



Oregon Metals Industry Council

2007 Legislative Report

Prepared By:

Public Affairs Counsel

867 Liberty Street NE, Salem, OR 97301

Ph: 503.363.7084, Fx: 503.371.3471

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Introduction

Much like the underdog racehorse Seabiscuit, House Democrats in November 2006 overcame all odds and took control of the lower chamber on a slim 31-29 majority for the first time in 15 years. The tides turned for the House Republicans, none of whom had experienced a day in the minority. On November 8, Oregonians awoke to a new political landscape with Democrats holding both chambers and the Governor's seat for the first time in decades.

Observers expected the newly minted House Democratic leadership to make a wobbly start during the 2007 Legislative Session, but Speaker Jeff Merkley, D-SE Portland, and Majority Leader Dave Hunt, D-Gladstone, set legislative priorities and deadlines that defined their maiden voyage and resulted in the earliest adjournment since 1995. The Senate Democrats held their strong majority at 18-11-1, with Sen. Avel Gordly, I-Portland, exchanging her Democratic affiliation before the session began.

Instead of treading cautiously, Democrats shot from the gates in January with a cadre of tax, union, environmental and civil rights proposals that Republicans had stymied for years. Because of this bravado, communication between the Senate and House leadership remained chilly throughout much of the session. Senate President Peter Courtney, D-Salem, pushed for an early adjournment, while Speaker Merkley kept his eye on passing major policy items without much regard for Courtney's artificial timeframes.

The only chip Republicans in the capitol had to play was the requirement that five House Republicans needed to vote with all 31 Democrats in order to pass tax increases, which by constitutional decree, require 3/5 approval in both chambers. Throughout the session, House Republicans held firm on tax increase votes, and ultimately stopped tobacco, beer, consumption, sales, fuel, and corporate minimum tax increases from advancing. The only tax-related legislation to slip through was a consensus health care provider tax that garnered federal matching funds to increase reimbursement levels, and a referral to the voters that would place a tobacco tax increase for health care programs in Oregon's Constitution, which only required a simple 31-vote majority.

The House Republicans' case to reject tax proposals was mainly based on a \$2 billion boost the state budget received over 2005-07 levels from increased corporate and income tax receipts. Oregon's piggy bank was the fattest it had been since before the late 1990s recession, and in the end, PreK-20 education received the lion's share of the dollars.

During the budgeting process, several political hiccups occurred in both parties due to the reticence of the Co-Chairs of Ways and Means to disclose exactly how much money the state had available, from where it was coming, and more importantly, where it was going. This unusual development led to several Ways and Means members holding up budgets until the Co-Chairs showed their cards.

Outside of the bicameral and budgeting woes, caucuses routinely dealt with urban/rural divides within their ranks. Coastal and country Democrats often sided with their more conservative counterparts on social and environmental issues, while in the same breath rural conservatives and Portland liberals teamed to attempt to implement a new voting system that would have given more power to alternative political parties.

The session's outstanding example of the urban/rural split evolved from environmentalist dissatisfaction over Measure 37, a property rights ballot measure that passed in 2004, which requires local governments to allow property owners to build on their property or pay the landowner for the loss of the land's value due to land use restrictions. Over a period of four months, a committee met during the evenings to attempt to craft a compromise. These attempts failed, and the Democratic majority pushed through a referral that would result in a near repeal of Measure 37.

While the lower chambers scuffled over who was in charge, the Governor and his staff made a concerted effort to maintain visibility in the halls. During his reelection campaign, Governor Ted Kulongoski was dogged by accusations that he was routinely absent in the building, and played "the man behind the curtain." In 2007, Kulongoski was credited with influencing several major policy wins for Democratic supporters early in the year.

By session's close, Republicans marked notable wins in the tax category while Democrats' scorecards filled up with multiple victories like civil unions for same-sex couples, renewable energy standards for utilities, measures to make it easier to unionize public employees, and the creation of a statewide insurance pool for teachers.

Even as the gavels fell on the 74th Oregon Legislature, political jockeying continued in preparation for the body's first trial run of annual sessions in February of 2008. Like the April 2006 special session, many expect to see heavily promoted political antics during the month-long stint in Salem as Democrats in the House look to pad their majority, and Republicans hope to pick up the pieces after last November's tidal wave.

As January 2007 neared, the Oregon Metals Industry Council (OMIC) braced itself for the upcoming legislative session, the first one since 1989 where the Democrats controlled both chambers and the Governor's office. It was obvious that the industry would be playing defense on a host of various issues. Fortunately, OMIC has a strong reputation in the building among legislators and other industry representatives and was able to earn some positive results this session.

As anticipated, the Investor Owned Utilities (IOUs) had legislation introduced that would have significantly diminished the value and equity to ratepayers established in 2005 (SB 408). HB 2479 proposed to change the definition of "taxes authorized to be collected in rates" and "taxes paid" in such a way that would have effectively gutted the provisions established in SB 408. OMIC was part of a coalition led by Industrial Consumers of Northwest Utilities (ICNU) which fought aggressively against these changes arguing that the bill was unwarranted and that any change to the provisions of SB 408 was premature and that SB 408 should be given a chance to work. The coalition proved successful in stopping this bill which was never even given a public hearing.

Another positive result came from the passage of the Oregon InC package \$850,000 for the Oregon Metals Initiative (OMI). The Oregon InC package was especially important to OMIC as it included a substantial increase for the OMI. OMI provides a 1:1 match between state and private dollars for industry specific research. The program has enjoyed a great deal of success for over a decade and serves as a model for other industries. The Oregon InC package allocated an additional \$850,000 a biennium for OMI, almost doubling the current allocation of \$1 million a biennium.

One issue which dominated the session was the renewable portfolio standards bill requiring all electricity utilities to produce 25 percent of their electricity using renewable resources by 2025. While there were numerous bills that dealt with this issue, SB 838 was the final vehicle that passed. It was clear early on that this was a "take home issue" for the two environment committee chairs, Sen. Brad Avakian (D – Multnomah/Washington) and Rep. Jackie Dingfelder (D – NE Portland). OMIC worked with the business coalition, led by Industrial Consumers of Northwest Utilities, that understood the impact such legislation could have on utility rates and therefore the economy as a whole. While the coalition was successful in slowing the bill down allowing for increased dialogue and several meaningful amendments, in the end the bill passed both chambers and was signed by the Governor. Amendments adopted to SB 838 provided better exemptions for public utilities and limited what costs Investor Owned Utilities (IOUs) can pass on to their customers through an automatic adjustment clause to renewable energy sources and their transmission. In addition, an amendment passed requiring

an evidentiary process for ratepayers before the Public Utility Commission when a utility imposes an automatic adjustment clause.

Sen. Vickie Walker (D – Eugene) led the charge on the contentious ban on mixing zones this session which appeared in SB 737. OMIC was represented by Public Affairs Counsel on the Oregon Water Quality Coalition (OWQC). OWQC was part of the workgroup put together by Sen. Walker. While originally opposed to the bill, the League of Oregon Cities eventually signed on with Columbia Riverkeeper and Sierra Club to convert the bill to a study bill with municipalities as the only ones impacted. In the end, what started as a ban on mixing zones ended up as a DEQ study of persistent pollutants.

In one of the session's bigger disappointments, this legislature allowed the sunset of the Pollution Control Tax Credit Act. Public Affairs Counsel worked with Associated Oregon Industries (AOI) on a bill to extend and enhance the credit. Midway through the session, Public Affairs Counsel encouraged AOI to work with Oregon Business Association (OBA) on a collaborative bill designed to benefit business and the environment. Included in this effort were industry associations, DEQ, and the Governor's office. The final result was HB 3500 that would allow tax credits for going beyond federal requirements and more for exceeding both state and federal requirements. Unfortunately, even with broad support, the bill was still opposed by the Oregon Environment Council and OSPIRG and the bill died in Ways and Means.

What started as a major fee increase for those holding federal Title V permits, SB 107 was amended to phase in the increases over three years and requires the Environmental Quality Commission (EQC) to publish information detailing the technical and scientific or other reason when the EQC proposes a rule stricter than federal requirements. The EQC must also provide information on alternatives considered, why they were rejected, and allow anyone "directly harmed" by the proposed rule to appear in person before the Commission.

House Bills 5022 and 5023 are the Department of Environmental Quality (DEQ) budget bills. The bills increase the agency's budget for the 2007-09 years by \$21 million, a 12.4% increase, over the past biennium. Fee revenues also increased by 10 percent during the past biennium, from \$82 million to \$90 million.

While environmental issues may have had top billing, the newly elected House Democratic majority was also focused on workforce and labor issues. Seven days before sine die, a work session was held in Ways and Means on HB 2575. HB 2575 would have created the Family Leave Insurance Program funded with a penny per hour tax assessed against the worker to be administered by BOLI. Public Affairs Counsel worked the last weekend of session with a

coalition of business groups in an attempt to kill the bill in Ways and Means. Unfortunately, the bill narrowly moved out of Ways and Means, passed the House on June 25, and moved over to the Senate. On the initial vote, the coalition was successful in persuading five Senate Democrats that the bill would negatively impact business and the overall economy. Even though Senate Majority Leader Kate Brown gave notice of possible reconsideration for the next day, which ended up being the last day of session, and the Governor and both chambers' leadership hammered them for the next 24 hours, the five Senate Democrats held their ground and the bill died upon adjournment.

Other workforce issues produced a mixed bag of results. On the positive side, three union backed bills which would have 1) prohibited political communication between employer and employee, 2) required employers receiving state contracts or funds to adopt a neutral position on union organization efforts, and 3) required employers to pay overtime if an employee worked over eight hours a day were all defeated. On the other hand, the Oregon Family Leave Act was expanded to include caring for grandparents and grandchildren, domestic violence victims, and paid sick leave for family leave.

In terms of workforce training programs, the legislature denied the Oregon Economic and Community Development Department workforce investment package that would have appropriated \$15 million in lottery funds for workforce investment to attract, retain, and retrain employees. Instead, the department saw the passage of its policy option package #806: Strategic Reserve. This package establishes a one-time expenditure authority of \$1.5 million in lottery funds to the Strategic Reserve Fund for workforce and other investments. The Strategic Reserve Fund is a discretionary fund for grants and loans from lottery funds to assist with the gap financing needed for projects where jobs may be created, where important investments may be made or where long-term capacity building is important for a community or region. Additionally, Community Colleges received a last minute influx of \$600K for the Sabin-Schellenberg Skills Center and the Portland Community College Skills Center as well as a \$3 million expenditure limitation increase on Federal Funds to accommodate the receipt of a federal Workforce Innovation in Regional Economic Development (WIRED) grant from the US Department of Labor

The defeat of HB 2909, the "product liability bill", proved to be a great win this session. As introduced, it would have repealed the statute of ultimate repose for product liability civil actions. The bill cycled through a total of six hearings and work sessions in two House committees before going to the floor, simply to be re-referred back to the House Rules Committee to die. Public Affairs Counsel (PAC) worked with OMIC members as well as several other manufacturers to defeat the proposal, which House Majority Leader Dave Hunt, D-

Gladstone, openly opposed. The Oregon Trial Lawyers Association attempted several rounds of amendments, including shortening the outright abolition of the statute of repose and enacting a “useful safe life” standard. In the end, manufacturer objections outweighed the “Lawsuit Promotion Act.” PAC will work on shoring up the opposition during the interim.

Finally, in a bill distinct to the metals industry, HB 3026 brought together a unique coalition to deal with the growing metals theft problem. HB 3026 addresses the metals theft issue by reducing the incentive to steal metal products by increasing the penalties and increasing the difficulties to sell stolen metal to recyclers or second-hand dealers. The bill passed both chambers without a single “no” vote. Schnitzer Steel, utilities, and others put in a lot of time and effort to move this legislation.

While we had some tough issues this session, we thoroughly enjoyed representing OMIC and working with our member companies. We look forward to working with you during the interim as we gear up for February 2008.

The following report provides the final status of all the legislative measures Public Affairs Counsel worked and tracked for the Oregon Metals Industry Council.

Priority 1 Legislation

HB 2209 Requires State Department of Energy to create renewable portfolio standard under which electric utilities must derive 25 percent of annual retail electricity sales from renewable energy resources by calendar year 2025.

DIED IN HOUSE ENERGY AND THE ENVIRONMENT COMMITTEE.

HB 2211 Increases annual cap on amount of business energy tax credit that may be claimed for certified facilities using renewable energy resources or renewable energy resource equipment manufacturing facilities.

This bill's contents were eventually added to HB 3201, the omnibus tax credit bill.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

HB 2217 Increases corporate minimum tax that applies to C corporations.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2235 Updates connection date to federal Internal Revenue Code and other provisions of federal tax law.

REFERRED TO HOUSE REVENUE.

THIRD READING. PASSED. AYES, 51.

REFERRED TO SENATE FINANCE AND REVENUE.

SENATE THIRD READING. PASSED. AYES, 29.

**HOUSE MOTION TO CONCUR IN SENATE AMENDMENTS AND REPASS BILL FAILED.
NAYS, 18.**

**BARNHART CHANGED VOTE FROM "AYE" TO "NAY" AND SERVED NOTICE OF
POSSIBLE RECONSIDERATION.**

HOUSE VOTE RECONSIDERATION CARRIED. AYES, 31.

HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 3.

SPEAKER SIGNED.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

HB 2278 Authorizes issuance of lottery bonds for transportation projects funded from Multimodal Transportation Fund. Specifies allocation of lottery bond proceeds. Modifies elements Oregon Transportation Commission must consider when selecting projects to be funded with moneys from fund. Requires, from July 1, 2007, to July 1, 2013, each recipient of moneys from fund to pay, in addition to any other fees or payments required for grants or loans from fund, specified percentage of recipient's total project costs to Department of Transportation. Directs department to use additional moneys received to conduct statewide multimodal study of transportation system.

Known as "Oregon Connect 2", this bill was designed to carry on last session's initiative to fund Oregon's non-highway transportation system which includes air, rail, and ports. The 2005 legislature created a Multimodal Transportation Fund and allocated \$100 million in lottery revenue bonds for grants and loans for air, marine, rail and public transit projects. HB 2278 allocates up to another \$100 million in lottery bonds plus an additional amount established by the State Treasurer to pay the bond related costs for these projects funded out of the Multimodal Transportation Fund.

REFERRED TO HOUSE TRANSPORTATION WITH SUBSEQUENT REFERRAL TO WAYS AND MEANS.

REFERRED TO WAYS AND MEANS BY PRIOR REFERENCE.

ASSIGNED TO HOUSE SUBCOMMITTEE ON TRANSPORTATION AND ECONOMIC DEVELOPMENT.

RETURNED TO FULL COMMITTEE.

HOUSE THIRD READING. PASSED. AYES, 47.

REFERRED TO WAYS AND MEANS.

SENATE THIRD READING. PASSED. AYES, 28.

SPEAKER SIGNED.

PRESIDENT SIGNED.

HB 2479 Prohibits Public Utility Commission from including tax savings realized by public utility affiliates that result from tax credits associated with investment in or operation of facilities by affiliate, if affiliate is regulated as public utility in other state and tax savings have been included in regulated operations of affiliate in other state. Modifies definition of taxes authorized to be collected in public utility rates for purposes of application of automatic adjustment clause to rates, in order to base calculation of taxes authorized to be collected in rates on actual audited results of utility regulated operations.

As noted in the introduction, legislation was drafted for the IOUs that would have changed the definition of “taxes authorized to be collected in rates” and “taxes paid” in such a way that would have effectively gutted the provisions established in SB 408 (2005) and significantly diminished the value and equity to ratepayers established in SB 408. Joining with Industrial Customers of Northwest Utilities, OMIC fought successfully convincing legislators the bill was unwarranted and argued that SB 408 should be given a chance to work.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2480 Increases corporate minimum tax that applies to C corporations.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2483 Increases business energy tax credit.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2530 Changes definition of “small employer” by increasing maximum number of eligible employees from 25 to 50. Modifies provisions relating to coverage and rates offered to small employers participating in group health benefit plans. Increases maximum variability amount between premium rates and geographic average rate charged by small employer carriers. Requires Director of Department of Consumer and Business Services to adopt rules phasing in requirements for schedules of premium rate variations over three-year period after operative date of Act. Becomes operative January 1, 2008.

**REFERRED TO HOUSE REVENUE.
REFERRED TO WAYS AND MEANS BY ORDER OF SPEAKER.
ASSIGNED TO HOUSE SUBCOMMITTEE ON GENERAL GOVERNMENT.
RETURNED TO FULL COMMITTEE.
HOUSE THIRD READING. PASSED. AYES, 50.
REFERRED TO WAYS AND MEANS.
SENATE THIRD READING. PASSED. AYES, 28.
SPEAKER SIGNED.**

HB 2575 Creates Family Leave Benefits Insurance program to provide benefits to employees taking family leave.

As noted in the introduction, HB 2575 was Rep. Rosenbaum’s (D – Portland) family leave benefits pool bill which appeared dead in Ways and Means until the last few weeks of session. She resurrected it mid – June and OMIC teamed up with other business groups to stop the bill. The bill did pass the House but our coalition was able to hold five Senate Democrats and the bill failed on the Senate floor and died upon adjournment.

DIED IN WAYS & MEANS COMMITTEE.

HB 2673 Allows Commissioner of Bureau of Labor and Industries to adopt rules permitting overtime pay for work after eight hours in one day or, when employer has adopted alternative workweek schedule that authorizes employee to work 10 hours per day within 40-hour workweek, after 10 hours in one day.

Bureau of Labor and Industries Commissioner Dan Gardner and Rep. Diane Rosenbaum, D-SE Portland, saw their bill killed early in the session at the hands of union-friendly House Business Committee Chair Mike Schaufler, D-Happy Valley. Following up on a promise made during a committee hearing on the bill, Gardner and Rosenbaum filed an initiative petition to implement the bill’s 8-hour overtime rule.

DIED IN HOUSE BUSINESS AND LABOR COMMITTEE.

HB 2721 Modifies crime of failing to maintain a metal purchase record.

Please see the discussion under HB 3026.

DIED IN WAYS & MEANS COMMITTEE.

HB 2808 Expands ability of employer to prohibit use of medical marijuana in workplace.

Please see the discussion under SB 465.

DIED IN HOUSE ELECTIONS, ETHICS & RULES COMMITTEE.

HB 2909 Provides that product liability civil actions are not subject to statutes of ultimate repose.

PAC worked on behalf of the Oregon Metals Industry Council to defeat this measure that would have created uncertainty and higher insurance rates for Oregon manufacturers. The Oregon Trial Lawyers Association tagged this bill as its top priority, but in the end lost the battle due to objections from business friendly Democrats. The trial lawyers attempted running several amendments in the bill to make it more palatable for moderate House Democrats, but failed to earn sufficient support for any of its many proposals. In one work session in the House Judiciary Committee, committee members moved and rejected five sets of amendments before agreeing to send the bill to the House Rules Committee where it ultimately died.

DIED IN HOUSE ELECTIONS, ETHICS & RULES COMMITTEE.

HB 2998 Modifies definition of "public works" to include fabrication or manufacture of nonstandard items produced by contract specifically for public works project for which prevailing wage rates are required.

HB 2998 proposed to change the definition of public works, for the sake of prevailing wage, by including the manufacture of nonstandard items for a public project. Typically, prevailing wage laws apply to the workers on the public works job site. Of particular concern was the lack of a definition for "nonstandard" items.

DIED IN HOUSE BUSINESS AND LABOR COMMITTEE.

HB 3201 Creates subtraction from federal taxable income for income from TRICARE paid to health care provider in first two years of provider's participation in TRICARE system. Allows employee of Oregon Military Department to subtract from federal taxable income specified amount for performing duties for Oregon National Guard Youth Challenge Program. Creates personal income tax credit for physicians who provide medical care to residents of Oregon Veterans' Home. Requires physician claiming credit to submit letter with tax return confirming physician missed no more than five percent of scheduled visits with residents.

Establishes one-time tax credit for health care provider participating in TRICARE system. Directs Office of Rural Health to establish criteria to certify eligibility for tax credit. Increases amount that certain taxpayers may subtract from federal taxable income for contributions to college savings network. Increases annual cap on amount of business energy tax credit that may be claimed for certified facilities using renewable energy resources or renewable energy resource equipment manufacturing facilities. Eliminates required reduction in value of credit when taxpayer also claims federal income tax credit for same facility. Expands business energy tax credit to include credit for homebuilder-installed renewable energy systems, high-performance homes, renewable energy resource equipment manufacturing facilities and energy facilities that manufacture or distribute alternative fuels. Modifies period over which credit may be claimed if facility upon which credit is based uses or produces renewable energy resources. Defines terms and authorizes State Department of Energy to adopt performance, efficiency and other criteria for certain types of facilities that qualify for credit. Expands residential alternative energy device tax credit to permit increased capacity wind electric systems and fuel cell systems to qualify for credit. Allows credit for each alternative energy device. Makes conforming changes. Creates income tax credit for certain costs of repowering or retrofitting diesel engines in service. Extends existing tax credit for purchasing new diesel engines meeting clean diesel emissions standards to permit purchase of new diesel engines before 2012 to qualify for credit.

Increases maximum tax credits for certified film production development contributions to Oregon Production Investment Fund. Adds loans made to finance construction, development or acquisition of manufactured dwelling parks to loans eligible for affordable housing tax credit. Adds loans made to finance acquisition of affordable housing to loans eligible for affordable housing tax credit. Increases monetary cap on allowable tax credit certifications. Modifies threshold amounts of federal adjusted gross income for purposes of calculating allowed personal exemption credit. Excludes natural resource property and property used in commercial fishing operations from value of gross estate of decedent for Oregon inheritance tax purposes. Limits amount of exclusion. Directs Department of Revenue, for each calendar year beginning on or after January 1, 2009, to recompute maximum excluded value.

Exempts qualified egg processing machinery and equipment from property tax for

specified period of time. Permits Economic and Community Development Department to approve second or subsequent applications for annual certification for property tax exemptions when business retains reasonably similar characteristics to prior certification years. Allows tax credit to individual who owns and occupies manufactured dwelling as primary residence and ends tenancy as result of manufactured dwelling park or portion of park closing. Takes effect on 91st day following adjournment sine die.

The Senate Revenue Committee gutted the bill's original contents and created the end-of-session omnibus tax credit vehicle. HB 3201 included an array of tax credits totaling \$22 million, which included the extension of the business and residential energy tax credits to renewable energy sources. The Department of Energy requested that the BETC only be expanded to renewables because conservation efforts already receive a 7-1 match and a 3-year payback, compared to the much longer payback for renewables.

REFERRED TO HOUSE VETERANS AFFAIRS WITH SUBSEQUENT REFERRAL TO REVENUE.

HOUSE THIRD READING. PASSED. AYES, 53.

REFERRED TO SENATE FINANCE AND REVENUE.

SENATE THIRD READING. PASSED. AYES, 25.

**HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 54.
SPEAKER SIGNED.**

HB 3263 Requires corporations doing business in Oregon to file tax disclosure statements with Secretary of State.

This bill would have required all corporations doing business in Oregon to file tax disclosure statements with the Secretary of State and specified what information must be disclosed by corporations. Most importantly, the bill would have made these filings public record and required the Secretary of State to make them available on the internet.

DIED IN WAYS & MEANS COMMITTEE.

HB 3402 Limits newly erected, constructed or installed pollution control facilities that qualify for tax credit to those facilities that meet certain standards above those required by law or are entirely voluntary and not otherwise required by law.

Please see below for discussion on HB 3500.

DIED IN HOUSE REVENUE COMMITTEE.

HB 3404 Modifies and redesigns pollution control tax credit into "beyond federal requirements device" tax credit.

Please see below for discussion on HB 3500.

DIED IN WAYS & MEANS COMMITTEE.

HB 3500 Modifies pollution control facility tax credit and extends period for which facilities may be certified for tax credit, if facilities constitute enhanced pollution control facilities.

Associated Oregon Industries, and the more liberal Oregon Business Association, spearheaded the effort throughout the session to craft a compromise with environmental groups on revising and extending the pollution control tax credit program. The severely amended program received some momentum in the last two weeks of the session, but environmentalists ended up defeating the bill in the Ways and Means Committee.

DIED IN WAYS & MEANS COMMITTEE.

HB 3543 Establishes greenhouse gas emissions reduction goals. Creates Oregon Global Warming Commission. Establishes membership and duties. Directs commission to recommend ways to coordinate local and state efforts to reduce greenhouse gas emissions. Creates Oregon Climate Change Research Institute. Appropriates moneys from General Fund to Department of Higher Education for Oregon Climate Change Research Institute.

**REFERRED TO HOUSE ENERGY AND THE ENVIRONMENT WITH SUBSEQUENT
REFERRAL TO WAYS AND MEANS.
ASSIGNED TO HOUSE SUBCOMMITTEE ON NATURAL RESOURCES.
RETURNED TO FULL COMMITTEE.
HOUSE THIRD READING. PASSED. AYES, 40.
REFERRED TO WAYS AND MEANS.
SENATE THIRD READING. PASSED. AYES, 21.
SPEAKER SIGNED.**

HB 3545 Establishes annual statewide limits for emissions of carbon dioxide by electricity providers.

This bill became the vehicle for the agreement struck in the governor's CO2 work group. Instead of carbon limits or fees, the bill simply outlines emissions targets and funds a climate change research center at Oregon State University.

DIED IN WAYS & MEANS COMMITTEE.

HB 5022 Appropriates moneys from General Fund to Department of Environmental Quality for certain biennial expenses. Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, specified bond proceeds and specified federal funds, collected or received by department. Limits biennial expenditures from lottery moneys allocated from Parks and Natural Resources Fund to department. Authorizes specified nonlimited expenditures. Limits certain biennial expenditures by department from federal funds.

HB 5022 is the main DEQ budget bill that includes the base budget as well as approved policy option packages. As noted in the introduction, the agency's budget for the 2007-09 years increased by \$21 million for a 12.4% increase.

**REFERRED TO WAYS AND MEANS.
ASSIGNED TO HOUSE SUBCOMMITTEE ON NATURAL RESOURCES.
RETURNED TO FULL COMMITTEE.
HOUSE THIRD READING. PASSED. AYES, 50.
REFERRED TO WAYS AND MEANS.
SENATE THIRD READING. PASSED. AYES, 20.
SPEAKER SIGNED.
PRESIDENT SIGNED.
GOVERNOR SIGNED.**

HB 5023 Approves certain new or increased fees adopted by Department of Environmental Quality.

This bill, known as the DEQ “fee bill”, provides approval for the Water Quality permitting and Air Quality Oregon Low Emissions Vehicle fees passed by the EQC since the 2005 legislative session.

**REFERRED TO WAYS AND MEANS.
ASSIGNED TO HOUSE SUBCOMMITTEE ON NATURAL RESOURCES.
RETURNED TO FULL COMMITTEE.
HOUSE THIRD READING. PASSED. AYES, 31.
REFERRED TO WAYS AND MEANS.
SENATE THIRD READING. PASSED. AYES, 20.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

SB 10

Directs Oregon Government Standards and Practices Commission to charge public bodies, special government bodies, local governments and local service districts proportionate amounts for purposes of funding activities of commission.

Increases amount of reportable lobbying expenditures. Requires, on January 1, 2010, quarterly online filing of expenditure statements by lobbyists and persons on whose behalf lobbyist was registered.

Directs commission to allow public access to statements using Internet. Modifies other lobbying laws.

Increases amount of civil penalties that may be imposed for violation of lobbying or government ethics law from \$1,000 to \$5,000. Prohibits candidate from using political contributions to pay criminal or civil penalties or legal expenses. Exempts civil penalties related to certain election law violations.

Prohibits former member of Legislative Assembly from being compensated lobbyist during period beginning on date person ceases being member and ending on date of adjournment sine die of next regular legislative session.

Prohibits public official from receiving in calendar year gifts with value exceeding \$50 from source with legislative or administrative interest. Exempts certain items from definition of "gift." Prohibits giving or receipt of entertainment. Sets exceptions.

Allows public official to receive items exempted from definition of "gift" from person with legislative or administrative interest. Allows public official to receive gift from source that does not have legislative or administrative interest in governmental agency in which official has official position. Exempts public officials subject to Oregon Code of Judicial Conduct from gift limits.

Modifies required contents of statement of economic interest.

Requires public officials and candidates to file quarterly statements with commission listing expenses received when participating in an official meeting, honoraria exceeding \$15 and each source of income exceeding aggregate amount of \$1,000 from source that does business with or has legislative or administrative interest in governmental agency served by public official or candidate.

Requires person with legislative or administrative interest who pays expenses of official meeting or provides honoraria to report to commission and to notify recipient of value. Sets schedule for filing reports. Prescribes content of reports.

Prohibits public officials and candidates for public office from receiving honoraria in connection with official duties. Exempts honoraria or other items with value of \$50

or less.

Authorizes public official to establish legal expense trust fund to defray legal expenses incurred by public official in maintaining action related to protective order or defending public official in legal proceeding relating to or arising from status of person as public official. Requires approval by Oregon Government Standards and Practices Commission.

Prohibits personal use of legal expense trust fund proceeds. Prohibits public official from soliciting contributions to trust fund. Directs trustee of trust fund to file with commission quarterly reports of contributions received and expenditures made.

Known by proponents as the “ethics reform” bill, Senate Bill 10 was passed on the final day of session. The bill codifies new rules for elected officials with regards to gifts, trips, etc. Included in the bill are the following changes:

1. \$50 annual limit on gifts to lawmakers or other public officials from people with an interest in legislation.
2. Prohibit lawmaker trips paid by trade groups with interests before the Legislature.
3. Provide independent funding for the state ethics commission.
4. Require quarterly spending reports by lobbyists and lawmakers.
5. Prohibits legislators from becoming lobbyists for one legislative session after they leave elective office.
6. Increase ethics fines to a maximum \$5,000, up from the current \$1,000.

Republicans proposed a minority report that would have increased the limits on gifts, food and drink, travel and lodging. They argued that the public concerns are covered under the public reporting requirements. The motion failed on a party line vote.

**REFERRED TO SENATE RULES, THEN WAYS AND MEANS.
REFERRED TO WAYS AND MEANS BY PRIOR REFERENCE.
ASSIGNED TO SENATE SUBCOMMITTEE ON GENERAL GOVERNMENT.
RETURNED TO FULL COMMITTEE.
SENATE THIRD READING. PASSED. AYES, 25.
REFERRED TO HOUSE ELECTIONS, ETHICS AND RULES.
HOUSE THIRD READING. PASSED. AYES, 40.
SENATE CONCURRED IN HOUSE AMENDMENTS AND REPASSED BILL. AYES, 27.
PRESIDENT SIGNED.
SPEAKER SIGNED.**

SB 48 Implements repeal of corporate surplus “kicker” refund proposed in Senate Joint Resolution 3 (2007), and transfers corporate income and excise tax revenues that exceed estimate of corporate income and excise taxes to school capital matching subaccount of education stability fund.

DIED IN HOUSE REVENUE COMMITTEE.

SB 280 Increases amount of noneconomic damages that may be awarded in civil action seeking damages arising out of bodily injury.

DIED IN SENATE JUDICIARY COMMITTEE.

SB 317 Requires water quality permit holders who discharge persistent bioaccumulative toxins into Oregon waters at concentrations that cause waters to fail to meet water quality standards to pay for installation and maintenance of marker systems.

DIED IN SENATE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE.

SB 444 Provides that product liability civil actions are not subject to statutes of ultimate repose.

Please see earlier discussion on HB 2909

DIED IN SENATE RULES COMMITTEE.

SB 465 Expands ability of employer to prohibit use of medical marijuana in workplace.

HB 465 would have allowed employers to enforce their drug and alcohol policies even if the individual has a medical marijuana card. Similar to a bill introduced last session, AOI led the charge again this session. The Oregon Medical Marijuana Act specifically provides that employers are not required to make accommodations for the use of medical marijuana in the workplace. However, employers who attempt to enforce their policies through drug testing face being challenged under disability laws. Additionally, employers are at risk for liability for accidents on job safety litigation. The bill passed easily out of the Senate by mid-March. Unfortunately, the Chair of the House Elections, Ethics, and Rules committee, Rep. Diane Rosenbaum (D – Portland), was not inclined to move the bill forward. A motion on the House floor to remove the bill from committee failed on a 30 to 30 vote. Rep. David Edwards (D – Hillsboro) provided the lone Democrat vote.

DIED IN HOUSE ELECTIONS, ETHICS & RULES COMMITTEE.

SB 601 Directs Water Resources Department to conduct Juniper Canyon dam and reservoir initial assessment.

DIED IN WAYS & MEANS COMMITTEE.

SB 737 Directs Department of Environmental Quality to conduct study of persistent pollutants discharged in State of Oregon and report results of study to appropriate interim committee of Legislative Assembly by June 1, 2010.

Requires municipalities in possession of National Pollutant Discharge Elimination System permit or certain water pollution control facility permit to submit to department plan for reducing discharges of priority listed persistent pollutants. Establishes Persistent Pollutant Control Account. Continuously appropriates moneys in account to department for implementation and enforcement of study. Increases biennial limitation on expenditures from fees, moneys or other revenues, including Miscellaneous Receipts and certain federal funds, but excluding lottery funds and other federal funds, collected or received by department for purpose of carrying out provisions of Act.

PAC participated in the Oregon Water Quality Coalition on OMIC's behalf to defeat numerous mixing zone proposals that surfaced this session. SB 737, which Sen. Vicki Walker (D-Eugene) and Sen. Gary George (R-McMinnville) sponsored, began as a more onerous ban on mixing zones. Due to objections within the Senate Democratic caucus, Walker formed a work group with environmental groups and cities to pare down the bill. After SB 737 was sent to the budget writing committee due to its fiscal impact on the DEQ, Ways and Means Co-Chair Sen. Kurt Schrader, D-Canby, amended the bill again to render it no more than a study of persistent pollutants.

REFERRED TO SENATE ENVIRONMENT AND NATURAL RESOURCES.

REFERRED TO WAYS AND MEANS.

ASSIGNED TO SENATE SUBCOMMITTEE ON NATURAL RESOURCES.

RETURNED TO FULL COMMITTEE.

SENATE THIRD READING. PASSED. AYES, 20.

REFERRED TO WAYS AND MEANS.

HOUSE THIRD READING. PASSED. AYES, 51.

PRESIDENT SIGNED.

SPEAKER SIGNED.

SB 813 Establishes surcharge on point source permit fees.

DIED IN WAYS & MEANS COMMITTEE.

SB 838 Establishes renewable portfolio standard for electric utilities and electricity service suppliers. Specifies renewable energy sources that can be used to generate electricity for purposes of complying with standard. Provides exemptions from compliance with standard.

Directs State Department of Energy to establish system of renewable energy certificates. Specifies renewable energy certificates that may be used to comply with renewable portfolio standard.

Establishes compliance requirements for renewable portfolio standards. Allows use of alternative compliance payments. Allows Public Utility Commission to impose penalty against electric company or electricity service supplier that fails to comply with standard.

Requires that utilities offer green power rate.
Extends required collection of public purpose charge to January 1, 2026.
Modifies laws relating to people's utility districts.

This bill sets renewable power purchasing standards for utilities in Oregon. In addition to setting standards, SB 838 defines what is and what is not renewable power (the bill excludes most hydro and biomass energy) and how utilities can recover renewable investment costs from customers. More notably is the uncertainty of the cost limitation clause, which appears to allow utilities to stop buying renewables if the costs exceed a 4 percent cost cap, however the Public Utility Commission can set a utility's revenue requirement in order to pad that number. OMIC, with the ICNU coalition, was unable to push through a meaningful 2% rate cap amendment.

Before SB 838's eventual passage, ratepayers were successful in adding amendments to the bill that provided better exemptions for public utilities, limited what costs investor-owned utilities can pass on to customers to renewable energy sources and transmission, and required an evidentiary process for ratepayers before the Public Utility Commission when a utility imposes an automatic adjustment clause.

**REFERRED TO SENATE ENVIRONMENT AND NATURAL RESOURCES.
SENATE THIRD READING. PASSED. AYES, 20.
REFERRED TO HOUSE ENERGY AND THE ENVIRONMENT.
HOUSE THIRD READING. PASSED. AYES, 41.
SENATE CONCURRED IN HOUSE AMENDMENTS AND REPASSED BILL. AYES, 22.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

SB 890 Modifies and redesigns pollution control tax credit into "beyond federal requirements device" tax credit.

DIED IN WAYS & MEANS COMMITTEE.

SB 5508 Appropriates moneys from General Fund to Economic and Community Development Department for Oregon Arts Commission. Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by department for certain purposes. Limits biennial expenditures by department from lottery moneys for certain purposes. Limits biennial expenditures by department from federal funds for certain purposes. Authorizes nonlimited expenditures for certain loan payments.

The Oregon InC package was eventually folded into SB 5508, the budget bill for the Oregon Economic and Community Development Department (OECDD). Public Affairs Counsel worked closely with Sen. Betsy Johnson (D – Scappoose), chair of the Ways and Means subcommittee on General Government, and other allies to shepherd the package through the process which included cuts to the original package amount of \$39 million, with \$1 million allocated to OMI. The final package included a total of \$22.9 million with \$850,000 (or \$425,000 per year) for OMI.

In addition to the Oregon InC package, this bill included a one time funding of \$1.5 million to the Strategic Reserve Fund. Unfortunately, the Governor’s proposal of \$15 million of lottery funds to attract, retain, and retrain employees to meet the needs of a global economy was not approved by the legislature.

REFERRED TO WAYS AND MEANS.

ASSIGNED TO SENATE SUBCOMMITTEE ON TRANSPORTATION AND ECONOMIC DEVELOPMENT.

RETURNED TO FULL COMMITTEE.

SENATE THIRD READING. PASSED. AYES, 24.

REFERRED TO WAYS AND MEANS.

HOUSE THIRD READING. PASSED. AYES, 57.

PRESIDENT SIGNED.

SPEAKER SIGNED.

GOVERNOR SIGNED.

Priority 2 Legislation

HB 2118 Vests specific authority with Environmental Quality Commission to implement underground injection control program portion of federal Safe Drinking Water Act. Allows commission to adopt rules and schedule of fees. Establishes schedule of fees for subsurface injection of fluids. Allows commission by rule to exempt from permit requirements certain subsurface injections of fluids. Creates Subsurface Injection Fluids Account. Continuously appropriates account moneys for payment of administrative expenses of underground injection control program.

REFERRED TO HOUSE ENERGY AND THE ENVIRONMENT WITH SUBSEQUENT REFERRAL TO WAYS AND MEANS.

REFERRED TO WAYS AND MEANS BY PRIOR REFERENCE.

ASSIGNED TO HOUSE SUBCOMMITTEE ON NATURAL RESOURCES.

RETURNED TO FULL COMMITTEE.

HOUSE THIRD READING. PASSED. AYES, 42.

REFERRED TO WAYS AND MEANS.

SENATE THIRD READING. PASSED. AYES, 18.

SPEAKER SIGNED.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

HB 2255 Makes discrimination against employee for taking wage-related actions unlawful employment practice. Permits aggrieved person to file civil action or complaint with Commissioner of Bureau of Labor and Industries. Provides remedies.

REFERRED TO HOUSE BUSINESS AND LABOR.

HOUSE THIRD READING. PASSED. AYES, 41.

REFERRED TO SENATE COMMERCE.

SENATE THIRD READING. PASSED. AYES, 20.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

HB 2412 Requires State Apprenticeship and Training Council to adopt rules establishing minimum numeric ratio of journeymen to apprentices for each apprenticeable occupation.

DIED IN WAYS & MEANS COMMITTEE.

HB 2460 Redefines “family leave” to exclude leave taken by employee who is unable to work because of disabling compensable injury under Workers' Compensation Law. Provides conditions for use of family leave.

**REFERRED TO HOUSE BUSINESS AND LABOR.
HOUSE THIRD READING. PASSED. AYES, 51.
REFERRED TO SENATE COMMERCE.
SENATE THIRD READING. PASSED. AYES, 19.
HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 45.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

HB 2467 Permits employer to make deduction from employees wages for contribution to individual account for employees benefit in plan maintained under section 125, 401(k), 403(b), 408, 408A or 457 of Internal Revenue Code if employee is given written notice of contribution before initial deduction is made.

DIED IN HOUSE WORKFORCE AND ECONOMIC DEVELOPMENT COMMITTEE.

HB 2485 Expands purposes for which employee taking family leave may use paid sick leave.

**REFERRED TO HOUSE HUMAN SERVICES AND WOMEN’S WELLNESS.
HOUSE THIRD READING. PASSED. AYES, 40.
REFERRED TO SENATE COMMERCE.
SENATE THIRD READING. PASSED. AYES, 16.
SPEAKER SIGNED.
PRESIDENT SIGNED.
GOVERNOR SIGNED.**

HB 2548 Authorizes Department of Consumer and Business Services to adopt rules establishing reciprocating conveyor mechanic license and restricted reciprocating conveyor mechanic license that allow holders to install, alter, repair and maintain mechanical portions of reciprocating conveyors. Exempts installation and repair of mechanical portions of residential motorized chair conveyor from electrical and elevator licensing requirements.

**REFERRED TO HOUSE BUSINESS AND LABOR.
HOUSE THIRD READING. PASSED. AYES, 59.
REFERRED TO SENATE BUSINESS, TRANSPORTATION AND WORKFORCE
DEVELOPMENT.
SENATE THIRD READING. PASSED. AYES, 29.
HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 53.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

HB 2564 Requires all water users to measure amounts of water withdrawn or stored.

DIED IN WAYS & MEANS COMMITTEE.

HB 2643 Creates Tax Relief Commission in Economic and Community Development Department to review and approve property tax relief and grants to commercial and industrial projects that create jobs in areas of high unemployment.

DIED IN WAYS & MEANS COMMITTEE.

HB 2674 Requires employer to pay over, in accordance with law or agreement requiring or authorizing deductions from wages, amounts deducted from employee's wages. Makes failure to pay as required unlawful deduction. Allows Commissioner of Bureau of Labor and Industries to assess civil penalty for unlawful deduction. Adds tax exempt organization designated by rule of state agency to definition of "foundation" for purposes of authorized deductions from state agency officer and employee wages and salaries.

**REFERRED TO HOUSE BUSINESS AND LABOR.
HOUSE THIRD READING. PASSED. AYES, 43.
REFERRED TO SENATE RULES.
SENATE THIRD READING. PASSED. AYES, 19.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

HB 2779 Establishes corporate income and excise tax credit for certain payroll costs of business firms that construct facilities and engage in business operations in which personnel and human resources signify primary assets of operation.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

HB 2859 Requires State Department of Energy to develop plan related to climate change.

DIED IN WAYS & MEANS COMMITTEE.

HB 2893 Prohibits employer from requiring employee to attend meeting or participate in communication concerning employers opinion about religious or political matters.

DIED IN SENATE COMMERCE COMMITTEE.

HB 2956 Requires that water quality standards established by Environmental Quality Commission meet certain scientific criteria.

DIED IN HOUSE ENERGY AND THE ENVIRONMENT COMMITTEE.

HB 2984 Creates crime of encouraging metal theft.

DIED IN WAYS & MEANS COMMITTEE.

HB 3026 Changes crime of failing to maintain metal purchase record to offense of failing to maintain metal purchase record. Punishes by fine of \$1,000 for first to third convictions. Increases fine amount to \$5,000 for fourth or subsequent convictions. Requires person buying goods constructed of nonferrous metal from individual for purpose of resale to maintain certain records for specified periods of time. Punishes violation by fine of \$1,000 for first to third convictions. Increases fine amount to \$5,000 for fourth or subsequent convictions.

Also noted in the introduction, HB 3026 addresses the metals theft issue by reducing the incentive to steal metal products by increasing the penalties and increasing the difficulties to sell stolen metal to recyclers or second-hand dealers. The bill passed unanimously out of both chambers. HB 3026 brought together a unique coalition, most notably Schnitzer Steel and utilities, whose efforts made this bill possible.

REFERRED TO HOUSE JUDICIARY WITH SUBSEQUENT REFERRAL TO WAYS AND MEANS.

SUBSEQUENT REFERRAL TO WAYS AND MEANS RESCINDED BY ORDER OF SPEAKER.

HOUSE THIRD READING. PASSED. AYES, 55.

REFERRED TO SENATE JUDICIARY.

SENATE THIRD READING. PASSED. AYES, 28.

JOHNSON, WINTERS, EXCUSED, GRANTED UNANIMOUS CONSENT TO VOTE AYE. SPEAKER SIGNED.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

HB 3246 Creates income tax credit for qualified investments in new machinery and equipment.

DIED IN HOUSE REVENUE COMMITTEE.

HB 3346 Requires individual to take drug test to be eligible for unemployment insurance benefits under certain conditions.

DIED IN HOUSE WORKFORCE AND ECONOMIC DEVELOPMENT COMMITTEE.

HB 3504 Increases maximum amount of research and development tax credits.

DIED IN HOUSE REVENUE COMMITTEE.

HB 3505 Increases amount of research and development tax credit.

DIED IN HOUSE REVENUE COMMITTEE.

HB 3539 Requires employer to provide reasonable accommodation to religious observance or practices of employee unless providing accommodation would impose undue hardship on employer.

DIED IN SENATE RULES COMMITTEE.

HB 5012 Appropriates moneys from General Fund to Department of Community Colleges and Workforce Development for certain biennial expenses. Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by department. Limits biennial expenditures by department from federal funds. Authorizes specified nonlimited expenditures. Limits biennial expenditures by department from timber tax funds.

REFERRED TO WAYS AND MEANS.

ASSIGNED TO HOUSE SUBCOMMITTEE ON EDUCATION.

RETURNED TO FULL COMMITTEE.

HOUSE THIRD READING. PASSED. AYES, 55.

REFERRED TO WAYS AND MEANS.

SENATE THIRD READING. PASSED. AYES, 26.

SPEAKER SIGNED.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

SB 107

Increases emission fees for pollutants from, and base fees for, major sources. Clarifies definition of “regulated pollutant.” Requires Environmental Quality Commission to include certain information with notice of intended action prior to adoption, amendment or repeal of any rule that applies to any facility required to pay fees.

Associated Oregon Industries worked with the DEQ to craft a mutually acceptable Title V air quality fee increase. The bill phases in fee increases over three years for permit holders and, in turn, allows those same permit holders to request public hearings from the DEQ if the agency’s standards are more stringent than federal standards. Environmental groups opposed the hearings provision and the phase-in approach, but the legislation passed over their objections.

**REFERRED TO SENATE ENVIRONMENT AND NATURAL RESOURCES.
ASSIGNED TO SENATE SUBCOMMITTEE ON NATURAL RESOURCES.
RETURNED TO FULL COMMITTEE.
SENATE THIRD READING. PASSED. AYES, 21.
REFERRED TO WAYS AND MEANS.
HOUSE THIRD READING. PASSED. AYES, 32.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

SB 248 Makes arbitration agreement between employer and employee voidable and unenforceable except under certain conditions. Makes noncompetition agreement between employer and employee voidable and unenforceable except under certain conditions. Provides that term of noncompetition agreement may not exceed two years. Establishes compensatory provisions under which employer may enforce noncompetition agreement for full term of agreement. Specifies that nonsolicitation agreements are not subject to restrictions imposed on noncompetition agreements. This bill, that was passed in the waning days of the session, alters the non-competition statutes by rendering non-compete agreements voidable, restricting terms to two years, and allowing for non-competes to be agreed upon after an employee's initial employment.

**REFERRED TO SENATE COMMERCE.
SENATE THIRD READING. PASSED. AYES, 19.
REFERRED TO HOUSE JUDICIARY.
HOUSE THIRD READING.
MOTION TO REFER TO HOUSE ELECTIONS, ETHICS AND RULES CARRIED.
REFERRED.
HOUSE THIRD READING. PASSED. AYES, 32.
MOTION TO REFUSE TO CONCUR IN HOUSE AMENDMENTS CARRIED BY VOICE
VOTE.
CONFERENCE COMMITTEE RECOMMENDATION: THE SENATE CONCUR IN HOUSE
AMENDMENTS DATED 06-07 AND B-ENGROSSED BILL BE FURTHER AMENDED AND
REPASSED.
CONFERENCE COMMITTEE REPORT READ IN HOUSE.
RULES SUSPENDED. SENATE ADOPTED CONFERENCE COMMITTEE REPORT AND
REPASSED BILL. AYES, 18.
HOUSE ADOPTED CONFERENCE COMMITTEE REPORT. AYES, 35.
HOUSE REPASSED. AYES, 34.**

SB 294 Expands ability of employer to prohibit use of medical marijuana in workplace.

**DIED IN SENATE BUSINESS, TRANSPORTATION AND WORKFORCE DEVELOPMENT
COMMITTEE.**

SB 350 Modifies administrative provisions for economic and community development. Revises economic and community development programs. Eliminates statutory references to Ports Division and International Trade Commission. Establishes Industry Outreach Fund. Continuously appropriates moneys in fund to Economic and Community Development Department for specified purposes.

**REFERRED TO SENATE BUSINESS, TRANSPORTATION AND WORKFORCE DEVELOPMENT, THEN WAYS AND MEANS.
ASSIGNED TO SENATE SUBCOMMITTEE ON TRANSPORTATION AND ECONOMIC DEVELOPMENT.
RETURNED TO FULL COMMITTEE.
SENATE THIRD READING. PASSED. AYES, 25.
REFERRED TO WAYS AND MEANS.
HOUSE THIRD READING. PASSED. AYES, 57.
SENATE CONCURRED IN HOUSE AMENDMENTS AND REPASSED BILL. AYES, 27.
PRESIDENT SIGNED.**

SB 420 Creates Environmental Justice Task Force. Specifies duties and responsibilities. Requires natural resource agencies to perform certain actions relating to environmental justice. Defines "natural resource agency."

**REFERRED TO SENATE ENVIRONMENT AND NATURAL RESOURCES.
REFERRED TO WAYS AND MEANS BY ORDER OF THE PRESIDENT.
ASSIGNED TO SENATE SUBCOMMITTEE ON NATURAL RESOURCES.
RETURNED TO FULL COMMITTEE.
SENATE THIRD READING. PASSED. AYES, 23.
REFERRED TO HOUSE ELECTIONS, ETHICS AND RULES.
HOUSE THIRD READING. PASSED. AYES, 33.**

SB 423 Prohibits employer from discriminating against individual with respect to hire or tenure or any term or condition of employment because individual engages in medical use of marijuana outside of workplace.

DIED IN SENATE COMMERCE COMMITTEE.

SB 511 Eliminates corporate surplus revenue "kicker." Applies to biennia beginning on or after July 1, 2005.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

SB 690 Allows employer to adopt comprehensive drug-free workplace program, including drug testing policies.

DIED IN SENATE COMMERCE COMMITTEE.

SB 902 Phases in elimination of taxation on capital gains.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

SB 946 Requires certain employers to allow eligible employees to take unpaid leave to obtain services or treatment relating to domestic violence, sexual assault or stalking. Allows employer to limit amount of leave if leave creates undue hardship to employer's business. Creates cause of action for refusal to grant leave.

REFERRED TO SENATE COMMERCE.

SENATE THIRD READING. PASSED. AYES, 25.

REFERRED TO HOUSE HUMAN SERVICES AND WOMEN'S WELLNESS.

HOUSE THIRD READING. PASSED. AYES, 54.

PRESIDENT SIGNED.

SPEAKER SIGNED.

GOVERNOR SIGNED.

SB 5549 Appropriates moneys from General Fund to Emergency Board for allocations during biennium. Adjusts appropriations from General Fund to various agencies for specified purposes. Adjusts certain limitations on expenditures by various agencies.

Known as the "Christmas tree bill", this bill passed late into the session with last minute allocations to various programs in an effort to bring negotiations to an end and adjourn sine die. Included in the bill was an additional \$600,000 to be split equally between the Sabin-Schellenberg Skills Center and the Portland Community College Skills Center. Also, the bill approved the receipt of a Workforce Innovation in Regional Economic Development grant from the US Department of Labor. The purpose of the grant is to expand high-skill and high wage employment opportunities. The funds may be used to expand job training services and information and to provide training to individual workers.

**REFERRED TO WAYS AND MEANS.
ASSIGNED TO SENATE SUBCOMMITTEE ON CAPITAL CONSTRUCTION AND
BONDING.**

**RETURNED TO FULL COMMITTEE.
RULES SUSPENDED. SENATE THIRD READING. PASSED. AYES, 27.**

**REFERRED TO WAYS AND MEANS.
HOUSE THIRD READING. PASSED. AYES, 44.**

**PRESIDENT SIGNED.
SPEAKER SIGNED.**

SJR 14 Proposes amendment to Oregon Constitution to eliminate corporate surplus revenue "kicker." Applies to biennia beginning on or after July 1, 2005.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

Priority 3 Legislation

HB 2123 Provides that court may not declare rule invalid in facial challenge to rule because rule could be applied in manner that violates constitutional provision, statute or statewide planning goal.

DIED IN HOUSE JUDICIARY COMMITTEE.

HB 2206 Establishes Skill Up Oregon Fund.

DIED IN WAYS & MEANS COMMITTEE.

HB 2210 Creates income tax credit for production or collection of biomass used to produce biofuel. Requires State Department of Energy to periodically conduct impact study of biofuels program. Revises certain provisions relating to property tax exemptions in rural renewable energy development zones. Creates income tax credit for consumer use of biofuel fuel blends or solid biofuel. Creates income tax credit for consumer use of biofuel blends for primary home space heating. Establishes renewable fuel use standards. Prohibits sale of gasoline that contains certain additives. Modifies energy facility siting requirement exemptions.

REFERRED TO HOUSE ENERGY AND THE ENVIRONMENT WITH SUBSEQUENT REFERRAL TO REVENUE.

REFERRED TO HOUSE REVENUE BY PRIOR REFERENCE.

HOUSE THIRD READING. PASSED. AYES, 53.

REFERRED TO SENATE ENVIRONMENT AND NATURAL RESOURCES, THEN FINANCE AND REVENUE.

REFERRED TO FINANCE AND REVENUE BY PRIOR REFERENCE.

SENATE THIRD READING. PASSED. AYES, 24.

SPEAKER SIGNED.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

HB 2212 Expands residential alternative energy device tax credit to permit increased capacity wind electric systems and fuel cell systems to qualify for credit.

DIED IN SENATE FINANCE & REVENUE COMMITTEE.

HB 2257 Makes otherwise valid noncompetition agreement between employer and employee void and unenforceable if employee is laid off by employer.

DIED IN HOUSE JUDICIARY COMMITTEE.

HB 2344 Modifies property offenses by increasing value threshold of property.

DIED IN WAYS & MEANS COMMITTEE.

HB 2372 Requires employers of 25 or more employees to provide unpaid rest periods to employees to express milk if providing rest periods does not cause undue hardship on operation of employer's business. Requires employer to make reasonable efforts to provide private location where employee can express milk. Provides civil penalty. Requires school district boards to adopt policy regarding breast-feeding in workplace to accommodate employees needing to express milk. Excludes expressing milk from collective bargaining.

Directs Commissioner of Bureau of Labor and Industries to appoint advisory committee to address difficulties industries or professions have in complying with requirements relating to expressing milk.

REFERRED TO HOUSE HUMAN SERVICES AND WOMEN'S WELLNESS.

HOUSE THIRD READING. PASSED. AYES, 49.

REFERRED TO SENATE BUSINESS, TRANSPORTATION AND WORKFORCE DEVELOPMENT.

SENATE THIRD READING. PASSED. AYES, 28.

HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 47.

SPEAKER SIGNED.

PRESIDENT SIGNED.

HB 2426 Establishes credit against income taxes and corporate excise taxes for agricultural producers of plant or animal matter used for biodiesel or ethanol production in this state.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2427 Establishes credit against income taxes and corporate excise taxes for agricultural producers of plant or animal matter used for biodiesel or ethanol production in this state.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2428 Expands property tax exemption for ethanol production facilities to include biofuel production facilities, including oil seed crushing facilities.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2429 Permits employer to deduct from employees wages reimbursement for cost of employees drug test when test result is positive for illegal use of controlled substance.

DIED IN HOUSE BUSINESS & LABOR COMMITTEE.

HB 2441 Requires individual to take drug test to be eligible for unemployment insurance benefits.

DIED IN HOUSE WORKFORCE AND ECONOMIC DEVELOPMENT COMMITTEE.

HB 2635 Allows eligible employee to take family leave from work to care for grandparent or grandchild. Provides that covered employer commits unlawful practice if employer denies family leave to which eligible employee is entitled or retaliates or discriminates against individual because of inquiry about or lawful exercise of family leave provisions.

REFERRED TO HOUSE BUSINESS AND LABOR.

HOUSE THIRD READING. PASSED. AYES, 56.

REFERRED TO SENATE COMMERCE.

SENATE THIRD READING. PASSED. AYES, 22.

HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 46.

SPEAKER SIGNED.

PRESIDENT SIGNED.

HB 2767 Creates Oregon Workforce Innovation Council.

DIED IN WAYS & MEANS COMMITTEE.

HB 2788 Permits Economic and Community Development Department to approve second or subsequent applications for annual certification for property tax exemptions when business retains similar characteristics to prior certification years.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2795 Requires Commissioner of Bureau of Labor and Industries to audit information used to determine prevailing wage rates.

DIED IN WAYS & MEANS COMMITTEE.

HB 2826 Allows articles of incorporation delivered for filing to office of Secretary of State to contain provision authorizing or directing corporation to conduct business in environmentally and socially responsible manner.

**REFERRED TO HOUSE JUDICIARY.
HOUSE THIRD READING. PASSED. AYES, 38.
REFERRED TO SENATE JUDICIARY.
THIRD READING. PASSED. AYES, 17.
PRESIDENT SIGNED.
SPEAKER SIGNED.
GOVERNOR SIGNED.**

HB 2846 Creates Rainy Day Fund.

DIED IN HOUSE REVENUE COMMITTEE.

HB 2891 Requires Employment Relations Board, unless petition for representation election is filed, to certify labor organization as exclusive representative of employees if board finds that majority of employees in unit appropriate for bargaining have signed authorizations designating labor organization specified in petition as employees' bargaining representative and that no other labor organization is currently certified or recognized as exclusive representative of employees in unit. Requires board to develop guidelines and procedures for such designation by employees of bargaining representative.

Provides that petition for representation election must be supported by 30 percent of affected employees. Requires board to develop guidelines and procedures to effect election and to resolve disputes. Requires election to be held not later than 45 days after petition is filed.

This piece of union-backed legislation proved the only survivor out of a package of three detrimental proposals. HB 2891 requires that *public* employers allow for "card check" organizing, and was amended to allow 30 percent of a bargaining unit to request a secret-ballot election if they were unsatisfied with the card check process.

**REFERRED TO HOUSE BUSINESS AND LABOR.
HOUSE THIRD READING. PASSED. AYES, 34.
REFERRED TO SENATE COMMERCE.
SENATE THIRD READING. PASSED. AYES, 17.
HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED BILL. AYES, 35.
SPEAKER SIGNED.
PRESIDENT SIGNED.**

HB 2922 Requires addition to taxable income for Oregon tax purposes of certain income otherwise excluded from federal taxable income.

DIED IN HOUSE REVENUE COMMITTEE.

HB 3244 Creates Sustainability Board. Establishes membership and duties. Directs board to identify, evaluate, make recommendations and propose legislation, regulatory changes or policy modifications for purpose of encouraging activities that sustain, protect and enhance quality of environment, economy and communities. Establishes Sustainability Board Fund. Continuously appropriates moneys in fund to board.

**REFERRED TO HOUSE ENERGY AND THE ENVIRONMENT WITH SUBSEQUENT
REFERRAL TO WAYS AND MEANS.**

ASSIGNED TO HOUSE SUBCOMMITTEE ON NATURAL RESOURCES.

RETURNED TO FULL COMMITTEE.

HOUSE THIRD READING. PASSED. AYES, 39.

REFERRED TO WAYS AND MEANS.

SENATE THIRD READING. PASSED. AYES, 21.

SPEAKER SIGNED.

HB 3448 Eliminates tax deductions, subtractions or credits that may be claimed against taxes by corporations that decrease employment in Oregon and increase employment in countries outside of United States.

DIED IN HOUSE REVENUE COMMITTEE.

HB 5047 Appropriates moneys from General Fund to Department of Transportation for rail programs. Limits certain biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts and certain federal funds, but excluding lottery funds and other federal funds, collected or received by department. Limits biennial expenditures by department from federal funds. Limits certain biennial expenditures by department from lottery moneys. Authorizes specified nonlimited expenditures. Increases, for biennium ending June 30, 2007, limitation on expenditures from federal funds by department for public transit.

**REFERRED TO WAYS AND MEANS.
ASSIGNED TO HOUSE SUBCOMMITTEE ON TRANSPORTATION AND ECONOMIC
DEVELOPMENT.**

**RETURNED TO FULL COMMITTEE.
HOUSE THIRD READING. PASSED. AYES, 51.
REFERRED TO WAYS AND MEANS.
SENATE THIRD READING. PASSED. AYES, 26.**

**SPEAKER SIGNED.
PRESIDENT SIGNED.
GOVERNOR SIGNED.**

SB 27 Creates Oregon Health Fund to pool state and federal expenditures for health care in Oregon and to finance treatment of defined set of essential health conditions for all Oregonians.

DIED IN WAYS & MEANS COMMITTEE.

SB 121 Allows Attorney General to intervene in class actions to assert claim on behalf of class members who fail to submit statements required for award of damages.

DIED IN SENATE JUDICIARY COMMITTEE.

SB 153 Requires employee benefit plan and health insurer to reimburse state Medicaid expenditures made for benefit of enrollee under specified circumstances. Requires employee benefit plan and health insurer to provide eligibility and claims data to state Medicaid agency upon request.

REFERRED TO SENATE HEALTH POLICY AND PUBLIC AFFAIRS.

SENATE THIRD READING. PASSED. AYES, 25.

REFERRED TO HOUSE HEALTH CARE.

READ THIRD TIME UNDER CONSENT CALENDAR. PASSED. AYES, 50.

SENATE CONCURRED IN HOUSE AMENDMENTS AND REPASSED BILL. AYES, 22.

PRESIDENT SIGNED.

SPEAKER SIGNED.

GOVERNOR SIGNED.

SB 177 Provides that person has substantial nexus with State of Oregon if specified levels of property, payroll or sales in state are exceeded.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

SB 178 Changes definition of “single trade or business” to “unitary business” for corporate income and excise tax purposes. Applies to tax years beginning on or after January 1, 2007.

REFERRED TO SENATE FINANCE AND REVENUE.

SENATE THIRD READING. PASSED. AYES, 30.

REFERRED TO HOUSE REVENUE.

READ THIRD TIME UNDER CONSENT CALENDAR. PASSED. AYES, 47.

SPEAKER SIGNED.

PRESIDENT SIGNED.

GOVERNOR SIGNED.

SB 235 Directs Environmental Quality Commission and State Department of Agriculture to enter into memorandum of understanding that addresses department administration and enforcement of air quality laws applicable to agricultural operations or equipment. Expands duties and powers of State Department of Agriculture Natural Resources Division. Creates Task Force on Dairy Air Quality. Specifies membership and duties of task force.

**REFERRED TO SENATE ENVIRONMENT AND NATURAL RESOURCES.
REFERRED TO WAYS AND MEANS BY ORDER OF THE PRESIDENT.
ASSIGNED TO SENATE SUBCOMMITTEE ON NATURAL RESOURCES.
RETURNED TO FULL COMMITTEE.
SENATE THIRD READING. PASSED. AYES, 24.
REFERRED TO WAYS AND MEANS.
HOUSE THIRD READING. PASSED. AYES, 57.
PRESIDENT SIGNED.**

SB 484 Allows consumer to revoke provision of consumer contract that requires consumer to assert claim against other party to contract in forum that is not in this state. Provides that if provision in contract requires arbitration in forum that is not in this state, sole effect of revocation is that proceeding that requires or allows attendance by consumer must be conducted in this state. Provides that party seeking to enforce revoked provision is liable for reasonable attorney fees incurred by consumer.

**REFERRED TO SENATE COMMERCE.
SENATE THIRD READING. PASSED. AYES, 22.
REFERRED TO HOUSE CONSUMER PROTECTION.
HOUSE THIRD READING. PASSED. AYES, 31.
SENATE CONCURRED IN HOUSE AMENDMENTS AND REPASSED BILL. AYES, 19.
PRESIDENT SIGNED.
SPEAKER SIGNED.**

SB 513 Requires annual inspections of subsurface and alternative sewage disposal systems.

DIED IN SENATE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE.

SJR 3 Proposes amendment to Oregon Constitution to eliminate surplus "kicker" refund of corporate income and excise taxes that exceed estimate of corporate income and excise tax revenues by two percent or more.

DIED IN HOUSE REVENUE COMMITTEE.

SJR 13 Proposes amendment to Oregon Constitution to create Oregon Budget Reserve Fund.

DIED IN SENATE FINANCE AND REVENUE COMMITTEE.

SJR 16 Proposes amendment to Oregon Constitution requiring Legislative Assembly to pass bill funding public education system by 81st day of regular session and prohibiting compensation of legislators if bill is not passed.

DIED IN WAYS & MEANS COMMITTEE.