

HB 4112 -3 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/12, 2/14

WHAT THE MEASURE DOES:

The measure requires Oregon Department of Administrative Services to adopt rules to govern procurements from clean energy technology companies that the department conducts on behalf of state agencies. It establishes and appropriates \$20 million to the Oregon Clean Energy Technology Manufacturing Opportunity Fund (Fund). The Act directs Oregon Business Development Department to develop a program to award grants, make low-interest loans, and make other expenditures from the Fund. The measure also requires the Governor to establish a Clean Technology Leadership Advisory Council.

- *FISCAL: May have fiscal impact, but no statement yet issued*
- *REVENUE: May have revenue impact, but no statement yet issued*

Subsequent referral to the Joint Committee on Ways and Means

Detailed summary:

Makes legislative findings. Defines terms. Requires Oregon Department of Administrative Services (DAS) to adopt rules to govern **procurements from clean energy technology companies** that the department conducts on behalf of state agencies. Directs DAS to cooperate with state agencies with expertise in energy production and conservation and in reducing or mitigating environmental impacts. Specifies required contents of rules. Permits DAS to enter into cooperative procurements and intergovernmental agreements under which the department conducts procurements in combination with other governmental bodies within this or another state as a market incentive for clean energy technology companies to create and retain high-skilled manufacturing jobs. Directs other state agencies to cooperate with DAS in adopting and implementing rules. Establishes the **Oregon Clean Energy Technology Manufacturing Opportunity Fund (Fund)** in the State Treasury, separate and distinct from the General Fund, with moneys in the Fund continuously appropriated to Oregon Business Development Department (OBDD). Establishes guidelines and requirements of moneys in Fund. Directs OBDD to develop a program to award grants, make low-interest loans, and make other expenditures from moneys in the Fund to clean energy technology companies or an organization with demonstrated experience in impact lending for the purpose of attracting, expanding, and sustaining within this state: certain clean energy technology companies; fostering quality job creation in clean energy technology companies that manufacture products or support a supply chain; and supporting clean energy technology companies in this state by funding certain activities. Authorizes OBDD to disburse moneys as a single payment or in multiple payments and may place conditions for receiving the moneys in loan or grant agreements with recipients when making grants or loans. Requires OBDD to prioritize approval of grants or loans to clean energy technology companies and expenditures for certain projects, with additional preferences for clean energy technology companies and projects that meet certain criteria. Requires the Governor to establish a **Clean Technology Leadership Advisory Council (Council)** within the office of the Governor consisting of the Governor or the Governor's designee and 12 additional members from various state agencies or with specific expertise that the Governor appoints with the aim of representing the geographic diversity of this state and providing the Council with experience in areas of concern to the Council. Authorizes OBDD, in determining recipients for grants and loans and setting priorities, to consult and seek the advice of the Council, independent experts and stakeholders, and other jurisdictions that have established similar incentive

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programs. Requires OBDD, in determining recipients for grants and loans and setting priorities, to solicit feedback from Oregon communities that have suffered disproportionately from job losses and environmental or other impacts. Requires OBDD to use, as part of the department's evaluation criteria for loans and grants, whether a clean energy technology company included an employment plan in the clean energy technology company's application for the loan or grant and give priority to clean energy technology companies that do include a credible employment plan with the application. Requires OBDD to seek as contributions to the Fund federal and private investments including, but not limited to, moneys from United States Environmental Protection Agency Climate Pollution Reduction Grants, the federal Greenhouse Gas Reduction Fund, and other sources. Requires the Council to conduct certain activities. Allows the Council to conduct certain activities and adopt rules as necessary for the operation of the Council. Requires the Council not later than May 31 of each year to submit a report describing strategies to promote, attract and advance clean energy technology manufacturing in Oregon, and may include recommendations for legislation, to an interim committee of the Legislative Assembly related to energy technology, with copies to the Governor, to the Director of OBDD, the Director of the Oregon Department of Administrative Services (DAS), and to the Director of the Oregon Department of Energy. Requires DAS to provide staff support to the Council. Prohibits members of the Council from receiving compensation or reimbursement for expenses and serving as volunteers on the Council. Directs all agencies of state government to assist the Council in the performance of the duties of the Council and, to the extent permitted by laws relating to confidentiality, to furnish information and advice that the members of the Council consider necessary to perform their duties. Repeals requirements and authorization of the Council and its activities and responsibilities on December 31, 2033. **Appropriates \$20 million** to OBDD for deposit in the Fund. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 The amendment changes wording from "clean energy technology companies" to "clean energy technology **manufacturing** companies" throughout the measure. Renames the term "Clean energy technology company" to "Clean energy technology **manufacturing** company" and expands its definition to include **equipment for producing green electrolytic hydrogen**. Removes criteria for OBDD to follow to attract, expand, and sustain in Oregon certain clean energy technology manufacturing companies. Removes employee retraining for living-wage jobs as a supported grant activity. Changes the name of the Clean Technology Leadership Advisory Council to "Clean **Energy** Technology Leadership Advisory Council" and increases the additional number of members on the Council from 12 to **14members**. Changes requirement that the Council consists of members with geographic diversity to members with **demographic diversity**. Adds as members of the Council two members who **represent academic institutions** in this state, the first of which must represent a public university and the second of which must represent a community college. Changes references of "energy project" to "**clean** energy project" and changes references of "clean technology" to "clean **energy** technology" in section 4.

BACKGROUND:

Public contracting is governed by the Public Contracting Code (Code) and governs contracting activities (ORS chapter 279A), the procurement of goods and services (ORS chapter 279B), and the procurement of construction and related services (ORS chapter 279C). The Code applies to public bodies authorized to conduct procurements, including state governments, local governments, and special governments. Several government entities are exempt from the Code, including the judicial and legislative department. Generally, a contracting agency awards contracts to the lowest bidder or best proposer. However, the Code contains provisions allowing contracting agencies to give preference in certain circumstances. Currently, a contracting agency may grant preference in the procurement of goods or services, for a public use, that are fabricated, processed, or have services performed in

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Oregon, when the cost is not more than ten percent greater than the out-of-state goods.

The state has used its procurement preferences to promote certain activities or outcomes. For example, in 2019, Senate Bill 1044 established goals to promote zero-emission vehicles and set procurement requirements for state agencies to purchase or lease zero-emission vehicles for fleets.