



Legislative Report

September 26, 2013

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2013 Interim Legislative Report

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Legislative Interim Days

Between legislative sessions, committees of the Legislature meet to work on ideas that will often become bills during the next regular, or special, session. These committee meetings allow information and testimony to be delivered to committees while they are holding public hearings.

Legislative committees will meet in public hearings at the State Capitol in November 2013 and January 2014. The most recent interim committee meetings were held this September 16-18. Members of the League's Action Committee monitored these hearings. Below are their reports to keep you informed about what occurred during these meetings.

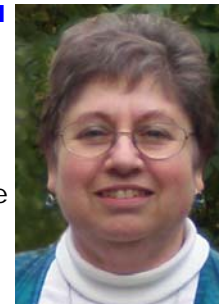
[Public Access](#), Coordinator Paula Krane
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Public Access

Coming To a Computer Near You October 1

The Oregon Legislature will go **live** with a newly redesigned website on October 1. The existing website will be retired to make way for this new one. The new site will feature centralized access to House and Senate bills and committee information, and include improved search and navigation capabilities. There will be descriptions of these new features in the coming weeks. Check out the new website, practice using it so that you will be ready when the session starts in February, 2014.



*Paula Krane, Public
Access Coordinator*

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Go to www.leg.state.or.us to view the updates and the new site.

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Governance

Fiscal Policy

Grand Bargain Agreement: Coming September 30

Unwilling to give up on the opportunity to further improve Oregon's public education system, defeated at the end of the regular 2013 legislative session July 8, the Governor has spent the summer crisscrossing the state to plead his case.

For several days, he met daily with the legislative leaders of both political parties, and the announcement of success came September 18, at the close of the three days of issue hearings by the legislative Interim committees. The Legislature will be called into a Special Session on September 30 to approve the newly-drafted proposals. The expected result will bring an additional \$244 million in revenue to the 2013-15 legislatively adopted budget.



*Kappy Eaton,
Governance
Coordinator*

Public Hearings

The Joint Interim Committee on Special Sessions will hold public hearings on Thursday, September 26 at 2:15pm and Friday, September 27 at 9:00am in Hearing Room A.

There are five Legislative Concepts before the Committee:

- Legislative Concepts 1 and 2 deal with the Public Employees Retirement System (PERS) cost of living adjustments and the entire PERS system.
- Legislative Concept 3 deals with the Revenue and Small Business Tax Cut.
- Legislative Concept 4 deals with the budget appropriation.
- Legislative Concept 5 deals with the preemption of local laws regulating agriculture (GMOs).

Legislative Concepts 1, 2 and 5 will be heard on Thursday.

Legislative Concepts 3 and 4 will be heard on Friday.

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The new measures will positively impact the 197 K-12 school districts with an investment of \$100 million to lengthen the number of school days and decrease class sizes. In addition, there will be increased investment of \$40 million to the 17 community colleges and bring tuition relief to the seven four-year universities. Assistance to low-income working families will be provided through an increase in the Earned Income Tax Credit of \$12 million. One proposal will add \$20 million to the services and programs for the mentally ill through a 10 cent increase in the state cigarette tax. There will be Small and Family Business Tax Relief through a lower rate on pass-through active income, and Fair Trade tax relief for agricultural exports, to be phased in during the biennium, totaling \$43 million. There will be an additional \$41 million for senior programs.

Sources for the additional \$244 million revenue come from:

1. further changes to PERS are related to reducing the COLAs. Retirees under \$60,000 will have a 1.25% Cola and those above \$60,000 will either have a 0.15% or a 0.25% Cola. This would reduce the unfunded liability by \$4.6 billion;
2. an increase in the corporate minimum income tax rate from 6.6% to 7.6%;
3. capping the Senior Medical deduction and raising the eligibility age to 67;
4. limiting the "personal exemption" for individuals with more than \$100,000 income, couples over \$200,000; and
5. increasing the cigarette tax by 10 cents.

The Governor will convene a work group to address the issue of Genetically Modified Organisms (GMOs) statewide as part of the fiscal agreement. There would be a preemption of local GMO bans except where local measures have already qualified for the ballot.

As was envisioned in the original "Grand Bargain", the agreement slated for discussion and adoption on September 30, contains support and monetary investment for public education, social services and business, all in the public interest. The non-monetary proposals can be passed with simple majorities. The revenue measures will require the constitutionally necessary three-fifths majority. This is a critical decision for Oregon's future. The Governor has stated that the whole package is necessary, and he will only sign all of the bills or none.

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[Oregon's Revenue Structure:](#)

keynote speaker and hold two panel discussions with Q & A: Children at Risk and Public Postsecondary Education in Oregon

Umpqua CC Event
Information and Registration

Clackamas CC Event
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on
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OPB Plus
Sunday, September 29
7pm
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now!

League Praises Obama Administration for taking a significant step against Climate Change

A carbon pollution standard was proposed for new power plants.

[Read More](#)
at LWVUS

2010-11 Census Data

The Legislative Revenue Office presented tax structure data to a joint meeting of the Interim House Revenue and Senate Finance and Revenue committees September 17, looking at overall state and local fiscal information, as well as comparisons with the Western states of Washington, California, Idaho and Nevada. Oregon's three main revenue sources are taxes (44.4%), federal funds (26.6%), and charges and fees (20%). In comparing Oregon with the other 49 states, our per capita tax burden is 10.2% of income and the rest are at 10.9% of income. The personal income tax per capita is 4% of income; property tax, 3.7% of income and other taxes, 2.2%.

The reports comparing the Oregon revenue and tax structure with four other western states paint an interesting contrast. Oregon, California and Idaho have personal income tax revenue, with Oregon at 67%, California at 49% and Idaho at 36% of total revenue. The general sales tax revenue has Washington leading with 60.2%, followed by Nevada at 50.7%, Idaho at 36.3%, California at 25.4%, and Oregon with \$0. All five states have selected sales taxes with Nevada leading at 26.5%, Washington has 20.2%, Oregon, 16.1%, Idaho at 13% and California at 9.9%. California (7.1%), Idaho (5.6%), and Oregon (5%) have corporate income taxes. Property tax income, as a per capita percent of individual taxes, is relatively low. Nevada has none, with Washington the highest, 10.8%, followed by Nevada, 3.5%, California, 1.9% and Oregon, 0.2%.



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Funding K-12: The Formula

The League's primary concern with Oregon public education is adequate, equitable and fair funding. The new educational structure for the state requires additional investing of time and resources to realize the P-20 plan by 2025. With the increase from \$5.7 billion to \$6.55 billion for 2013-2015 (and hopefully \$100 million more), the work of the new interim Chief Education Officer and the Oregon Education Investment Board has begun in earnest. In allocating funds to the 197 School Districts and the Education Service Districts, the total available is the dollars in the State School Fund plus the local revenues. The total is \$9,737,746,297. The school districts get \$9,229,547,714 or 95.5% (minus three "carve outs") and the education special districts get 4.5% (minus two "carve outs"), \$423,243,583.

The Legislative Interim Days

These are days that the legislature will meet between *Sine Die* and the 2014 session.

November 20-22, 2013
(Wednesday - Friday);
and
January 15-17, 2014
(Wednesday - Friday)

If you want to find out what will likely be coming up in the 2014 session, this is a good way. The committees hold hearings and will cover issues that are of concern.

You can either attend the hearings at the Capitol, or listen in.

Mark your calendars

with these important dates

Oregon Revenue Forecasts

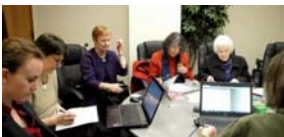
November 27, 2013

Revenue Forecasts provide the legislature with guidance in its budgeting process. Oregon's budget is required by law to be balanced between projected revenue and expenditures.

[click here](#)

for more information

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Revenue Committee Issues: 2014 Highlights

In preparation for the abbreviated 2014 legislative session, the House Revenue and Senate Finance and Revenue committees have put forth a list of issues for discussion. They began the process during the September Interim hearings with a few new items such as the E-cigarette - what is it, can it be taxed, and how, and DOMA, the federal Defense of Marriage Act, just partially shot down by the U.S. Supreme Court- and does Oregon, with its ban on same sex wedlock, have to consider joint tax returns. The Legislative Revenue Office staff is looking into these as well as the following:

- Develop a process for systematically reviewing tax credit expenditures
- Examine options for restructuring the business energy manufacturing tax credit
- Review project definition and division under Business Energy Tax Credit (presentations 9/17)
- Explore alternative methods of apportioning corporate income for broadcasting companies
- Examine revenue implications for cigarettes (presentation 9/17)
- Explore tax policy options for stimulating small business development (part of Grand Bargain)
- Develop further options for enhancing state income tax compliance (report at Economic forecast)

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University Governance: More Surprises

After the nine month discussion and recommendations from the Special Committee on University Governance, followed by the intense and thorough legislative debate, review and ultimate passage of the University Governance statute, the hearing by the Senate Rules committee to appoint the nominees to the internal boards at PSU, OSU and UO was pleasantly anticipated by supporters. The Governor chose the potential board members from lists submitted by the respective university presidents and recommended up to 15 nominees. Each list included students, faculty and staff members. A voting student member is required on every board, as well as a faculty member, who the Governor decided could also vote. No



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staff members were included. Each institution's president is a non-voting member.

On September 16 the Senate Rules committee held a three hour session to hear brief comments from nominees to several state boards and commissions, including the Higher Education Coordinating Commission and the institutional boards of directors. (I was impressed by the statements from the university boards group, representing diversity in many ways, wide involvement, enthusiasm, and intelligence). The nominees were approved, and the names were forwarded to the Senate for appointment adoption.

Five Senate members, out of 30, were absent on September 18, and passage of motions requires 16 votes. The vote was 13 to 12, defeating the motion to appoint the board members. The negative votes were bi-partisan, and those casting them indicated their displeasure at having faculty members on the board because of possible "conflicts of interest". Needless to say, there is much consternation, but also leadership assurance of a positive vote when the legislature meets for the November Interim Session and all members are present.

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Higher Education: Falling into Place

The final (!) chart for the P-20 Oregon seamless public education system has been drawn, and the organizational patterns for the higher education section are in place. It seems an ideal time for the League to be embarking on its restudy of the Oregon higher education structure. Briefly, the system has a Chief Education Officer with oversight responsibilities for its entirety. There is an Oregon Education Investment Board (OEIB) that has jurisdiction regarding pre-school, K-12 and higher ed as to student outcomes and the contracts which all levels of education must submit annually.

For higher education, both community colleges and four year institutions are included and are expected to collaborate, communicate, coordinate and cooperate within the system. The Higher Education Coordinating Commission (HECC), whose members were appointed on September 18, has immediate supervision and expected interaction with the institutions. The three university boards and a small Board of Higher Education for the four regional universities, also are charged to work with each other and the rest of the system. Within this system are smaller initiatives, such as high school and community college arrangements. As the new educational scheme develops, we can learn and be involved first hand.

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State Budget Process - [SB 552](#)

A small Task Force of legislators and Governor's and Legislative staff has been formed to recommend to the full Legislature changes in the statutes surrounding the state's budget processes. Part of their task is to "help align the state budgeting process with the desired outcomes recommended by the Governor and adopted by the Legislative Assembly". Agencies were required to provide both a budget response to the [Governor's 10-year plan](#) and the traditional format used by the Joint Ways and Means Committee for the 2013 session. The League is interested in budgeting for outcomes, but also in having one system for agencies to follow. You can sign up to receive the Task Force agendas and listen in online.



If numbers are your interest, the Legislative Fiscal Office has [Budget Highlights](#) and a three-page [Budget Summary](#) on the recently passed 2013-15 budget. The Secretary of State's Audits Division has a wonderful [Financial Condition Report](#) for 2012 on its audits website

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Review of State Boards and Commissions

The House Interim Committee on Consumer Protection and Government Efficiency heard a [presentation](#) by the National Conference of State Legislatures since many states are focusing on government efficiency. Some states have eliminated inactive groups or consolidated or modified the mission of some. There is little evidence of much budget savings but there is a streamlining result.

Oregon has a long history of using the expertise of its citizens to help in state governance. These groups have a primary function according to Kendall Clawson of the Governor's Office "to protect the public". Recently they have compiled a list of all of these groups and have created a general training booklet on the rights, responsibilities and rules to follow when appointed to an Oregon Board or Commission.

Holly Mercer, Interim Director of the Oregon Health Licensing Agency, provided an [overview](#) of the many groups she helps administer and how having these groups under one agency has facilitated their jobs.

The Secretary of State's office did an [audit](#) of our state Boards and Commissions and pointed out the risks to the state without better training and oversight. Expect to see legislation in 2014 or 2015 that will require a review of all these Boards and Commissions and who appoints and can remove members.

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Social Policy

Education Funding

The Interim Committee on Public Education Appropriation met to discuss the Education Budgets for 2013-2015, including a presentation on the Quality Education Model. The Legislative Budget Analyst said that the State School Fund for K-12 took 77% of the Education Budget leaving much smaller amounts for Higher Ed and Community Colleges. The State School Fund was set at \$6.55 billion for the biennium, excluding state Department of Education administration. K-12 funding draws 67% from state revenue and 33% from local revenue, which varies with local bonding authority.



Karen Nibler, Social Policy Coordinator

The Quality Education Model estimates the level of funding needed each biennium. The gap between the level needed and allocated has ranged from -\$1.64 billion to -\$2.21 last biennium. For 2013-15 the gap was -\$2.1 billion and it was recommended this gap be decreased by \$2 billion over the next 5 biennia. If the Special Session approves additional revenue, the school fund may increase by \$100 million for the current biennium, which would assist in the reduction of that gap.

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Education Updates

Both Senate and House Education Committees heard from the Governor's staff regarding the new education initiatives. The Oregon Education Investment Board (OEIB) Interim Director said that the division directors met every two weeks to knock down barriers in the transition to the new system. OEIB has funded 12 collaborations to send more students to college.

A representative from the Student Access Commission talked about the value of two years at the community college level to both the students and the state. A representative from the Oregon University System talked about the return on investment of a college education.

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Early Learning and Youth Development

The Department of Education has assumed the Early Learning and Youth Development Divisions. The Deputy Superintendent and Directors of these Divisions reported that the transition has gone smoothly. The Early Learning Division has received 19 letters of interest, or intent, to apply as regional hubs. These community collaborations cover all the state and some are duplicates. The agency is working on the Kindergarten assessments, which require 15 minutes with each child. Legislators were concerned about the additional burden on Kindergarten teachers.



The Youth Development Division is aligning its homeless youth programs in schools and in human services in shelters and outreach programs. The crime prevention includes state, county and community programs. Future Youth Development efforts will emphasize academic success, school retention, and preparation for jobs and careers.

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Health Care Update

Most Coordinated Care Organizations, 14 out of 16 regions, have been operating for one year already. The vast majority of patients, 90%, are on Medicaid. The first quarterly measurements on 33 metrics have been reported and the next is due November 1, 2013. The metrics can be found on the Oregon Health Authority (OHA) [website](#).



Mental health care has already been integrated with physical health, and dental care is due to be included on October 1. A legislative workgroup on transformation projects has been initiated. The Future of Public Health group has not yet been appointed and will report to the

2015 Legislature.

The Cover Oregon website is due to be open to insurance agents and agencies on October 1 for a trial run of the insurance exchange. The administrator expects to have some technical difficulties within the first month and will announce when the public will have access to the website. The insurance coverage will start on January 1, 2014, so potential customers will have a few months to research insurance options for Medicaid and subsidized private policies on CoverOregon.com. A call center is already open.

Basic Health Options, a federal program, was introduced as a method to serve illegal residents. A Latino Coalition reported that it anticipates 200,000 undocumented residents will not be covered under the Cover Oregon options. Advocates asked that this federal option be considered.

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Human Service Updates

The Ways and Means Subcommittee on Human Services reviewed the outcome data for a new program to Strengthen, Preserve and Reunify Families and found no improvement in the number of children in care or the length of stay in foster care. The number of children exiting from foster care was lower. The Committee discussed the impact of the economy on families and the number of staff. The Child Welfare Division had received additional funds to restore staff positions in the new biennium but not all positions are restored or filled yet.

Services for People with Intellectual and Developmental Disabilities are being implemented through a new Medicaid plan for disability related needs and comprehensive services. The K plan will broaden the population, provide services in the home and eliminate the need for a crisis in order to get services.

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Housing and Community Services

This agency is in the process of reviewing its services and making recommendations for options to consolidate its services. The agency administers 49 programs with 64 funding sources and works with community action agencies to deliver services in local regions. The agency will report to the 2014 Legislative Session on its plans to reorganize for the second year of the biennium.

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Public Safety Presentations

The Judiciary Committee heard Dr. Letourneau from the John Hopkins School of Public Health talk about the effects of sex offender registration on juveniles. Her research found that juveniles who had sex offenses had similar recidivism rates as non-sex offenders and that sex offender registration did not improve community safety. Nothing supported sex offender registration and she concluded that registration could cause negative consequences. The committee chair concluded that the judge needs tools to determine if registration is appropriate. A work group on Juvenile Sentencing has been initiated following the work of the Committee on Public Safety in the recent session.



The Department of Corrections provided information on Transition and Re-Entry efforts to reduce recidivism after incarceration. Since the end of the last session, the Justice Reinvestment Project will allocate funds to Community Corrections Programs to fund the Transition Programs for 90 days. This program anticipates savings from the early release of prisoners 90 days before the end of their sentence and the lower number returning to prison for violations and new offenses. Prisoners with mandatory sentences will not be eligible for the transition program. Data will be reported to the 2015 session.

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Natural Resources

Forest Fires Cost Us All

The 2013 fire season, not quite over, has already had acreage burned on state protected lands exceeding 100,000 acres for the first time since 1951. Although the Oregon Department of Forestry's (ODF) budget was increased in 2013, allowing the contracting of two small fixed wing aircraft not available in past years on top of helicopters and large tankers, there will be a need to dip into the General Fund for an additional \$25-40 million to cover



Peggy Lynch, Natural Resources Coordinator

costs. Expect ODF to go to a November Emergency Board meeting, or the full Legislature in 2014, to address the shortfall.

Facts of interest: When fighting fires that are meant to protect homes, the Federal Emergency Management Agency (FEMA) usually reimburses the state for 75% of that cost. The more homes are located in the middle of our forests, the more costly it is to us all. Lightning strikes caused 45% of this year's 1,083 fires-double prior years' average. Timber value of Oregon forests: \$60 billion. Loss of income to the tourism and recreation industries was great, especially in the Rogue River area.

This year's fires in SW Oregon were located on both private and Oregon and California (O&C) lands managed by the Bureau of Land Management (BLM). These lands look like a giant checkerboard and are part of the federal discussion you've read about in Congress where a House bill has passed but has been threatened with a Presidential veto. Senator Ron Wyden intends to provide his own legislation on these lands soon. See page 8 of the ODF presentation for a [map of the fires](#).

BLM contracts with the ODF to provide fire protection on these O&C lands. The difference in forest management of these two sets of lands provided a different experience for firefighters, depending on their assignment.

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Columbia River Treaty Update



The Columbia River Treaty Review Team has released its latest [draft recommendation](#).

The Oregon League has been in communication with the WA, MT and ID Leagues in this process and our volunteer, Phil Thor, has provided specific comments on our behalf. We are pleased to be in concert with the native tribes and our own Water Resources Department (see Water Resources [informational briefing](#)) in calling for a more ecosystem-based approach to managing the Columbia River basin. Indications are that both the U.S. and Canada want a continuation of the treaty (with some modifications), but Canadians living along their portion of the basin's rivers do not.

There will be a public discussion on October 16 from 2:30 until 5:00pm in the BPA Rates Hearing Room at 1201 NE Lloyd Blvd., 2nd Floor, in Portland.

The next deadline for public comment is October 25. Target deadline for the Team to submit a recommendation to the U.S. State Department is December 2013. The League expects the Team to recommend that the Treaty be modernized to "bring about better and more balanced benefits to the region".

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Klamath Basin Irrigation Season

The 2013 water season has been exceptionally dry in the Klamath basin, with the Governor declaring a drought in April. This is the first year water rights have been clarified and it was necessary to begin regulating rights in June. Causing hardship to some, the regulated community cooperated and tensions were less than in previous drought years. The good news is that there was a significant increase in stream flow with these new regulations. See Water Resources [overview](#) of the Klamath Basin irrigation season.

Senator Wyden has a legislative draft to again address the needs of this basin.

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Oregon's Ports

The Senate Interim Committee on Rural Communities and Economic Development heard a presentation by Oregon's



Ports. The challenges facing our coastal and Columbia River ports are not only the need for dredging to keep them open, but other infrastructure needs including repair of old jetties and traditional infrastructure such as road and rail connections, sewer and water facilities. They also need monies to help with planning for their futures.

Hood River, Coos Bay and Newport all presented information, as well as the Oregon Public Ports Association. Part of their funding problem is seen in their low property tax bases. In WA, their tax base is 45 cents per \$1,000. Expect an "ask" for monies to help again in 2015.

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HB 2620 Regional Solutions and a Plan

Having [testified](#) in support of public review and engagement when the Governor develops a plan to "align state economic and community development programs with regional and community based development programs", the League is now participating in the Steering Team to develop that plan. Stay tuned for opportunities in your area to participate in a survey and roundtable discussions to learn about [Regional Solutions](#) Teams, Centers and Projects.

You can help design this plan for your area. Look for information to be forwarded to individual Leagues as these opportunities arise.

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Grassy Mountain Gold Mine

There's GOLD in them thar hills! The League spent time this last session discussing suction dredge mining in our rivers and streams. But Malheur County in far Eastern Oregon has gold and other precious metals in the ground. Calico Resources has begun a consolidated permit application to open an underground mine approximately 22 miles south of Vale.



See Calico Resources [project overview](#). The property has been under consideration for mining since 1984. The price of gold, new mining techniques and the fact that other states are now regulating their mining activities in a more stringent manner similar to Oregon, are all factors that have moved this project forward.

Because of the variety of permits needed, the mine is at least a year away from opening. Two things are important:

- The permitting process is being developed under a ["consolidated" process](#) where many permitting agencies are working together with the applicant. (Expect to see more "consolidated permits" around the state in the future as Regional Solution Centers become more integral to permitting.)
- The second important issue is that Malheur County has a median household income of \$39,013, \$10,000 less than Oregon's average. The 120-150 jobs, although a maximum life of 15 years only, are expected to average \$70,000. There are other potential mining sites that could extend the job life to 50 years.

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Cyrus Property Near Sisters

At the end of the 2013 legislative session, [HB 3536](#) was introduced to allow yet another "one off" land use development that should be a part of local decision making. Representative John Huffman, in whose House District the Cyrus family property is located near Sisters, has asked that the Department of Land Conservation and Development help hold discussions on whether the Transfer of Development Opportunities (TDOs) related to the Metolius decision found in [HB 2228](#) (2009) could be used for this expansive development proposed by the Cyrus family.

The League does not support legislative actions on individual land use proposals and we certainly don't support the new golf course, rv park and other development proposed by the Cyruses. We are, however, interested in seeing the Metolius TDOs used in a part of rural Oregon where unemployment is high (as envisioned in HB 2228). An open house and public meeting is scheduled for October 1st at Sisters High School for those interested in this project.

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Economics of Rural Oregon



During his presentation of the September State Revenue Forecast on August 28th, Mark McMullen, State Economist for the Office of Economic Analysis, issued an alarm for rural Oregon: If there are no jobs for the 25-35 year olds, these communities are likely to collapse. These are the ages when people set down roots, buy a home and raise a family. While providing no solutions other than ensuring that these communities have the infrastructure they need (water, sewer, roads, internet/broadband), Mr. McMullen noted that these people are important to urban Oregon as well because they are a source of new employees, and often these rural young people are more likely to be upwardly mobile than their urban counterparts. He provided presentations to the Senate ([presentation](#)) and House Rural Communities Committees ([presentation](#)) where he shared statistics on rural Oregon's economy. The only good news is that the housing industry is improving. And we are seeing a resurgence of food processors in the mid-Willamette Valley. There are now 10% more workers than 15 years ago.

Bruce Weber of Oregon State University's Rural Studies Program noted that these communities tend to be dependent on our natural resources and that we need to

support infrastructure and invest in human capital. The new trend to "buy locally" can help with the linkages between rural and urban Oregon to the benefit of both.

Karen Goddin of Business Oregon noted the importance of our agricultural industry and how "branding" and marketing of artisan products is important. Land is critical to many rural industries like agriculture, but also for drone testing sites. Tourism, value-added forest products, renewable energy and our marine fisheries also need support. Business Oregon helps with export knowledge, linking resources and data, encouraging broadband development, e-commerce, workforce development and training. Access to a well-trained workforce is the single most important factor in business location in both rural and urban Oregon.

Since school districts are usually the largest single employer in Oregon's small towns, perhaps the increase in school funding will help, although the privatization of classified employees (bus drivers, cooks, custodians) has reduced those paychecks. The increase in natural resource agency funding (which the League helped attain) will help because many of those workers are paid family wages and are located in rural Oregon.

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Energy/Climate/Transportation

Cars and Coal

Oregon's Global Warming Commission [report](#) indicates that a focus on reducing the emissions from transportation and electricity generation will be required to reduce emissions by 19% by 2020. Actions must include eliminating the sunset on the Clean Fuels Standards and seeking federal assistance in requiring reduced emissions from the out-of-state coal fired power plants that supply Pacific Power and some consumer owned utilities.



*Theresa Gibney,
Natural Resources
Volunteer*

The Commission measures Oregon's performance against goals set for reducing carbon emissions. The goals, established by legislation, are to stabilize carbon emissions by 2010 (successfully achieved!!), reduce emissions to 10% below 1990 levels by 2020 and reduce emissions to 50% below 1990 levels by 2050. Testimony to the House Energy and Environment Committee also included reports on the largely negative (albeit some positive) impacts to key

Oregon businesses (Shellfish, Wine and Nursery Industries) from the observed warming trend.

On a side note, the U. S. Environmental Protection Agency has taken steps to reduce emissions from NEW coal plants. See the [draft rules](#).

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State Agency Decision Making Role Debated

The Oregon Department of Energy decision to award three Business Energy Tax Credit (BETC) awards to the Shepherd's Flat wind projects was the subject of a joint meeting of the Senate and House Revenue Committees. The Department's testimony was that the decision was made consistent with the rules, but that future rules might be revised to better meet legislative intent from the 2011 session.

This observer feels that "the rule of law" requires that current decisions be based on current rules, without imposing "common sense" (as argued by Representative Conger). While most agree that common sense would have seen the three projects as a single project, a legal challenge would most certainly have been mounted should the decision be inconsistent with the rules as written.

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Clean Energy Economy Well Underway

In every presentation, emphasis was given to the fact that the cheapest way to make sure energy demand meets energy supply is to invest in energy efficiency. Despite this, Clean Energy Works of Oregon (and several energy efficiency contractors) were asked to provide the Legislature (directly) with the data that shows that the direct state investment and tax credits available for energy efficiency save energy cost effectively. They were asked to not include jobs growth as a measure for their work. Renewable energy continues to receive the majority of focus.



The Oregon Department of Energy (which verifies that renewable energy meets qualifications for both investor owned and consumer owned utilities) and the Oregon Public Utility Commission (which monitors status of investor owned utility compliance with the Renewable Portfolio Standards--RPS) described their work, and electric utilities

testified that they have installed 100% of their RPS requirements through 2020, with an incremental rate increase of only 1% for the investor owned utilities.

Confusion remains: although the RPS limits rate increases to 4% or less above non-renewable sources, panelists received questions in both chambers about rates increasing at double digit rates due to the RPS. Panelists took several opportunities to emphasize that the point of the RPS was to increase new renewable energy installations, not to count the sum of existing systems. Panelists tried to dispel misinformation (claiming that hydro has been defined as "not a renewable") by pointing out that all NEW (post 1995) hydro that is installed to current low-impact expectations applies towards the RPS. Judges (county commissioners) from Sherman and Morrow Counties, joined by the Renewable Northwest Project, testified on the positive impact of recent renewable energy projects on their counties and on Oregon's economy. With the demise of an effective Business Energy Tax Credit and with the RPS mandate being met, these county judges challenged the legislature to look for ways to attract future renewable energy projects to Eastern Oregon counties and to analyze state return on investment by including local property taxes paid and donations to community events (not just state income taxes paid).

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Transportation-A Crisis Brewing

The Oregon Department of Transportation (ODOT) expects a major deficit in transportation funding in future biennia because of decreased miles driven and fuel economy



increases. ODOT federal funding for highways is especially at risk because ODOT does not see signs that federal gasoline taxes will increase by the \$.08-\$.10 per gallon required to keep federal funding constant. See ODOT [report](#).

A subsequent [presentation](#) on the West Coast Infrastructure Exchange emphasized that public/private partnerships are a financing mechanism and not an approach that provides significant additional funding. Excellent execution of public/private contracts is required to offset the increased costs of financing through private parties. It requires special state staffing with a particular and enduring expertise. Whether or not this is a good idea, the need for infrastructure exists.

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League of Women Voters of Oregon | 1330 12th St. SE, Suite 200 | Salem | OR | 97302

