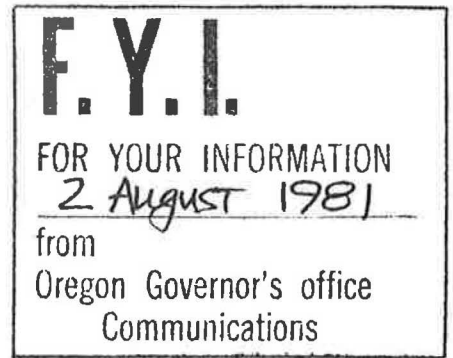


August 2, 1981

TO: Gov. Atiyeh
FROM: Denny Miles
RE: Legislative Package Summary



This is a quick review of your legislative program package (both winner and losers) as of sine die. Although it does not contain some housekeeping measures it does include all of your important proposals.

First let's take a look at those areas you highlighted in your state of the state address.

The legislature endorsed major components of your Special Energy Program, including:

- o comprehensive residential weatherization incentives,
- o alternate energy tax credits for homeowners, and
- o new tax credit incentives for conservation and recycling for business and industry.
(a complete summary is attached)

-Your bill for the implementation of the Northwest Regional Power bill passed early in the session. (SB 282)

- Land use planning was addressed in this session with HB 2225. This legislation describes the role of land use planning and the LCDC in the post acknowledgement phase. This bill passed with considerable input from your office. Your amendments streamlines the appeals process and sets up a procedure to swiftly approve amendments to local comprehensive plans.

- Both legislative and congressional reapportionment was completed during the session. With one exception the districts generally met the criteria you had established early in the session. The one area in congressional reapportionment which did not meet this criteria would have forced a special session had you vetoed the bill. As a result the measure will stand as is.

- Your Commission on Judicial Branch Reform prepared a comprehensive set of reform recommendations introduced as HB 2696. This measure provides for administration of the court system through the chief justice and the presiding judges. The legislature removed the original recommendation of the commission that the Governor appoint the chief justice and passed the measure. You strongly supported the original bill but strongly opposed the appointment provision.

- The major piece of workers' compensation legislation this session was HB 2600. Although you did not introduce this bill, your SB 104 ended up being included nearly completely in HB 2600. SB 104 was the work of your task force on workers' compensation. Generally this legislation will bring reduced rates and increased workers benefits.

- Your hazardous waste package included four bills. All these Senate Bills (SB 917, SB 146, SB 108, and SB 109) passed into law. These measures will ensure that Oregon will be able to dispose of low-level radioactive waste through a radioactive waste compact with Washington State, improve our controls on all hazardous waste, provide a strong program to manage the production, transportation, storage, treatment and disposal of hazardous industrial wastes, and monitor and control the transport of radioactive waste material through Oregon.

- Much needed construction of corrections facilities will now be possible through HJR 22 the proposed Constitutional amendment authorizing \$60 million in correctional facility bonds.

- Your fish enhancement program through the HB 2213 fee increases will allow improved fish production programs, such as the Salmon Trout Enhancement Program (STEP).

- Your comprehensive water package passed. These four bills (SB 190, SB 191, SJR 6, and HB 2296) allow funds to be loaned to small communities to construct or rehabilitate water supply facilities, and establishes a program within the Health Division for monitoring drinking water systems to assure safe drinking water.

- A major thrust of your state of the state address called for increased penalties for intimidation based on racial or religious bigotry, covering persons or their property. Your racial harassment bill passed.

In addition to legislation proposed during your opening address to the legislature, you had numerous A-priority bills introduced.

- Your SB 194 merges the Soil and Water Conservation Commission with the Department of Agriculture, which will improve productivity, streamline agency workloads, and enhance both groups performance.

- You proposed a series of bills to revise laws on parole and probation. These measures (HB 2321, HB 2326, HB 2327 and HB 2328) will speed up procedures and make supervision more efficient. All bills in this package passed.

- One of your proposals was to transfer consumer services programs from the Department of Commerce to the Department of Justice. Your SB 892 will bring more effective enforcement of consumer laws.

- Your HB 2242 increases revenue bonding authority of the Housing Division from \$530 million to \$1,030 million. This should greatly broaden the eligibility of elderly households.

- HB 2003 was not a Governor's bill, however it contains the substance of your SB 157 which would adjust membership requirements for certain boards and commissions to reflect the existence of a fifth Congressional district.

- A precedent setting measure in your package HB 3181 establishes a new form of river management. This Deschutes River Scenic Waterway legislation finances a state park river ranger program and future facility developments by charging a modest boater user fee. These proceeds will be plowed back into managing the recreation use on the river and for protection of private property along the river.

- Your HB 3242 declares that affirmative action guidelines will be employed in all three branches of government.

-In response to increasing needs of the elderly your SB 955 creates a Senior Services Division within the Department of Human Resources. This new unit will plan, coordinate and oversee administration of: programs specifically related to the needs of the elderly, including those in long-term care facilities.

- Your HB 2048 provides increased financial assistance to public transportation through a dispersing formula to transit districts based on the number of state employees working in those districts.

- HB 2484 was the major unemployment tax measure this session. Three bills were combined into a single measure in this subject area. Your HB 2095 which reduces the percentage rates that employers pay in unemployment taxes was incorporated into this final bill. As a unit the bill both increases benefits and decreases costs. The final bill passed both houses unanimously.

- HB 5018 is not only the funding mechanism for HB 2048 (see above) your transit bill, it also includes your proposal to continue the 18 month commitment the state made on the Willamette Valley Rail Project.

Governor's Energy Bills

The following Governor's Energy Bills have been approved by the 1981 Oregon Legislature.

- HOUSE BILL 2246: Residential Weatherization Program
HB 2246 consolidates legislation recommended by the Governor and approved by the Legislature to expand energy conservation services offered to Oregon homeowners by energy suppliers.
HB 2246 requires energy suppliers to provide conservation information, energy audits, and a choice of direct cash grants or low-interest loans to residential customers for weatherization services.
SB 110, in which the Governor recommended that energy suppliers' free home energy audit programs be continued and that suppliers inspect installed energy conservation services as a consumer protection measure, is included in HB 2246.
- HOUSE BILL 2247: Residential/Business/Industry Conservation Incentives
HB 2247 consolidates legislation recommended by the Governor and approved by the Legislature to improve and expand energy conservation incentives in the residential, business, and industrial sectors.
HB 2247 replaces the residential energy tax credit program for homeowners who heat with electricity and natural gas with direct cash grants from energy suppliers as authorized by HB 2246. HB 2247 also incorporates the following energy bills recommended to the Legislature by the Governor.
SB 114 removes the interest ceiling of the 6½ percent energy loan program offered through commercial lending institutions to oil heat customers so that the program can function in the event of higher interest rates.
HB 2247 also continues weatherization tax credits for oil heat customers through August 31, 1981.
HB 2252 maintains Oregon's Residential Renewable Resource Tax Credit program. The program, adopted in 1977, offers tax credits amounting to 25 percent of costs up to \$4,000 for solar, wind, geothermal or hydro alternate energy systems. HB 2252 also improves the Oregon Department of Energy's (ODOE) tax credit certification process by eliminating the preliminary certification requirement for dealers who have received prior ODOE review of equipment and

installation procedures. The Legislature also approved the Governor's recommendation that groundwater heat pumps be added to alternate energy systems eligible for tax credits.

HB 2256, now incorporated in HB 2247, improves the 1979 Business and Industry Tax Credit Program for Renewable Energy Resources. That program offers a 35 percent tax credit to business and industry for the cost of renewable resource equipment. Amendments recommended by the Governor and approved by the Legislature broaden eligibility to include conservation and recycling equipment costs. The Legislature increased the total amount of investment eligible for tax credits from \$30 million to \$40 million annually (the Governor had recommended an increase to \$50 million) and approved the Governor's recommendation that the program's sunset date be extended from 1983 to 1985.

- HOUSE BILL 2253: DVA Hydro Loan Amendment
The Governor recommended that Oregon veterans be eligible to finance small-scale residential hydro systems through the Department of Veterans Affairs (DVA). (1977 legislation allows such loans for solar, wind and geothermal devices.) The Legislature adopted the Governor's recommendation and increased the loan limit from \$3,000 to \$5,000.
- HOUSE BILL 2248: Energy Conservation Standards for Existing Residences
The Legislature approved the Governor's recommendation that ODOE establish standards for weatherization retrofits for DVA-financed homes and to offer guidelines to other Oregon homeowners on cost-effective conservation measures. The Governor's bill was amended to include conservation standards for the Small Scale Energy Loan Program.
- HOUSE BILL 2259: Energy Assessments and Fees
The Governor recommended and the Legislature approved changes in the method by which ODOE will calculate use assessments if the current method is deemed to be unconstitutional. The measure establishes an assessment ceiling and redefines exclusions from the assessment.
- HOUSE BILL 2260: Siting Statute Revisions
The Governor recommended and the Legislature approved exempting small pipelines for geothermal heating districts from the jurisdiction of the Energy Facility Siting Council (EFSC) and extension of EFSC authority to site and regulate synthetic fuel facilities.

- SENATE BILL 108: Radioactive Waste Disposal
The Governor recommended and the Legislature approved a regulatory and licensing program for the disposal of low-level radioactive waste materials which are not acceptable for disposal at a regional repository. SB 108 applies to low-level wastes generated before June 1, 1981.
- SENATE BILL 109: Radioactive Waste Transport
To monitor and control the transport of radioactive waste material in and through Oregon, Governor Atiyeh recommended restrictions and licensing for shippers. The Legislature concurred and the program will be administered by ODOE.
- SENATE BILL 53: Vanpool Incentive
The Governor endorsed and the Legislature approved legislation introduced by the Senate Interim Committee on Energy that certain regulatory and liability questions (including Workers' Compensation) be clarified to promote vanpooling.
- SENATE BILL 54: State Employee Ridesharing
The Governor endorsed SB 54, also introduced by the Senate Interim Committee. The bill extends insurance coverage to State employees using state-owned vehicles for carpooling. The Legislature concurred and added insurance coverage for non-State employees using state vehicles.
- SENATE BILL 110: See HB 2246.
- SENATE BILL 111: Commercial Building Audits
The Governor recommended and the Legislature approved requiring all utilities to provide energy audits for commercial buildings. (Energy suppliers have, since 1977, been required to provide audits to residential customers.)
- SENATE BILL 114: See HB 2247.
- SENATE BILL 115: Amendments to Small Scale Energy Loan Program
In May 1980, Oregon voters approved the sale of State general obligation bonds to finance loans for local, small-scale energy projects which use renewable resources. Congressional passage of the 1980 Federal Windfall Profits Tax Act requires that such bonds be registered bonds. The Governor recommended and the Legislature approved amending the program to allow ODOE to issue either coupon bonds or registered bonds.

- SENATE BILL 116: Geothermal Resources Conservation Act
The Governor recommended and the Legislature approved SB 116 which establishes procedures for providing unified management of geothermal reservoirs. Under SB 116, the resource owners would be defined and would share the benefits of geothermal development, even if wells recovering the resource are not on their property.
- SENATE BILL 117: Geothermal Ownership and Regulatory Responsibilities
To eliminate confusing duplication of regulatory responsibility and to promote resource development, the Governor recommended that production of geothermal resources less than 250 degrees Fahrenheit be under the jurisdiction of the Department of Water Resources and that resources of at least 250 degrees Fahrenheit be under the jurisdiction of the Department of Geology and Mineral Industries. The Legislature concurred.
- SENATE BILL 118: Generation at Existing Dams
The Governor recommended that the Department of Water Resources (DWR) consider whether dams higher than 25 feet and at which power generation may someday be feasible, should be equipped with a penstock and drain to accommodate power generating equipment. The Legislature concurred and added that such dams must meet statutory requirements for safe passage of fish.
- SENATE BILL 119: Local Wind Access and Recording
To promote the development of wind energy, the Governor recommended and the Legislature approved authorizing local jurisdictions to consider wind access in land use planning, and to record all leases, options, and rentals of sites for wind and solar project developments.
- SENATE BILL 121: Ridesharing Incentives
The Governor recommended that operators of buses be allowed to operate non-charter buses to special events. The Legislature concurred.
- SENATE BILL 917: Interstate Compact for Radioactive Waste Disposal
The Governor recommended that the State of Oregon enter into a regional agreement with other Pacific Northwest states for the disposal of radioactive wastes (at the Hanford, Washington Disposal Site). The Legislature approved the Compact and stipulated that the Governor's appointee to the Interstate Compact Commission be subject to Senate confirmation.

HOUSE BILL 5073: Special Energy Program Appropriation
The Legislature adopted in principle funding for the Special Energy Program, with specific expenditures to be considered by the Emergency Board.

SENATE BILL 5537: Oregon Department of Energy 1981-83 Budget
The Governor's 1981-83 recommended budget for the Department was approved by the Legislature at \$9.9 million, and at \$80 million for Small Scale Energy Loans.

The following Governor's Energy Bills were not adopted by the 1981 Oregon Legislature. Instances in which an element of a bill not adopted was included in another bill which was adopted are noted.

HOUSE BILL 2249: Revisions to Eligibility Standards for Industrial Development Revenue Bonds
This measure would have amended eligibility standards for projects financed by IRDBs to require, where reasonable, a review of energy efficiency standards of proposed projects. The measure also would have extended loan eligibility to energy conservation and renewable resource projects.

The Legislature did, however, approve the Governor's recommendation for broader eligibility and expanded incentives for the state's Business and Industry Tax Credit Program. (See HB 2247)

HOUSE BILL 2250: Wind Monitoring Tax Credit
This measure would have granted tax credits for part of the cost of wind measuring equipment. Persons who claim the credit would have been required to submit wind resource data to ODOE.

ODOE, in cooperation with US DOE and the Bonneville Power Administration, will work to continue the state's current Wind Anemometer Loan Program through which potential wind energy users can borrow wind measuring equipment.

HOUSE BILL 2251: Residential Loan Program for Renewable Resources
The Governor recommended that the Legislature remedy flaws in the 1979 Residential Loan Program for Renewable Resources. No loans were ever made through the program.

Although the Legislature did not adopt amendments recommended by the Governor, his program to continue homeowners tax credit incentives for renewable resource systems was approved. (See HB 2247)

The tax credit offers an attractive incentive to homeowners at lesser costs to the state. The Governor and ODOE will continue working with Oregon's Congressional delegation to change federal law so that borrowers who use the state's Small Scale Energy Loan Program can qualify for federal alternate energy system tax credits. If this effort succeeds, the Loan Program will be an effective method for financing solar equipment.

HOUSE BILL 2254: Utility Incentives for Renewable Resources Development
This measure would have provided financial incentives for electric utilities to invest in renewable energy resource projects by allowing the cost of construction of such projects to flow directly into the utility rate base.

HOUSE BILL 2255: Utility Incentives for Renewable Resource Development
This measure would have delayed the assessment of ad valorem property taxes on utility renewable resource projects until energy from the project comes on line.

HOUSE BILL 2257: Rideshare Incentive
The measure would have excluded from the computation of taxable gross income, sums collected by the taxpayer from passengers in a rideshare agreement and rideshare incentives offered to an employee by an employer.

The Legislature concluded, and the Governor agrees, that sufficient authority exists to accomplish the goals of HB 2257.

SENATE BILL 112: Building Code Revisions
This bill would have restructured each building code advisory board to include persons with appropriate energy expertise, rather than continue a separate energy advisory board.

A second part of SB 112, a revision of building permit fee schedules to reflect the costs created by energy conservation requirements, inspections and code enforcement, was included and approved in separate legislation (HB 2735).

The Governor has directed ODOE staff to continue to work with the Department of Commerce building codes staff and to review energy conservation-related issues before the advisory boards.

SENATE BILL 113: Maximum Power Lighting Standards
This measure would have directed the Department of Commerce to develop maximum lighting power standards for existing commercial buildings. The Legislature concluded that the Department of Commerce has sufficient authority to accomplish the Governor's objectives.

SENATE BILL 120: Alcohol Fuel Producers Licensing
This measure would have established OLCC procedures for licensing alcohol fuel producers. The Governor agrees with OLCC's conclusion that it has sufficient authority to achieve the objectives of SB 120.

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