified low-income persons. A city or county that adopts an ordinance providing for this exemption shall work in consultation with a home share program (defined in the bill) to make the exemption determinations. The exemption may not exceed \$300,000 of assessed value. SB 1045 requires means testing of home share seekers; they must have income at or below 60% of area median income and family members are ineligible. The bill requires agreement of 51 percent or more of the total combined rate of taxation from the overlapping taxing districts for an exemption to take effect. SB 1045 caps participation at 500 homes per year. Notification of the adoption of the exemption to the Oregon Department of Revenue (DOR) is required and the DOR will in turn notify jurisdictions of the maximum number of eligible properties in their jurisdiction. The bill prohibits property receiving any other property tax benefit, other than homestead property tax deferral, to be granted home share exemption. Adoption of a home share program seems complex; however, because the property tax exemption is a local option and cities can tailor it to meet their needs, the LOC supported SB 1045.

FAILED BILLS

[HB 2104: Ontime Payment Discount Reduction](#)

HB 2104 would have reduced the discount for on-time payment of property taxes imposed on business property from 3% to 2%. The bill would have used revenues to help counties with their assessment and enforcement of property taxes, focusing on counties in need and most behind in regular assessment.

[HB 2167: Real Market Value for Commercial and Industrial Property](#)

HB 2167 was a statutory companion bill to HJR 4 (a property tax referral bill), and only if HJR 4 passed, would this bill have become law. This bill would have required that real market value (RMV), based on a three-year average, be used for property tax calculations for

commercial and industrial property. There would be a five-year transition period to change to RMV and away from Measure 50's assessed value calculation. The bill would also have lifted the RMV caps from Measure 5 (no longer requiring compression of taxes) and barred commercial and industrial property from receiving a discount for early payment of property taxes. As the Legislature focused on passing a new corporate activity tax, significant property tax reform discussions were pushed off this session.

[HB 2264: Farm Machinery & Equipment Exemption](#)

HB 2264 would have enlarged the farm machinery and equipment property tax exemption to include property that is often categorized as taxable food processing equipment and taxed. Such property is an important part of local government's tax base and the LOC opposed the legislation as presented. Clear sideboards were needed for equity and for administration by the assessors. The LOC participated on a work group during session, led by Rep. Pam Marsh. The proponents (the Oregon Farm Bureau and the Oregon Nursery Association) decided to work on the issue further in the interim rather than continue pursuing the bill.

[HB 2383: Pilot Program for Curry County Funding](#)

HB 2383 would have provided a pilot mechanism to assist Curry County in funding additional FTEs in their property tax assessment department, with the goal of achieving an assessment rotation of seven years for taxable property (they are on 16-18-year reappraisal rotation now). The state would have appropriated \$75,000 per year, and each of the taxing districts in the county (except education districts) would have contributed a proportionate share to total an additional \$50,000 a year. The LOC and the Curry County cities supported the bill, as all taxing districts would have benefited from capturing omitted property. The bill passed out of the House Committee on Economic Development Committee but remained in the Ways and Means Committee upon adjournment.

[HB 2429: Hay Baler Exemption](#)

HB 2429 would have provided that machinery and equipment used to compress, and bale harvested straw, hay, grass or other plants for purpose of storage or shipment is tangible personal property exempt from ad valorem property taxation. The LOC opposed the bill, as these often are very large machines that are traditionally subject to tax as real property; they often are used by standalone businesses and not traditional farmers. Treating this large equipment differently would have created tax consistency problems and significant revenue loss.

[HB 3068: Change Property Ratio](#)

This bill, requested by the LOC, would have given cities the option of having assessors compute a changed property ratio (CPR) based upon the area of a city, rather than using the existing legal framework of the countywide ratio. CPR is used to determine the maximum assessed value of newly built or qualifying improved property that is in the same property class. In 2017, a pilot version of this bill passed that is only applicable to cities in

Multnomah County. As property tax reform was tabled this session, the bill did not advance.

HJR 1: .75 or Higher Change Property Ratio

HJR 1 would have referred a proposed amendment to the Oregon Constitution providing that, for purposes of property taxes, the ratio of the maximum assessed value to real market value of property may not be less than 0.75. If the Measure 50 ratio is less than 0.75, the maximum assessed value of such property would increase to 0.75. The bill provided a five-year ramp-up for the new assessment policy. In addition, the bill would have exempted from property taxes the lesser of the first \$25,000 or the first 25% of real market value of each homestead. This exemption would be adjusted each year for inflation.

HJR 2: Reset at Sale for Residential Property Valued \$1 Million or More

HJR 2 would have referred a proposed amendment to the Oregon Constitution providing that, for purposes of property taxes, residential property that is sold or otherwise transferred for consideration of \$1 million or more shall have an assessed value equal to the property's real market value. This reset at sale concept on only high value homes was a new concept this session. The committee bill did not receive a hearing; reset at sale concepts continue to be disfavored as inequities would continue and owners would be discouraged from moving to save on their tax bills.

HJR 3: MAV to Equal RMV for Commercial/Industrial Property

HJR 3 would have referred to voters a proposed amendment to the Oregon Constitution providing that, for purposes of property taxes, the maximum assessed value of property held for commercial or industrial purposes shall equal the property's real market value. The bill provided a four-year ramp-up from the current maximum assessed value to real market value. This committee bill did not receive a hearing. However, there is growing interest in shifting some of the property tax burden from residential properties to commercial or industrial properties; a valuation adjustment would accomplish that goal.

HJR 4: MAV to Equal RMV for Commercial/Industrial Property and Lifting of Measure 5 Caps

HJR 4 would have referred to voters a proposed amendment to the Oregon Constitution providing that, for purposes of property taxes, the maximum assessed value of property held for commercial or industrial purposes shall equal the property's real market value AND taxes imposed would be without Measure 5 collection limits (i.e. without compression). The bill delegated authority to the legislature to implement the amendment. This committee bill did not receive a hearing. However, there is growing interest in shifting some of the property tax burden from residential properties to commercial or industrial properties; a valuation adjustment and lifting the Measure 5 caps would accomplish that goal.

HJR 11: Reset at Sale

HJR 11 would have referred to voters a proposed amendment to the Oregon Constitution providing that, for purposes of property taxes, property that is the subject of a sale or other transfer shall have the maximum assessed value reset to equal the property's real market value. This traditional reset at sale concept has been introduced repeatedly but industry and legislative support is not there; the bill did not receive a hearing.

SB 500: Veteran's Homestead Property Tax Exemption Expansion

SB 500 would have raised the indexed mandatory property tax exemption (from approximately \$26,000 to \$45,000) for the homestead of veterans with service-connected disabilities of at least 40%; the bill provided the same for a veteran's surviving spouse. SB 500 also would have created a new indexed \$100,000 exemption for veterans with 100% disability; the bill would also have extended the exemption for a surviving spouse. This new exemption had a local option to make the exemption means tested. The LOC supports veterans and affordable housing for veterans but raised concerns with this bill and the exemptions because they are not a local option, are not means tested (need based), and would have added to the patchwork of exemptions. The bill passed the Senate but did not advance in the House Revenue Committee.

SB 543: Children's Service District

SB 543 would have authorized the formation of a new type of special district that can provide services for children. The bill would have given "children's service districts" traditional special district powers, including the ability to levy and collect property taxes to pay for services. The LOC, along with a coalition of local governments, again strongly opposed the bill because such services would be duplicative and property tax levies would cause or exacerbate compression due to Measure 50. In addition, there would be geographic tax inequities, depending on the borders of the proposed district. This session there were also concerns regarding formation and withdrawal requirements. SB 543 passed the Senate and failed on the House floor in a 21-38-1 vote.

SJR 1: Referral Authorizing Legislature to Revise Measure 50

SJR 1 would have referred a proposed amendment to the Oregon Constitution that would direct the Legislature, notwithstanding any provision of Ballot Measure 50 (1997), to enact laws necessary to ensure that property taxes are equitable and fairly apportioned. In other words, if passed, the Legislature could revise Measure 50 as a normal bill in a subsequent session. The Senate Finance and Revenue Committee did not hear this committee bill, although there is growing interest in reestablishing property tax fairness as the inequities have become quite absurd.

SJR 2: Referral Moving AV Closer to RMV

SJR 2 would have referred a proposed amendment to the Oregon Constitution providing that, for purposes of property taxes, the ratio of the maximum assessed value to real

market value of property may not be less than 0.75. If the Measure 50 ratio is less than 0.75, the maximum assessed value of such property would increase to 0.75. The bill provided a five-year ramp-up for the new assessment policy. In addition, the bill would have exempted from property taxes the lesser of the first \$25,000 or the first 25% of real market value of each homestead. This exemption would be adjusted each year for inflation. A good hearing was held in the Senate Finance and Revenue Committee. The LOC supported the bill as property tax reform remains a LOC priority. Additional amendments would have been needed to the bill, but the legislature was focused on the new corporate activity tax this session.

SJR 21: Repeal of Measure 50 From the Constitution

SJR 21 would have referred a proposed amendment to the Oregon Constitution to repeal Measure 50 from the Constitution and directed the Legislative Assembly to enact laws necessary to ensure that Measure 50 is transferred to statute without substantive change. The bill provided that amendments could then be made to the statutory provisions in a subsequent legislative session. A dash 1 amendment would have allowed amendments to the statutory provisions upon transfer if they addressed inequities of the property tax system. SJR 21 had two hearings and is receiving more and more favorable support as the inequities of Measure 50 have become absurd. The LOC supports this concept.

State Shared Revenues

PASSED BILLS

HB 2270: Tobacco Tax Increase

Effective Date: Passage Dependent on November 2020 Election Results

HB 2270 is a legislative referral to the voters at the November 2020 general election for approval or rejection. If approved, it would increase cigarette taxes by \$2 per pack, increase the cap on cigar taxes from 50 cents to \$1 per cigar, and impose a new wholesale tax of 65% on vaping devices and products. Cities have been preempted for decades from taxing tobacco products. The referral would lump vaping devices and products into the tobacco products definition and thus preempt local governments from taxing these products too. Cities would not receive a share of any of the referred new state taxes as the bill directs revenues to the Oregon Health Authority for medical assistance, including mental health services, and certain public health programs.



If voters approve HB 2270 in the November 2020 general election, cities may not impose a tax on “inhalant delivery systems” (devices, liquid, etc.) as that term is defined. The legislative referral bill includes such vaping products in the prior definition of “tobacco products”; cities have long been preempted from taxing tobacco products. See ORS 323.640.

[HB 2449: 9-1-1 Tax Increase](#) ([See Telecommunications Section](#))

[HB 3067: Annual Certification for State Marijuana Tax Distributions](#)

Effective Date: January 1, 2020

HB 3067 provides that a city or county may certify annually that it has not adopted an ordinance prohibiting an establishment requiring a marijuana-related business license and is therefore eligible for quarterly state share of the distribution from the Oregon Marijuana Account. Present law requires a quarterly email certification to the Oregon Liquor Control Commission. The bill requires annual certification filing with the Oregon Department of Administrative Services (DAS) starting in 2020. This was a LOC-requested bill and the goal is to combine all state shared revenue certifications to one form in 2020 for efficiency. LOC will be working with DAS on new forms and an improved filing process.

[SB 248: OLCC License Fee Increases](#)

Effective Date: July 1, 2019

SB 248 increases certain state license fees charged by the Oregon Liquor Control Commission (OLCC); many such alcohol-related fees have been in place since at least 1949. The estimated \$9.1 million in additional revenue generated for the biennium will be used to offset agency regulatory costs and service improvements. The LOC supported this bill, as the OLCC's regulatory costs are currently heavily subsidized by the sale of distilled spirits and taxes on beer and wine; cities receive state shared revenues from those sales and taxes.

FAILED BILLS

[HB 3096: City of Ontario Marijuana Tax Increase](#)

HB 3096 would have authorized the city of Ontario to impose a local marijuana tax of up to 18% with at least 2% of the revenues distributed to the county for public safety. The local government tax is presently capped at 3%. While the bill received a hearing, there was not support to raise the cap that much at this time despite the city's unique location along the Oregon-Idaho state borders.

[SB 108: Revise Compensation Schedules for Agents](#) ([see OLCC Budget](#))

[SB 635: Local Liquor License Fee Cap Increase](#)

Requested by the city of Ontario, SB 635 would have increased the limits on local government liquor licensing fees. The fee limits have been in place since 1999. The bill received a hearing but did not advance. The industry seems amenable to this concept if a two-year license arrangement can be worked out.

PASSED BILLS

HB 2118: Consumer Price Index Adjustment

Effective Date: January 1, 2020

In 2018, the U.S. Bureau of Labor Statistics discontinued calculating a monthly Portland-Salem consumer price index (CPI). HB 2118 changes various statutory and session law references from the discontinued CPI to the most applicable CPI which is the West Region CPI. Cities may have references to the discontinued CPI in their bargaining agreements, HR materials, etc. and may need to make similar updates. The West Region CPI info can be found at www.bls.gov/regions/west



Cities are not required to use the West Region CPI, but may have references to now discontinued CPI references in their bargaining agreements, human resource materials, etc. Cities should consider making an update.

HB 2390: Public Funds Law Changes; Investment Clarification

Effective Date: January 1, 2020

To comply with existing public funds law when partnering with a third party vendor for collection, a public body must ensure that the third party vendor at all times: 1) segregates the public body's funds from all other funds; 2) holds the public body's funds in a segregated account on behalf of the public body; and 3) deposits the public body's funds with a qualified public funds depository. Compliance relieves a public official of personal liability for the loss of public funds in the official's custody or control. HB 2390, requested by the state treasurer's office, authorizes alternatives for when a vendor does not bank with a qualified public funds depository or funds are not properly segregated for the public body. For example, a vendor could post cash, a surety bond, or a letter of credit, as collateral to protect public funds not held in a qualified depository. An alternative method must be designed to fully secure the public funds and the method must be approved with findings made by official action of the governing body or appropriate public official. See Section 30 for details. Section 52 is an unrelated item in the bill and it clarifies that local governments can invest in all "A" category investments, including all gradations (A, AA, A-, etc.).



Cities seeking to use an alternative method to comply with public funds law must work with the noncomplying vendor to fully secure the public funds, and the method used must be approved with findings made by official action of the governing body or an appropriate public official. See Section 30 of the bill for details.

SB 79: Delinquent Account Recovery

Effective Date: January 1, 2020

SB 79 provides that the Oregon Department of Revenue (DOR) may assist certain state and local government public bodies in collecting delinquent accounts. The LOC supported this bill, as it permits (local option) local governments, including cities, to assign debt to the DOR for collection purposes using the offset program. This means that a person who owes a city money could have any tax refunds or kicker payments offset from DOR payments or from other state agency payments. This is an efficiency collections concept as finding a debtor is costly for all governments. Cities can garnish and use the DOR under present law, but the offset program may be more cost-efficient for both the local government and the DOR.

Lodging Taxes

PASSED BILLS

HB 3136: Funding Mechanism for State Collection of Local Taxes

Effective Date: September 29, 2019

HB 3136 provides an appropriation for costs (up to \$900,000) of implementing a program for the state to collect local lodging taxes for local governments at the same time they collect the state lodging taxes. The program will be permissive, and cities would opt-in by signing an intergovernmental agreement (similar to the local marijuana tax collection agreements). The program will require state staffing hiring, public contracting, and software updates; thus, implementation is not likely until 2021. The program costs will be paid for by transient lodging intermediaries which will forego their state 5% collection reimbursement charges and any local tax reimbursement that is collected through the state until the debt is paid. The bill also requires DOR to purchase data scraping software to improve state tax enforcement; the software must also include more detailed data scraping capacity to run a pilot program for data collection at the local level for up to four units of local government. The bill was requested by the LOC and required coordination with Travel Oregon, intermediaries and the Oregon Department of Revenue.

HB 3137: Taxes Due After Stay

Effective Date: January 1, 2020

HB 3137 clarifies the due date of lodging taxes. With this bill, taxes will be due AFTER a stay and not when the stay is booked; reservations often change, and the industry generally uses the accrual accounting method. The LOC requested this bill for clarification. In addition, syncing up collection due dates and coverage is necessary for cities to utilize a state collection program as provided in HB 3136. Intermediaries, the Oregon Department

of Revenue, the Oregon Restaurant & Lodging Association, and the travel industry all supported the bill.

[HB 3138: 30-Day Exemption Nonapplicable to Intermediaries](#)

Effective Date: September 29, 2019

This is a lodging tax bill that revises the 30-day exemption to lodging taxes. HB 3138 states that if a lodging provider uses a lodging intermediary, taxes are due on day one and the 30-day exception does not apply. This bill was requested by the LOC to establish fairness and tax certainty. The exemption was written decades ago before sophisticated intermediaries were used, and online platforms existed. Intermediaries, the Oregon Department of Revenue, and the travel industry supported this bill.

FAILED BILLS

[HB 2166: TLT Local Government Subpoena Power](#)

HB 2166 would have codified authority of local governments that impose local transient lodging taxes to subpoena and examine witnesses, administer oaths and order production of books or papers to prosecute inquiries related to local transient lodging tax. The bill would have restricted obtainable information that is protected by the federal Electronic Communications Privacy Act of 1986. Cities have subpoena authority under home rule, but codification could have assisted with tax enforcement efforts with national intermediaries. Litigation continues in state and federal courts across the country, and thus this bill became less of a priority for the LOC.

[HB 3134: Expanded TLT Revenue Use](#)

HB 3134 would have expanded the definition of "tourism promotion" to allow more flexibility in how restricted local lodging tax revenues can be used. (State law restricts 70% of new taxes and tax increases after 2003 to use for "tourism promotion" and "tourism-related facilities.") The bill would specifically have allowed expenditures for tourist events and sporting event costs, including public safety costs associated with such events. HB 3134 was requested by the LOC and was compromise legislation worked out with the Oregon Restaurant & Lodging Association (ORLA) in the legislative interim. The bill received a hearing, but ORLA withdrew its support, claiming these expenses can be paid for with lodging tax dollars under current law by using tourism promotions agencies as a pass-through. The industry is highly protective of promotion dollars. ORLA testified that tourism promotion agencies (defined in statute) may spend revenues on tourist events presently and thus they have authority to pay the city for event costs. Best practice is for cities to have detailed contracts with tourism promotion agencies with required itemizations that track how tax revenues are expended.

HB 3135: Improved Enforcement Through Data Scraping

HB 3135, requested by the LOC, would have provided an appropriation for the purchase of scraping software to improve the Oregon Department of Revenue's collection of lodging taxes on short-term rentals. An amended and scaled-back version of this bill was folded into HB 3136.

SB 595: Revenue Flexibility for Housing

SB 595 would have allowed more flexibility in how restricted local lodging tax revenues can be used. (State law restricts 70% of new taxes and tax increases after 2003 to use for "tourism promotion" and "tourism-related facilities.") The bill would have allowed up to 30 percent (of the 70%) of net revenues to be used to fund affordable workforce housing. The LOC supported the bill, but preferred HB 3134 over this legislation. SB 595, requested by Tillamook County, received a do pass recommendation from the Senate Housing Committee. The bill had a hearing in the Senate Finance and Revenue Committee but remained in that committee upon adjournment; it was strongly opposed by ORLA and the travel industry.

Miscellaneous State Taxes

PASSED BILLS

HB 2119: State Withholding Tax (W-4) Disconnect

Effective Date: September 29, 2019

HB 2119 disconnects Oregon from the federal process for creating personal income tax withholding tax table provisions and gives the Oregon Department of Revenue (DOR) more flexibility in determining the withholding system for Oregon to ensure it accurately reflects tax liability under current law. The W-4 form may change more often and the DOR may disseminate information on withholding in a format that isn't a withholding table.

HB 2128: Tax Expenditure Definition

Effective Date: September 29, 2019

HB 2128 requires the state's legislative revenue officer, in consultation with the Oregon Department of Revenue, to conduct a study on the statutory definition of tax expenditures and the operation of automatic sunset provisions applied to tax expenditures. The study may make recommendations for proposed legislation related to tax expenditures and provide a report to the Legislature no later than February 1, 2021. Note that "tax expenditures" do include property tax exemptions that effect city revenues, and there continues to be legal disagreements on when implied and automatic sunsets attach.

HB 2141: Uniform Transfer of Tax Credits

Effective Date: September 29, 2019

HB 2141 establishes procedures to require following a uniform transfer process for new income tax credits.

HB 2164: Clean Up Tax Bill

Effective Date: September 29, 2019

HB 2164 was an omnibus tax bill that included several new income tax credits and credit extensions (not detailed in this summary), property tax exemption modifications and sunset extensions, and changes to the new corporate activity tax (CAT) that passed earlier in HB 3427.

- The LOC advocated to change the food processing machinery and equipment property tax exemption from a mandated exemption to a local option property tax exemption. Sections 42-47 of the bill extends the sunset of that exemption but allows cities to: opt-out of the exemption all together; change the percentage of the exemption; or reduce the number of years for the exemption (capped at 5 years). Cities may pass an ordinance making the change, and these can occur during the 2020 property tax year. Allowing this local control of critical revenues has been a priority for the LOC Finance and Tax Committee.
- The LOC advocated to clarify the preemption provision in the Student Success funding package (passed earlier in HB 3427) that imposed a new corporate activity tax. Cities are still preempted from passing a new tax akin to the state CAT, but the preemption was clarified to not apply to the imposition of privilege taxes not measured by commercial activity, franchise fees or right-of-way fees. Cities may continue to impose those (see section 55).
- The bill extended the low-income rental property tax exemption for 10 years. This is a local option exemption that incentivizes low income housing and ensures predictability.
- The historic property special assessment property tax program was extended for two years in the bill. The program was not extended for a lengthier time as an interim work group will be reviewing the program with the Oregon State Historic Preservation Office (SHPO) and making reform recommendations to the legislature to fine-tune the exemption and reduce the revenue loss.
- The bill extends and increases the Earned Income Tax Credit by one percentage point to assist low income taxpayers.
- The bill extends and reduces the eligibility threshold for the political contributions tax credit.

HB 3427: Student Success Act

Effective Date: September 29, 2019

HB 3427 creates the Fund for Student Success and is set to raise just over \$2 billion in new revenues each biennium for education. The bill would decrease personal income tax rates by .25% for the lowest three income brackets and impose a new .57% state corporate

activity tax, to be measured by commercial activity, defined as the total amount arising from a taxpayer's transactions and activity in the regular course of business. HB 3427 taxes commercial activity sourced to Oregon, exempts taxpayers with taxable commercial activity of \$1 million or less, and provides many other exemptions including receipts from sale of groceries. It also allows a subtraction for 35% of a taxpayer's cost inputs or labor costs. The bill preempts local governments from imposing their own commercial activity tax and from imposing taxes on receipts from grocery sales; existing local government taxes are grandfathered. HB 3427 does not preempt various other local government taxes including privilege taxes, franchise fees, sales taxes, soda taxes and the like. The bill applies to tax years beginning January 1, 2020.

Note: HB 2164 modified and clarified certain provisions in HB 3427. SB 116 provides that if HB 3427 is referred to the voters, a special election will occur on January 21, 2020. SB 212 provides that if HB 3427 does not become law (e.g. parts referred and disapproved by voters), then various provisions in the bill will also not become law.



Except for grandfathered taxes, cities may not impose a corporate activities tax. HB 3427 (Section 67), as later modified in HB 2164 (Section 56), provides that cities may not impose a tax upon commercial activity or upon receipts from grocery sales as provided for in those bills.

SB 523: Increased Transparency of Tax Debtors

Effective Date: September 29, 2019

SB 523 authorizes the Oregon Department of Revenue (DOR) to make information about delinquent tax debtors publicly available through a post on the DOR's website that would include a debtor's name, their city and state, lien identification numbers, the type of debt, and the amount of debt due. The bill applies to all liquidated and delinquent tax debt owed to the state. This practice is common in other states and has resulted in voluntary collections. Cities may benefit as well as the state now collects some taxes for cities.

SB 718: Proof of Filing Appeal with Tax Court

Effective Date: September 29, 2019

SB 718 modernizes and expands how proof of filing with the Oregon Tax Court is established for appeals (beyond postmark or cancellation mark as those are less reliable today). The changes will operate similarly to other appellate court statutes to include use of couriers and proof of dispatch other than a postmark. The bill applies to filings mailed or otherwise transmitted on or after January 1, 2020. The Tax Court anticipates rulemaking in consultation with stakeholders, the Tax Court's handbook for litigants will be updated, and the Tax Court will have instructional videos made available that cover filing tips.

FAILED BILLS

[HB 2575](#): Brownfield Property Income Tax Credit

HB 2575 would have created a new income tax credit for eligible costs of removal or remedial action on brownfield properties. The bill was supported by the LOC and the Oregon Brownfield Coalition; it received a hearing but did not advance in a session marked by few tax credits. Creating a brownfield grant program may be a better avenue in future session efforts.

[SB 757](#): Tax Court Counterclaims

The amended SB 757 would have clearly restored the ability of a defendant to include a counterclaim in its answer to complaints filed in the Oregon Tax Court, as had been regular practice for decades. Recent Tax Court decisions have held that a separate complaint must be filed by a defendant that disagrees with any portion of decision of a Tax Court Magistrate (even if the other party had already filed an appeal). This means the Oregon Department of Revenue must consider preemptive appeals on split decisions or lose the opportunity to seek the correct tax related to all issues or claims. The bill passed out of the Senate Judiciary Committee, but then was referred back to committee from the Senate floor. Senator Boquist maintained that the bill would change the character of the Magistrate Division, and the bill remained in committee upon adjournment.

GENERAL GOVERNMENT

Elections

PASSED BILLS

[SJR 18](#): Campaign Finance Reform

Effective Date: Subject to Results of the November 2020 Election

SJR 18 is a constitutional referral that, if approved, will allow the Legislature, city councils and county commissions to install campaign finance limits. It will appear on the ballot in November of 2020. Currently campaign contributions are considered speech in Oregon and unlimited amounts may be donated to candidates. As this will be appearing on the statewide ballot, city officials are advised to seek advice of their counsel or the secretary of state's office before speaking on this matter in their official capacity.

Libraries

PASSED BILLS

[HB 2243](#): Redefining Public Library

Effective Date: January 1, 2020

HB 2243 redefined what qualifies as a public library to require that the library provides all residents of the local government free access. The bill requires the Oregon State Library Board to create rules establishing that include requiring the library receives public funding and has regularly scheduled hours. The rules must also provide reasonable exemptions for libraries with service populations below 2,000.

Mental Health



PASSED BILLS

[SB 973](#): Mental Health Grants

Effective Date: July 15, 2019

SB 973 appropriates \$20 million from the state's General Fund to the Oregon Criminal Justice Commission (CJC) for establishing and administering the Improving People's Access to Community-based Treatment, Supports and Services Program. \$10 million will be General Fund and the other \$10 million will come from the Other Funds budget. Money will be granted to counties and coalitions of local governments and nonprofits to reduce the number of incarcerated persons with mental health issues.

Public Contracting

PASSED BILLS

[HB 2094](#): State Debt as Part of Bidder Responsibility Determination

Effective Date: September 29, 2019

HB 2094 allows, but does not require, a contracting agency (including cities) to consider whether a bidder or proposer owes a liquidated and delinquent debt to the state as part of a contracting agency's determination of the bidder or proposer's responsibility under ORS 279B.110 and 279C.375.

HB 2415: Retainage Requirements

Effective Date: January 1, 2020

HB 2415 will require public contracting agencies, including cities, as well as construction contractors, to deposit retainage funds into an escrow account if a project value exceeds \$500,000. The LOC opposed this bill due to concerns over the administrative burden it may create for public agencies, and the increased complexity of depositing and withdrawing funds from an escrow account which may cause additional delay in payments to contractors and subcontractors. The requirements of the bill apply to both public and private projects owners. Under current law, a contractor or subcontractor can request that retainage funds be deposited in an interest-bearing account. The LOC believes that current law provides adequate protections for contractors and subcontractors without creating undue administrative burdens for local governments.



Review local contracting rules, ordinances and policies to ensure they comply with requirements in the bill.

HB 2769: Qualified Based Selection

Effective Date: September 29, 2019

HB 2769 provides local contracting agencies, including cities, with an optional, alternative qualification-based selection (QBS) process for procuring certain professional services, including architectural and engineering services. The bill, which was supported by the LOC, was the result of an interim work group process, led by Representative Susan McLain (D-Hillsboro). The existing QBS process, outlined in ORS 279C.110, requires contracting agencies to rank prospective consultants based solely on qualifications, and does not allow for the consideration of pricing information until a contracting agency has entered a negotiation with the top-ranked firm. Under the current process, the contracting agency may terminate any negotiation and enter a subsequent negotiation with the next firm on the ranked list until the agency makes a final selection. It is important for cities to note that the existing QBS process remains in statute, meaning cities can continue to use that process if they choose. The new, optional process outlined in the bill would require the selection of up to three prospective consultants, based on qualifications. Pricing information could then be received from all three firms but could be weighted no more than 15 percent in the final evaluation and score. In addition, the bill clarifies that a prospective consultant has the right to protest solicitation documents or the agency's selection of a consultant.



If a city wishes to use the new optional process, they may need to review and potentially revise local public contracting rules/ ordinances.

HB 3431: Vending Facility Preference

Effective Date: June 25, 2019

HB 3431 clarifies that certain “visitor venues” are exempt from an existing state mandate that requires state agencies, departments and local governments (as defined in ORS 174.116) to provide priority or preference for the operation of vending facilities to persons who are blind. The bill defines the term “visitor venue” as a public building or property that is: a convention, event center, an exposition center, a zoo; a performing arts center; a museum; a golf course; a facility primarily used for sporting events; or a commercial airport owned and operated by a city or a port district. Under, HB 3431, public agencies, including cities, will not be required to give priority or preference to persons who are blind for the operation of cafeterias or other vending facilities in visitor venues, except for vending machines. Under the provisions of the bill, cities will still be required to give priority to persons who are blind, and are licensed through the Commission for the Blind, for the operation of vending machines in public buildings. The legislation was brought forward as a result of legislative changes in 2017 that had broader implications than many agencies had understood. The 2017 legislation (HB 3253) mandated agencies, including cities, to give priority (essentially a first right of refusal) to licensed blind vendors for any food service operation, including cafeterias, food carts and restaurants.



Cities should review and potentially revise local public contracting rules/ordinances to ensure compliance with the revised requirements

SB 450: HB 2017 Implementation Clarity, Least-Cost Contracting Provisions

Effective Date: September 29, 2019

Identified as legislation recommendation by the LOC Transportation Policy Committee. SB 450 makes technical, but critical, modifications to language that was included in HB 2017 (the 2017 legislative session transportation package). HB 2017 included specific requirements that would need to be met in order to implement the statutorily authorized 2-cent fuel tax increase scheduled for 2022 and 2024. One of those requirements, upon which the fuel-tax increase would be contingent, would mandate that the Oregon Transportation Commission verify, to the best knowledge of the commission, that all bodies scheduled to receive fuel tax revenue are in compliance with ORS 279C.305 (least-cost contracting requirements for public improvements). The issue that SB 450 resolves is that one public body could fail to submit paperwork or be in non-compliance with least-cost contracting provisions and jeopardize the statewide fuel tax increase from occurring. SB 450 authorizes the withholding of fuel-tax revenue increases if the commissioner of the Oregon Bureau of Labor and Industries has found substantial evidence, under ORS 279C.306, that a contracting agency that would otherwise receive increased amounts of fuel tax revenues pursuant to this section on or after January 1, 2022, has violated ORS 279C.305 within the five years immediately preceding the date of the commissioner’s finding, or has materially breached an agreement entered into pursuant to ORS 279C.306,

the Oregon Department of Transportation shall withhold the increased amounts until the final resolution of the violation or breach is determined under ORS 279C.306.

[SB 471: Conflict Minerals](#)

Effective Date: September 29, 2019

As introduced, SB 471 would have required all public contracting agencies to require a prospective contractor to state, in a bid or proposal, whether and to what extent conflict minerals will be used. The LOC and other local government organizations expressed concerns over the broad nature of the language, and the bill was amended (and passed into law) to only apply to state contracting agencies. The bill defined “conflict minerals” as: columbite-tantalite or an ore for tantalum; cassiterite or an ore for tin; wolframite or an ore for tungsten; gold; or any other mineral or derivative of a mineral the extraction, sale, distribution or use of which a contracting agency determines, based on findings that the United States Secretary of State makes, is financing conflict in the Democratic Republic of the Congo or a country that shares an internationally recognized border with the Democratic Republic of the Congo. SB 471 also would have required a bid or proposal to indicate how the contractor’s practices and procedures, with respect to procuring conflict minerals, comply with the most recent edition of the Organization for Economic Cooperation and Development’s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

FAILED BILLS

[HB 2407: Consolidation for Prevailing Wage Regions](#)

HB 2407 proposed to consolidate the geographic districts used to determine regional prevailing wage rates from 14 to five. The LOC opposed this bill due to concerns that it would increase costs for certain cities (especially for some rural and economically disadvantaged communities) that would be consolidated into regions with higher wages, thus impacting the prevailing wage rates for public works projects.

[HB 2408: Prevailing Wage for Enterprise Zones](#)

HB 2408 would have required payment of prevailing wage rates for private construction projects in an enterprise zone. The bill was amended on the house side to apply only to enterprise zone projects with a total value over \$20 million, or for projects that receive more than \$750,000 worth of tax incentive or abatement.

[HB 2409: Prevailing Wage Rates on Collective Bargaining Agreements](#)

HB 2409 would have changed how regional prevailing wage rates are established. Under current law, the Oregon Bureau of Labor & Industries surveys construction contractors to determine wage rates for non-residential construction work performed by specific trades and occupations. That data is used to establish the prevailing wage rate for each designated region of the state. HB 2409 would have required prevailing wage rates to be set according to collective bargaining agreements in the region. The bill specified that if

more than one collective bargaining agreements are in place for any of the specific trades or occupations, the rate would be the average of rates set forth in the multiple CBAs. Similar legislation passed in the state of Washington and has resulted in significant cost increases for public works projects. The LOC opposed HB 2409.

[HB 2414: Prevailing Wage for Building Maintenance and Pre-Fabricated Parts](#)

HB 2414 proposed to expand prevailing wage requirements to include maintenance for buildings that a public agency owns or occupies – however, “maintenance” was not defined in the bill. The bill also proposed to expand prevailing wage rate requirements to the fabricating or manufacturing of custom items to be used on public works projects and to the building or repairing of a ship that a public agency owns or for which using funds of a public agency serves the public interest. The LOC opposed HB 2414.

[SB 82: Apprenticeship Fee for Public Works Contracts](#)

SB 82 would have directed the Oregon Bureau of Labor and Industries to establish a new state program to provide supportive services for pre-apprenticeship and apprenticeship programs, including assistance with transportation and lodging costs, housing stabilization services, childcare subsidies and informal mentoring. The program would have been funded through a new fee on public agencies, including cities, of 0.25 percent of any public works contract.

[SB 305: Prevailing Wage Small Project Threshold Increase](#)

SB 305 would have increased the threshold for “small projects” that are not subject to prevailing wage rate requirements from \$50,000 to \$64,000 with an annual CPI adjustment in the future.

Public Records

PASSED BILLS

[HB 2353: Public Records Fines and Waivers](#)

Effective Date: June 4, 2019

HB 2353 gives the Oregon attorney general, district attorneys and courts the authority to impose a \$200 fine and fee waiver when an agency doesn’t respond to a records request or processes it with “undue delay”. There is legislative record that this authority should only be used in instances of egregious conduct, however.

Public Safety

PASSED BILLS

HB 3273: Drug Take Back

Effective Date: September 29, 2020

HB 3272 requires drug manufacturers to fund a program allowing consumers to dispose of unneeded medications in a secure manner in order to prevent them from being misused or placed in the waste stream. The bill also prevents any additional local programs from being established. The program will be administered by the Oregon Department of Environmental Quality, which has been give rulemaking authority to implement the legislation.



This legislation prevents cities and counties from developing a local program, where no such program currently exists. The preemption does not extend to a city operated take-back box or event if they chose to offer such a service on their own.

SB 423: Psychiatric Screening

Effective Date: September 29, 2020

SB 423 requires that a licensed mental health professional screen all potential police hires and requires the Oregon Department of Public Safety Standards and Training to implement rules to carry this directive out. More information will become available as rule making proceeds.



Cities must have all recruits for police departments screened by a qualified mental health professional prior to hiring. Cities should review and potentially revise local hiring practices.

SB 424: Police Mental Health Maintenance

Effective Date: January 1, 2020

SB 424 requires police agencies have a policy in place to protect and monitor the mental health of police officers, but leaves the nature of the program up to the agency to determine. The Oregon Association of Chiefs of Police has established an officer wellness working group, and the LOC looks forward to working with them to determine a best practice.



Establish a mental health wellness program.

HUMAN RESOURCES

PASSED BILLS

HB 2016: Union Business During Regular Work Hours

Effective Date: January 1, 2020

HB 2016 requires public employers to allow persons designated by a bargaining unit to conduct union related activities during their normal work hours. In effect, the bill places services to the public in a subordinate position to the interests of employees. Further, the bill requires that employers deduct union dues of employees who are on a list provided by the collective bargaining unit. HB 2016 also requires employers to allow meetings hosted by the bargaining unit in workplace common areas.



Cities must allow employees designated by the bargaining unit to perform certain union related activities on the clock and make new hires available to union representatives. The bill specifically states that upon request from an exclusive representative, cities must reopen their existing collective bargaining agreements to deal with the release time (see Section 4(3)). The LOC is recommending consultation with LGPI or a city's labor attorney on implementing this new law.

SB 123: Pay Equity Fix

Effective Date: January 1, 2020

SB 123 was intended to be a technical fix bill for the pay equity legislation passed in 2017. The bill clarifies that pay differentials are acceptable for merit, travel, *bona fide* reasons contained in a collective bargaining agreement, and other factors. It will also trigger a new round of rulemaking to provide additional clarity to employers. Additional information will be reported as rule making proceeds

SB 479: Workplace Harassment and Discrimination

Effective Date: September 29, 2019

SB 479, and its companion, SB 726, place new requirements on employers to prevent harassment and sexual misconduct in the workplace. Specifically, the bill requires employers to adopt policies that:

- State that harassment and sexual misconduct are prohibited in the workplace;
- Apply to all public officials associated with the agency (elected leaders, employees, interns and volunteers);
- Inform employees of the timeline in which relief may be sought under ORS 30 (Tort Claims Act) and of their right to file a complaint with the Oregon Bureau of Labor and Industries (BOLI); and
- Inform employees how to register a complaint of harassment or sexual misconduct and who they should contact.

SB 479 also requires employers to develop procedures and policies for investigating claims and follow up with victims to ensure the conduct has ceased. Finally, public employers would be prohibited from entering into separation agreements with employees that prohibit the disclosure of instances of harassment or sexual misconduct. Cities are advised to contact City County Insurance Services for a model policy or their legal counsel for guidance.



Write and implement policies to discourage, investigate and remedy harassment and discrimination in the workplace. Review existing policies and procedures to ensure compliance with provisions of both bills. Cities are also encouraged to consult with CIS or their legal counsel to ensure sufficiency of their policies.

SB 507: PTSD Presumption

Effective Date: September 29, 2019

SB 507 creates a presumption that post-traumatic stress disorder and acute stress disorder are workplace injuries when suffered by public safety personnel. Employers may rebut the diagnosis through an independent medical exam.

SB 726: Workplace Conduct

Effective Date: September 29, 2019

SB 726 places several requirements on private sector employers, similar to SB 479, but also increases the statute of limitations for claims of harassment or sexual misconduct from one to five years. The bill does not revive old claims, and the statute of limitations extension will apply to cases occurring after the enactment date. Cities are advised to contact City County Insurance Services or their city attorney for further guidance on this legislation.



Write and implement policies to discourage, investigate and remedy harassment and discrimination in the workplace. Review existing policies and procedures to ensure compliance with provisions of both bills. Cities are also encouraged to consult with CIS or their legal counsel to ensure sufficiency of their policies.

SB 1049: PERS Reform

Effective Date: June 11, 2019



SB 1049 makes several changes to the Public Employee Retirement System (PERS), the most significant of which, from a rate perspective, is the extension of the amortization period to 22 years. While the savings from the measure will not be felt by employers until the 2021-2023 biennium, other impacts and options for employees will begin in 2020. Changes to the system will be listed chronologically below:

- On July 1, 2019, \$200,000,000 in general fund and sports lottery proceeds will be made available to the Employer Incentive Fund to provide a .25% match on cash contributions to employer side accounts. Please see the Oregon PERS website for more information on how to apply for the state match;

- On January 1, 2020, employees will be allowed to return to work after retirement without a limitation on hours. Employers will have to pay the PERS base rate on those employees with the payment devoted to their unfunded liability;
- On January 1, 2020, final average salary calculations will be capped at \$195,000 and indexed to inflation for future years.
- On July 1, 2020 employees will have a portion of their 6% of payroll contribution into their Individual Account Plan (IAP) diverted into a cost share account that will go towards their individual pension costs. Tier I&II employees will have 2.5% of payroll diverted and Tier III (aka Oregon Public Service Retirement Plan) will have .75% diverted. When the system becomes 90% funded, the full 6% employee contribution will revert to the IAP;

Employer rates were expected to increase by 5.76% of payroll on July 1, 2021, these changes are anticipated to decrease that amount by 5.43%. These numbers are system wide averages and rates amongst individual employers with vary greatly.

Additionally, SB 1049 creates new requirements for pension obligation bond issuance. Public bodies will be required to obtain independent third-party review of the potential returns on investments and make certain public disclosures. Cities are advised to contact a bond consultant or attorney for additional information on compliance.

FAILED BILLS

SB 437: Misconduct Dismissals

SB 437 would have expanded the public policy exemption for the enforceability of arbitration awards when terminating an employee for misconduct. Currently, if an arbitrator orders an employer to rehire a terminated employee, they may disregard the order if the conduct involved the egregious use of unjustified physical force, serious criminal misconduct or violated state statute or caselaw. The bill would have struck the modifiers so any unjustified use of physical force or criminal misconduct would have been covered under the exception. SB 437 also would have ensured that employees who violate local policies would be treated identically to violations of state policy. The bill did not make it out of committee but will be revisited. The League sought the bill due to the conditions set forward in SB 479 and SB 726 discussed elsewhere in this document.

TELECOMMUNICATIONS

PASSED BILLS

[HB 2173: Oregon Broadband Office](#)



Effective Date: July 1, 2019

HB 2173 establishes a state broadband office within Business Oregon. The office will be responsible for development of strategy for broadband deployment, assistance to communities without adequate broadband.

[HB 2449: 9-1-1 Investment](#)

Effective Date: January 1, 2020

HB 2449 increases the current 9-1-1 surcharge of \$0.75/line to \$1.25/line with two \$0.25 increases in 2020 and 2021.

FAILED BILLS

[HB 2184: Broadband Investment, Rural Oregon](#)



HB 2184 would have expanded Oregon's Universal Service Fund (OUSF) by applying the fee to a portion of intrastate data usage by wireless customers. The bill would have reduced the existing 8.5% fee to 6% due to expanded base and created a \$5 million annual fund for expanding high-speed internet to school districts, libraries and communities across Oregon that didn't meet the standard for high-speed internet.

TRANSPORTATION

PASSED BILLS

[HB 5039: ODOT Budget](#)

Effective Date: On Passage

This budget bill covers the Oregon Department of Transportation's program responsibilities. It provides for an increase in staffing (+108) and all funds budget (+4.5 billion). Much of the staffing increase (54.5 FTE) is related to HB 2017 implementation, and 49 positions (25 limited duration) is related to implementation of REAL ID.

[SB 558: Neighborhood Speed Safety](#)

Effective Date: January 1, 2020

SB 558 authorizes a city to designate speed for a highway under the city's jurisdiction that is five miles per hour lower than statutory speed when the highway is in residential district and not an arterial highway.

FAILED BILLS

[HB 3023: Transportation Network Companies](#)

HB 3023 was an industry-led (Uber, Lyft) effort to preempt local government from keeping an existing program, setting its own guidelines, collecting fees associated with the business, or virtually any other element that taxi services must meet. Existing regulatory oversight in place in 13 cities in Oregon would have been replaced with a state-run system. This bill will likely be reintroduced in the 2020 short session.

[HB 3379: Transportation Network Companies](#)

HB 3379 was a legislative concept that included local government, taxi services, insurance companies, organized labor, and environmental organizations. It would have provided a state-wide standard of what to include in a local ordinance as a baseline and allows.

[SB 559: Fixed Photo Radar](#)

SB 559 expanded authority to operate fixed photo radar systems in high crash corridors to all cities.

[SB 560: Mobile Photo Radar](#)

SB 560 expanded authority to operate mobile photo radar systems in high crash corridors to all cities.

[SB 561: Local Cash Matching Funds](#)

SB 561 reduced the local government cash match requirements for applicants from 40 percent to 20 percent when applying for grants that target safety improvement projects near schools.

WATER & WASTEWATER

PASSED BILLS

[HB 2084: Place-Based Planning Sunset Extension](#)

Effective Date: June 25, 2019

HB 2084 extends the sunset date on a pilot program known as place-based integrated water resources planning (also known as place-based water planning). The sunset date is extended to July 1, 2023 and will allow current pilot projects to continue efforts. The LOC

Water & Wastewater Policy Committee identified support for this program as a legislative recommendation for the 2019 session. Another bill, HB 5043 (Oregon Water Resources Department budget bill), included \$238,561 in additional funding for existing place-based water planning projects.

[HB 2085: Dam Safety](#)

Effective Date: September 29, 2019

HB 2085 updates and makes changes to dam safety statutes. Dams include hydraulic structures to impound water or wastewater. The bill does not apply to dams less than 10 feet high, impounding less than 3 million gallons, or federally regulated dams. HB 2085 includes: language to increase fees for the construction of new dams; provisions for the Oregon Water Resources Department's (OWRD) approval of new construction plans; requirements for department approval for removing significant-hazard or high-hazard dams; and requirements for the annual inspection of high-hazard dams. High-hazard dams are those where loss of life would be expected upon dam failure; significant-hazard are those where loss of property or infrastructure would be expected. HB 2085 outlines a correction action process for significant-hazard and high-hazard dams that OWRD deems to be unsafe or potentially unsafe (terms which are defined in the bill) and a process for OWRD to require necessary maintenance actions that are necessary to address a condition that, if left unaddressed, may cause a dam to become unsafe or potentially unsafe. The bill includes enforcement provisions for failure to comply with maintenance or corrective actions and modifies emergency action plan requirements for owners of high-hazard dams.

[HB 2306: Substantial Completion](#)

Effective Date: January 1, 2020

HB 2306 prevents a city from denying a building permit on the basis that the supporting infrastructure is not completed in a subdivision. If a residential subdivision is built, the city must have a process to allow the builder to seek building permits upon "substantial completion" of the infrastructure required as a condition of development. Substantial completion is defined as a completed water system, fire hydrant system, sewer system, storm water drainage (but not including the landscaping that might be included), curbs, demarcation of streets so emergencies responders can navigate, and roads to the condition they can be accessible to emergency vehicles. The developer must also provide a financial guarantee, like a bond, for the incomplete work. A city may decline to issue the certificate of occupancy if all conditions for development are not met.

[HB 2436: 404 Assumption \(see \[Wetlands Section\]\(#\)\)](#)

[HB 2437: Ditch Bill \(see \[Wetlands Section\]\(#\)\)](#)

[HB 2835: Public Access to Waterways](#)

Effective Date: September 29, 2019

HB 2835 requires a state agency to post a notice on its website for at least 30 days prior to restricting or closing access to state public lands that are used for accessing floatable

waterways. The bill provides for exemptions to the posting requirements, including emergencies related to domestic water supply, fire prevention and critical wildlife management activities. In addition, HB 2836 requires the Oregon Department of Transportation to notify specific state agencies of proposals to fund certain types of bridge projects under a draft Statewide Transportation Improvement Program. Types of bridge projects subject to the notice requirements include construction of a new bridge that crosses a floatable natural waterway or improvements to an existing bridge that crosses a floatable natural waterway.

HB 3273: Drug Take-Back

Effective Date: September 29, 2019

HB 3273 establishes a statewide drug-take back program and requires each covered drug manufacturer to participate in the program. The bill includes specific requirements for participation by covered drug manufacturers, including: disposal requirements, policies and procedures for safe and secure handling of covered drugs; patient information security provisions; plans to cover all costs associated with the program; goals for the amount of drugs to be collected; and public outreach and education. HB 3273 also establishes specific convenience standards including one drop-off site per county with an additional drop-off site per every 50,000 residents of the city or county within the population center. The bill also allows for a mail-back service option that is prepaid by the program and mail-back service supplies to be used by hospice services patients. The Oregon Department of Environmental Quality will oversee the program.



This legislation prevents cities and counties from developing a local program, where no such program currently exists. The preemption does not extend to a city operated take-back box or event if they chose to offer such a service on their own.

SB 27: Oregon Health Authority – Drinking Water Services Program Fee Increase

Effective Date: July 1, 2019

SB 27 authorizes the Oregon Health Authority (OHA) to increase drinking water fees, by rule, with a cap of no more than 3% annually. SB 5526 proposes a new fee, based on the number of connections served by a public drinking water system, to raise an additional \$1 million per year to support the program. The LOC has expressed concern that state funds for this critical program have remained stagnant while fees continue to increase, shifting increased financial responsibility onto local governments. The LOC continues to believe this program is critical and warrants additional state investment.

SB 47: Grants for Access to Waterways

Effective Date: January 1, 2020

SB 47 requires each person, age 14 or older, to carry a waterway access permit while operating a non-motorized boat (more than 10 feet long) or a sailboat between 10-12 feet in length. Municipalities are exempt from the requirement if engaged in law enforcement, public safety or official business of a federal, state or municipal agency, as defined by the

board by rule. In addition, the bill establishes a Waterway Access Fund, to be administered by the State Marine Board. SB 47 authorizes the board to award grants to public bodies, tribes and federal agencies to assist with projects that increase access to public waterways or that promote boat safety education.

Eligible projects include:

- The purchase of real property, leases or easements to provide access to public waterways;
- The construction, renovation, expansion or development of public boating facilities, including but not limited to public access to waterways and public sanitation facilities;
- The construction, renovation, expansion or development of public play parks for nonmotorized boat use, such as whitewater parks and competition courses;
- Providing boating safety education;
- Providing waterway access to underserved communities; and,
- purchasing boating equipment to promote safety and access.

Priority will be given to projects that serve nonmotorized boat users and that represent the greatest need for project assistance.

[SB 431: Urban Flood Safety & Water Quality District \(Multnomah County\)](#)

Effective Date: September 29, 2019

SB 431 creates a new, statutorily authorized type of “special district” for: constructing, operating and maintaining flood management infrastructure; responding to flood emergencies; and contributing to water quality, habitat and landscape resiliency in a managed floodplain. The “urban flood safety and water quality district” established through SB 431 is geographically limited to Multnomah County and further confined to the Metro urban growth boundary.

[SB 884: Septic Loan Program Access to Revolving Loan Fund](#)

Effective Date: July 15, 2019

SB 884 authorizes the Oregon Department of Environmental Quality to issue loans from the Clean Water State Revolving Loan fund to assist qualified institutions with projects to repair or replace failing on-site septic systems or to replace failing on-site septic systems with connections to an available sewer. Since 2015, the Legislature has provided funds for a third party to administer a septic loan program in Oregon. The third party that was awarded the contract, Craft3, has been working to administer a loan program for the repair or replacement of residential and commercial septic systems, or to help pay for connection to a public sewer system. SB 884 will allow Craft3 to access low-interest Clean Water State Revolving Loan Funds for ongoing septic loans.

[SB 935: Landscape Contracting Licensure](#)

Effective Date: September 29, 2019

SB 935 prohibits general contractors from holding a limited landscape contracting license. However, as introduced, SB 935 would have eliminated existing licensure requirements for the design and installation of irrigation systems, as long as the cost of the irrigation system was less than \$5,000, covered less than four zones, and provided a flow rate of 12 gallons per minute or less in any zone. Under current law, this type of work requires an individual to have training, demonstrated competency and a landscape contractor license. The LOC opposed SB 935 due to the significant impact that outdoor irrigation can have on municipal water supply systems during peak season demands. Outdoor water use in the summer months can account for as much as 60 percent of a municipal water supplier's overall water use. Many cities and other jurisdictions work closely with the landscape contracting industry to provide continuing education on the latest technologies in efficient landscape irrigation. Without licensure requirements, the ability to interface with individuals that install irrigation systems could become far more difficult. In addition, most municipal water providers are mandated by law to have adopted a water management conservation plan (WMCPs), that must be approved by the Oregon Water Resources Commission. Many of those plans outline conservation strategies that a municipality will implement to demonstrate the efficient use of water. Promoting efficient outdoor irrigation through the landscape contracting industry has been identified by a number of municipalities as one of the most effective tools for conservation.

FAILED BILLS

[HB 2331: Groundwater Well Construction Enforcement Timelines](#)

HB 2331 would have limited the state's ability to enforce well construction standards after three years following submission of a well constructor's well log. The three-year limitation on enforcement would not have applied if the well log contained material misrepresentations. In addition, the bill would have created a task force to address a variety of issues related to well construction standards and enforcement. The LOC expressed concerns over the potential for shifting liability onto private well owners for potential contamination to municipal drinking water from poorly constructed wells.

[HB 2340: Sewer Scope Disclosure](#)

HB 2340 would have required a residential seller's property disclosure statement to include whether a sewer scope had been conducted on the house. The LOC and several other stakeholders met with the chief sponsor of the bill to suggest amendment language for needed clarity, but the bill was never scheduled for a public hearing.

[HB 2656: Forest Activities Ban on Lands Supplying Drinking Water](#)

HB 2656 would have prohibited certain forest operation activities on forestland that supplies drinking water for one or more public water systems.

[HB 2796: Wetlands Development for Affordable Housing](#) (see [Wetlands section](#))

[HB 2819: Umatilla Basin Mitigation Feasibility Pilot](#)

HB 2819 would have required the Oregon Water Resources Department to establish a pilot program to determine the feasibility of making Columbia River surface water available in critical ground water areas of the Umatilla River Basin to reduce depletion of, and allow recovery of, underground aquifers. While HB 2819 failed to pass, there was funding for the Umatilla Basin in HB 5030 (lottery bonds bill).

[HB 2851: Water Use Measurement Reporting](#)

HB 2851 would have authorized the Oregon Water Resources Department to require water right holders to report water use measurements to the department. The bill would not have directly impacted municipal water use as most municipalities are already required to report water measurement and use as conditions of municipal water right permits.

[HB 2854: Water Use Measurement & Reporting Task Force](#)

HB 2854 would have established a task force to study issues related to water use measurement and reporting. The bill was drafted as a placeholder for potential legislation to require water use measurement and reporting for certain water users.

[HB 2856: Groundwater Study Funding](#)

HB 2856 would have appropriated \$9 million in general funds to the Oregon Water Resources Department (OWRD) for groundwater studies and investigations. The funds would also would have been used by the OWRD to gather and analyze groundwater data in priority basins as determined by the department. The LOC supported this additional funding. Under current funding level projections, it will take approximately 60 years for the state to complete needed studies in priority basins. Though the bill failed to pass, there was some funding included in the OWRD legislatively approved budget (see HB 5043).

[HB 2979: Tidegate Assistance Funds](#)

HB 2979 would have appropriated \$250,000 to the Association of Oregon Counties to obtain and manage contracted services with an independent third-party organization that will provide technical assistance and information for private landowners to facilitate landowner compliance with local, state and federal regulatory and other requirements that relate to coordinating, planning, designing, monitoring, providing interagency liaison services for and engaging in the replacement or repair of tide gates.

[HB 2980: Pesticide Use Reporting Sunset Extension](#)

HB 2980 would have extended the sunset date for the pesticide use reporting system from June 30, 2019 to June 30, 2029.

[HB 3326: Harmful Algal Bloom Testing](#)

HB 3326 was introduced to comprehensively address harmful algal blooms (HABs) but was amended to only provide for needed funding to continue in-state laboratory testing for

mandatory HABs sampling. The need for ongoing lab funding was identified by many municipal drinking water providers as a critical need. Under current Oregon Health Authority rules (administered through the Drinking Water Services program), any municipal drinking water provided that is deemed to be “susceptible to harmful algal blooms” (based on use of the state’s 303d list), must regularly sample for harmful algal blooms. The rules specify that lab samples must be processed by an accredited laboratory, of which the Department of Environmental Quality (DEQ) lab, based in Hillsboro, is the only lab that currently meets the standards. HB 3326 did not pass, however, the LOC worked to ensure that the funding for the needed lab capacity was included in the DEQ budget bill, HB 5017.

HB 3430: Elimination of Automatic Stay for Water Rights

HB 3430 would have eliminated provisions in statute that automatically stay enforcement decisions made by the Oregon Water Resources Department or Water Resources Commission. Under current law, any party affected by a final order may file a petition for judicial review. Once a petition is filed, the final order is halted. Proponents of HB 3430, and the elimination of the automatic stay provisions, have argued that the process is abused and does not allow the state to protect senior water right users during times of water shortage as the legal process takes longer than typical seasons of water use.

HCR 33: Statewide Water Vision

HCR 33 urges the governor and state agencies to work with legislators, tribal governments, water stakeholders and others in a cooperative process to create a comprehensive state water vision. The governor’s office announced, in coordination with several natural resource state agency directors, the desire to create a “100-year water vision” for the state, including an inventory of infrastructure and restoration needs and funding packages to begin to address identified needs. Despite HCR 33 not passing this session, there will be ongoing efforts by the state and stakeholders, including the LOC, to identify infrastructure needs and advocate for a significant water infrastructure package in the future. The LOC will work to ensure that water emergency preparedness, including seismic resilience, is included.

SB 51: Stored Water Transfers

In 2018, it was determined that the state lacked statutory authority to transfer stored water rights, despite a long-standing history of processing such transfer requests. The transferring of existing water rights (e.g. from one type of use to another type of use – such as agricultural to municipal) can be one of the only methods to access additional water in certain parts of the state that are otherwise fully allocated (i.e. no new water rights available/allowed for). SB 51 would have clarified that the department can approve transfers of stored water from one type of use to another type of use, including the transfer of stored water in the Willamette Basin reservoirs for municipal purposes. The LOC is continuing to work with stakeholders to draft language to allow for such transfers and expects there will be legislation considered in a future session. A similar bill, SB 946, was also introduced during the 2019 session and would have provided a similar fix but for both type of use transfers and location of storage transfers.

SB 286: Biosolids

SB 286 would have allowed a county to restrict or condition onsite treatment of septage or land application of reclaimed water, agricultural or industrial process water or biosolids. In addition, the bill would have prohibited a state agency or county from approving a land use for the application of reclaimed water, agricultural or industrial process water or biosolids, without first reviewing the applicant's written explanation of alternatives to application that were considered and reasons for not using the alternatives considered. SB 286 was introduced at the request of Lincoln County.

SB 700: Deschutes Basin Mitigation

SB 700 would have authorized water providers in the Deschutes Basin to collect a fee from water customers that would be used to purchase mitigation credits, temporary transfers of water or to engage in mitigation projects to increase water flow or water quality on the Deschutes River or its tributaries.

SB 756: Septic Loan Program Funding

SB 756 would have appropriated \$2 million in general funds to the Oregon Department of Environmental Quality for its septic loan program. While another bill did pass (SB 884) which authorizes the third-party contractor for the program (Craft3) to access Clean Water Revolving Loan Funds, SB 756 failed to pass. Craft3 has indicated they will no longer offer new loans as of August 2019.

SB 932: Wastewater Technical Assistance

SB 932 would have required the Oregon Department of Environmental Quality to contract with an independent third party to provide technical assistance to municipalities on matters related to state and federal permitting requirements. The LOC requested introduction of SB 932 and will likely continue to pursue similar legislation in future legislative sessions.

SB 946: Stored Water Transfers (Location & Type)

In 2018, it was determined that the state lacked statutory authority to transfer stored water rights despite a long-standing history of processing such transfer requests. The transferring of existing water rights (e.g. from one type of use to another type of use – such as agricultural to municipal) can be one of the only methods to access additional water in certain parts of the state that are otherwise fully allocated (i.e. no new water rights available/allowed for). Similar to SB 51, SB 946 would have clarified that the department can approve transfers of stored water from one type of use to another type of use, including the transfer of stored water in the Willamette Basin reservoirs for municipal purposes. While SB 51 only permitted transfers for the type of use, SB 946 also would have permitted some changes to the location of storage (i.e. changing where the water is stored in a reservoir from one location to another). The LOC is continuing to work with stakeholders to draft language to allow for such transfers and expects there will be legislation considered in a future session.

STATE BUDGET

PASSED BILLS

HB 2504: Tax Supervising and Conservation Commission (TSCC) Budget

Effective Date: September 29, 2019

HB 2504 increases the maximum allowable budget recovery for the Tax Supervising and Conservation Commission (TSCC) and the annual rate of increase from 3% to 4%. The bill also expands the types of revenues the TSCC may receive, including grants, and contract fees. The TSCC is funded by 29-member jurisdiction including metro cities, all of which supported the legislation. HB 2504 allows the LOC to partner more directly with TSCC in local budget and tax law trainings.

HB 5005: Bond Authorization

Effective Date: August 9, 2019

HB 5005 sets the maximum bond authorization level for various bonds that the state may issue. Particularly relevant to cities were the following:

- \$150 million of Article XI-Q bonds for the Local Innovation and Fast Track Housing;
- \$50 million for permanent supportive housing programs (HCS), Art. XI-I(2);
- \$20.27 million of Article XI-N bonds for seismic rehabilitation grants to emergency services facilities; and
- \$302.5 million of lottery revenue bonds to support projects authorized in HB 5030.

HB 5006: Capital Construction Projects Budget

Effective Date: July 1, 2019

HB 5006 establishes authority for the acquisition of land and the planning, design, repair, and construction of projects with costs greater than \$1 million. Projects are funded with proceeds of bonds authorized in HB 5005, as well as other revenues and federal grants received by agencies. The expenditure limitation for the 2019-21 biennium was \$495.1 million in other funds and \$33.7 million in federal funds.

HB 5016: State School Fund

Effective Date: July 1, 2019

HB 5016 sets the state's School Fund budget at \$9 billion, with \$7.71 billion in General Fund resources and \$535.7 million in Lottery Funds. The \$9 billion amount includes \$103.3 million in marijuana taxes and a \$643 million transfer from the new Fund for Student Success established in HB 3427. This represents a 9.7% increase over the 2017-19 State School Fund. The \$9.0 billion will be combined with almost \$4.3 billion in property taxes and other local revenues for distribution through the school revenue formula.

HB 5017/5018: DEQ Budget

Effective Date: August 9, 2019

HB 5017 represents the budget for the Oregon Department of Environmental Quality (DEQ) for the 2019-21 biennium. HB 5018 represents the fee ratification bill for the department. HB 5018 includes fees to fund Cleaner Air Oregon (revenue from these fees are expected to generate \$4,847,282 in 2019-21).

HB 5018 also included an administrative increase of 7% for underground injection control fees (expected to generate \$25,000 in revenue for 2019-21). Water-quality program funding authorized via HB 5017, the DEQ budget bill, was carefully negotiated this session between ACWA, LOC, SDAO and DEQ. The following policy option packages were approved in the final passage of HB 5017:

- Package 120 – Minimizing Impacts from the Urban & Highway Stormwater (\$421,696 general fund; \$152,143 other funds for ODOT MS4 stormwater permit renewal);
- Package 122 – Setting and Implementing Water Quality Standards (\$195,557 general fund; \$296,717 other funds);
- Package 123 – Harmful Algal Blooms (\$579,590 general fund);
- Package 125 – Effectively Managing the CWSRF Loan Portfolio (\$169,392 other funds);
- Package 126 – Klamath Basin Water Quality Improvements (\$232,603 general fund);
- Package 127 – Water Quality Permit Program Improvements (\$913,132 general fund; \$873,468 other funds). The fee increases anticipated to fund this package and package 122 is anticipated to generate \$1.17 million in other funds and represents a 17% increase to wastewater permit fees. This retains the historical ratio of 60/40 fund split between fees and general funds;
- Package 128 – Improving Water Quality Outcomes (\$296,277 general funds);
- Package 129 – Developing and Implementing Clean Water Plans (\$772,096 general funds);
- Package 163 – Clean Water SRF Loan Management Software (\$500,000 other funds – one-time expenditure).

HB 5027: DLCD Budget

Effective Date: August 9, 2019

HB 5027 allocates \$21.9 million to the Oregon Department of Land Conservation and Development. This budget provides for the same level of services provided in prior biennium. It also includes \$1.6 million for the General Fund Grants program. A note was included to require the department to consult with the LOC and the Association of Oregon Counties when selecting contracted public planning professionals.

HB 5029: Lottery Funds, Criminal Fine Account, and Marijuana Account Budget Allocations

Effective Date: July 1, 2019



Net lottery revenues totaling approximately \$1 billion are allocated to support economic and community development programs including the Oregon Business Development Department, the Governor's Office Regional Solutions program staff, county economic development activities and county fairs. Criminal Fine Account revenues totaling \$128.6 million are allocated for state and county programs and Oregon Marijuana Account revenues of \$207.5 million are allocated for the State School Fund, mental health services, alcohol and drug abuse prevention and treatment, and the State Police.

HB 5030: Lottery Bond Bill

Effective Date: July 1, 2019



HB 5030 provides lottery bond authority as follows:

- \$30 million to recapitalize the Special Public Works Fund (SPWF)
- \$25 million for affordable housing preservation;
- \$15 million for the Water Supply Development Account;
- \$15 million for an affordable market rate housing acquisition loan program;
- \$15 million for levees;
- \$5 million to recapitalize the Brownfields Redevelopment Fund; and
- \$5 million to recapitalize the Oregon Main Street Revitalization Grant Program.

The LOC supported investments in each of these funds, as cities across the state can access them for crucial infrastructure and land development projects. The rest of the more than \$270 million in lottery bond appropriations in the bill were allocated to specific community projects around the state. Note that no new allocations were made to the Connect Oregon program, and no funding was allocated to the Regional Infrastructure Fund (RIF) in this year's lottery bond bill. The LOC also requested a larger investment in SPWF than was appropriated. The lottery bond revenues are not available right away as the bonds are not scheduled to be issued until the spring of 2021.

HB 5033: DOR Budget

Effective Date: July 1, 2019

The Oregon Department of Revenue (DOR) budget sustains investments in the Core Systems Replacement project, a high-speed scanner project, and a Property Valuation System project. The budget includes funding for additional auditing of marijuana tax filings and state lodging taxes. The LOC supported this budget, as the DOR continues to partner to assist in the improved collection and enforcement of local government taxes.

HB 5038: ODOT Budget ([See Transportation Section](#))

HB 5043: Water Resources Department Budget

Effective Date: July 15, 2019

HB 5043 includes funding for the Oregon Water Resources Department, and programs that are supported by the department. The budget for 2019-21 represents a 4% decrease from the legislatively approved budget from 2017-19. The budget included \$550,000 (out of \$750,000 in funds that were requested) to support the existing four pilot projects that are under the department's place-based planning program. In addition, the budget includes six new positions (funded with \$1.66 million general funds) to evaluate groundwater basin studies. This doubles the departments existing capacity to complete studies in priority groundwater basins.

HB 5048: Budget Reconciliation

Effective Date: July 1, 2019

HB 5048 allows state agencies without legislatively adopted budgets for the 2019-21 biennium to continue operations at the same level as the last quarter of the 2017-19 biennium until the budget is signed into law. The continuing resolution is repealed on September 15, 2019.

HB 5050: Budget Reconciliation

Effective Date: August 9, 2019

HB 5050 implements the final pieces of the state budget for the 2019-21 biennium and is commonly referred to as the Christmas Tree bill. The bill establishes appropriations for the Emergency Board (\$75 million), finalizes the General Fund components of the statewide budget, implements budgetary changes tied to other legislation, makes community project allocations (\$30 million), and makes technical adjustments to agency budgets previously approved. The bill includes miscellaneous appropriations including an additional investment of \$6 million General Fund for community mental health programs; mental health funding was a LOC priority. The bill also includes agency expenditure limitation authority for various bond-funded projects.

SB 5512: OHCS Budget

Effective Date: August 8, 2019

SB 5512 allocated funds to the Oregon Housing and Community Services Department. This budget included: \$70.5 million for homelessness programs; \$54.5 million for permanent supportive housing; \$5 million for the Greater Oregon Housing Accelerator; and other programs for the maintenance, preservation, and development of affordable housing.

SB 5519: OLCC Budget

Effective Date: July 1, 2019

This budget provided only a minor increase in liquor store agents' compensation. As cities receive 34% of this state-shared revenue, the LOC pushed back against significant changes. More work is expected in the interim regarding agent compensation and credit card fees. The LOC opposed SB 108 as well as it would have required OLCC to establish separate

compensation schedules for distillery retail outlet agents and for liquor store agents – both with significant compensation increases.

[SB 5524: Business Oregon Budget Bill](#)

Effective Date: July 1, 2019

This budget was largely maintained from the previous biennium; however significant lottery fund reductions were made to Oregon InC and Oregon Regional Accelerator and Innovation Network. The LOC supported this budget.

VOTING MATRIX

OVERVIEW

In order to provide additional transparency for our membership and to encourage ongoing dialogue with your state legislators regarding LOC legislative priorities, we have compiled a voting matrix as part of this session's LOC bill summary. The intent of this voting matrix is to provide a transparent, convenient collection of public information on votes taken during the session that is available on the Oregon Legislative Information System (OLIS). The voting matrix identifies bills, selected by the LOC's government relations team, that directly impact the six legislative priorities selected by the LOC membership and board in advance of the 2019 session. The matrix also includes other bills that would have significantly affected cities, including bills that would diminish local control.

What the Voting Matrix Is

There are many reasons why a legislator supports or opposes any given bill. Sometimes it's a decision based on the merits of the legislation, other times it may be a caucus-directed vote subject to negotiations for other legislation, or it may also be a function of a pre-session pledge not to support tax/fee increases. All of these explanations are well within the decision space for legislators. The LOC views this voting matrix as a tool, but not the only tool, available to identify trends from legislators. We believe the best tool is a sustained conversation and development of a relationship with legislators. The more local government education we can provide to legislators, the more informed they will be when deciding to support or oppose legislation key to local governments.

What the Voting Matrix is Not

The LOC cautions against the use of this voting matrix as anything but a matrix. We are not offering grades or scoring the votes, as many interest groups do. That's not our role. Rather, this is about transparency and the importance of improving resources available to city leaders so that their dialogue with legislators can be more informed.

Voting Key

If a Red 0 appears in a green highlighted bill, then the legislator opposed legislation the LOC supported.

If a Blue + appears in a green highlighted bill, then the legislator supported legislation the LOC supported.

If a Red 0 appears in a red highlighted bill, then the legislator opposed legislation the LOC opposed.

If a Blue + appears in a red highlighted bill, then the legislator supported legislation the LOC opposed.

E – Signifies an excused absence as determined by the House or Senate Clerk with approval from the respective chamber’s leadership.

A – Notes an absence from a vote that was not excused.

2019 Legislative Session
Voting Matrix

HB 2173 - Oregon Broadband Office (Passed)
HB 2184 - Broadband Investment, Rural Oregon (Failed)
HB 2449 - 9-1-1 Tax Increase (Passed)
SB 558 - Neighborhood Speed Safety (Passed)
SB 707 - Youth Suicide Intervention (Passed)
SB 973 - Mental Health Grants (Passed)
SB 1049 - PERS Reform (Passed)
HB 2001 - Single Family Rezoning (Passed)
HB 2003 - Housing Planning Requirements (Passed)
HB 2016 - Union Business During Regular Work Hours (Passed)
SB 2408 - Prevailing Wage in E-Zones (Failed)
SB 543 - Creation of a Children's Service District (Failed)
HB 2013 - Court Protective Orders & Firearms (Passed)
HB 2020 - Cap & Trade (Failed)

SENATORS						
Sen. Herman Baertschiger Jr.	+	0	0	+	+	0
Sen. Cliff Bentz	+	+	+	+	+	0
Sen. Lee Beyer	+	+	+	+	+	+
Sen. Brian Boquist	+	0	+	+	E	0
Sen. Ginny Burdick	+	+	+	+	+	+
Sen. Peter Courtney	+	+	+	E	+	+
Sen. Michael Dembrow	+	+	+	+	+	+
Sen. Shemia Fagan	+	+	+	+	+	0
Sen. Lew Frederick	+	+	+	+	+	+
Sen. Sara Gelsler	+	+	+	+	+	0
Sen. Fred Girod	A	A	0	+	+	+
Sen. Jeff Golden	+	+	+	+	+	0
Sen. Bill Hansell	+	+	E	+	+	+
Sen. Mark Hass	+	+	+	+	+	+
Sen. Dallas Heard	+	0	+	+	+	0
Sen. Betsy Johnson	+	+	+	+	+	+
Sen. Tim Knopp	+	0	+	+	+	+
Sen. Dennis Linthicum	A	A	0	+	+	0
Sen. James Manning Jr.	+	+	+	+	+	+
Sen. Laurie Monnes Anderson	+	+	+	+	+	+
Sen. Alan Olsen	+	+	+	+	+	E
Sen. Floyd Prozanski	+	+	+	+	+	+
Sen. Chuck Riley	+	+	+	+	+	+
Sen. Arnie Roblan	+	+	+	+	+	+
Sen. Elizabeth Steiner Hayward	+	+	+	+	+	+
Sen. Kathleen Taylor	+	+	+	+	+	0
Sen. Kim Thatcher	+	+	+	+	+	0
Sen. Chuck Thomsen	0	0	+	+	+	0
Sen. Rob Wagner	+	+	+	+	+	0
Sen. Jackie Winters			+	+		E
Sen. Denyc Boles	+	+				

KEY	
Voted in Support	+
Voted in Opposition	0
Excused	E
Absent	A
LOC Opposed	
LOC Supported	
LOC had No Position	

2019 Legislative Session
Voting Matrix

HB 2173 - Oregon Broadband Office (Passed)
 HB 2184 - Broadband Investment (Passed)
 HB 2449 - 9-1-1 Tax Increase (Passed)
 SB 538 - Neighborhood Speed Safety (Passed)
 SB 707 - Youth Suicide Intervention (Passed)
 SB 973 - Mental Health Grants (Passed)
 SB 1049 - PERs Reform (Passed)
 HB 2001 - Single Family Rezoning (Passed)
 HB 2003 - Housing Planning Requirements (Passed)
 HB 2408 - Union Business Requirements (Passed)
 SB 543 - Prevailing Wage in E-Zones (Failed)
 HB 2013 - Creation of a Children's Service District (Failed)
 HB 2013 - Court Protective Orders & Firearms (Passed)
 HB 2020 - Cap & Trade (Failed)

REPRESENTATIVES	HB 2173	HB 2184	HB 2449	SB 538	SB 707	SB 973	SB 1049	HB 2001	HB 2003	HB 2408	SB 543	HB 2013	HB 2020
Rep. Teresa Alonso Leon	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Jeff Barker	+	+	+	+	+	+	+	0	+	+	+	+	0
Rep. Greg Barreto	+	0	0	+	+	+	+	+	+	0	0	0	0
Rep. Denyc Boles	+	0	+	+	+	+	+	0	+	0	0	0	0
Rep. Daniel Bonham	+	0	+	+	+	+	+	0	+	0	0	0	0
Rep. Shelly Boshart Davis	+	0	+	+	+	+	+	0	+	0	0	0	0
Rep. Janelle Bynum	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Brian Clem	E	E	+	+	+	+	+	0	+	E	E	+	0
Rep. Margaret Doherty	+	+	+	+	+	+	+	0	0	+	+	+	0
Rep. Christine Drazan	+	0	0	+	+	+	+	0	0	+	0	+	0
Rep. Paul Evans	+	+	+	0	+	+	+	0	E	+	+	+	0
Rep. Julie Fahey	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Lynn Findley	+	0	+	+	+	+	+	0	0	+	E	+	0
Rep. David Gomberg	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Chris Gorsek	+	+	+	+	+	+	+	0	0	+	+	+	0
Rep. Mitch Greenlick	+	+	E	+	+	+	+	+	+	+	+	+	0
Rep. Cedric Hayden	0	0	0	+	+	+	+	0	0	+	0	+	0
Rep. Ken Helm	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Cheri Helt	+	0	+	+	+	+	+	0	+	0	0	+	0
Rep. Diego Hernandez	+	+	+	+	+	+	+	0	+	E	+	+	0
Rep. Paul Holvey	+	+	+	+	+	+	+	+	0	+	+	+	0
Rep. Alissa Keny-Guyer	+	+	+	+	+	+	+	+	+	E	+	+	+
Rep. Tina Kotek	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Gary Leif	+	0	+	+	+	+	+	0	+	+	0	+	0
Rep. Rick Lewis	+	0	+	+	+	+	+	0	+	0	0	0	0
Rep. John Lively	+	+	+	+	+	+	+	+	0	0	0	0	0
Rep. Sheri Schouten	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Pam Marsh	+	+	E	+	+	+	+	+	+	0	+	E	+
Rep. Caddy McKeown	+	+	+	+	+	+	+	+	0	0	0	0	0
Rep. Susan McLain	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Mike McLane	+	0	+	+	+	+	E	0	+	0	0	0	0
Rep. Mark Meek	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Tiffany Mitchell	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Nancy Nathanson	+	+	+	+	+	+	+	+	0	+	+	+	0
Rep. Mike Nearman	0	0	0	+	+	+	+	0	+	0	0	0	0
Rep. Courtney Neron	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Ron Noble	+	0	+	+	+	+	+	0	+	0	0	0	0
Rep. Rob Nosse	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Carla Piluso	+	+	+	+	+	+	+	+	+	0	0	0	0
Rep. Bill Post	0	0	+	+	+	+	+	0	+	0	0	0	0
Rep. Karin Power	+	+	+	+	E	E	+	+	+	0	+	+	+
Rep. Rachel Prusak	+	+	+	+	+	+	+	0	+	+	+	+	+
Rep. Dan Rayfield	+	+	+	+	+	E	+	+	+	E	E	+	+
Rep. Jeff Reardon	0	+	+	+	+	+	+	+	E	+	+	0	+
Rep. E. Werner Reschke	0	0	0	+	+	+	+	0	+	0	0	0	0
Rep. Andrea Salinas	+	+	+	+	+	+	+	+	0	+	+	+	+
Rep. Tawna Sanchez	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. David Brock Smith	0	0	0	+	+	+	+	0	+	0	0	0	0
Rep. Greg Smith	+	0	+	+	+	+	+	0	+	0	0	+	+
Rep. Barbara Smith Warner	+	+	+	+	+	+	+	+	+	+	+	+	+
Rep. Janeen Sollman	+	+	+	+	+	+	+	+	0	+	+	+	0
Rep. Sherrie Sprenger	+	0	+	+	+	+	+	0	0	+	0	0	0
Rep. Duane Stark	+	0	0	+	+	+	+	0	+	0	0	0	0
Rep. Kim Wallan	+	0	0	0	+	0	0	0	0	0	0	0	0
Rep. Marty Wilde	+	+	+	+	+	+	+	+	0	+	+	+	+
Rep. Anna Williams	+	+	+	+	+	+	+	+	+	+	+	0	+
Rep. Jennifer Williamson	+	+	+	+	E	+	+	+	+	+	+	+	+
Rep. Carl Wilson	+	0	0	+	+	+	+	0	+	0	+	0	0
Rep. Brad Witt	+	+	+	0	+	+	+	+	0	+	+	0	E
Rep. Jack Zika	+	0	0	+	+	+	+	0	+	0	0	0	0

KEY

Voted in Support	+
Voted in Opposition	0
Excused	E
Oppose	
Support	
No Position	

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