

A photograph of the Oregon State Capitol dome, featuring a golden statue on top, set against a clear blue sky. The dome is made of light-colored stone or concrete.

2021

Legislative Priorities

ISSUES CITIES NEED TO KNOW ABOUT

In addition to the six priorities voted on and approved by our member cities and board of directors last fall (see page 41), the following is a comprehensive overview of issues your LOC team is working on this session.

BEHAVIORAL HEALTH INVESTMENT

HB 2086, introduced at the request of Governor Brown, makes several policy changes and investments in Oregon behavioral health and addiction treatment centers. In this package of reforms and changes, of particular interest to the LOC are investments in crisis care, respite care, and equitable access to behavioral health care. HB 2086 also seeks to enhance the mental health workforce to address the lack of trained professional mental health workers along the entire spectrum of mental health providers.

COMPREHENSIVE INFRASTRUCTURE INVESTMENT

City needs for infrastructure investment have continued to increase over the course of many decades, and the cost of infrastructure projects has increased over time as well. This has resulted in a backlog of critical infrastructure maintenance and improvements that are necessary to ensure ongoing community livability and support the expanded capacity resulting from population growth and higher density housing options. Cities, especially those with smaller populations, simply can't afford to fund needed infrastructure investments alone. Infrastructure investment plays an important role in overall economic recovery, revitalization and job creation and the LOC is recommending additional investment in these areas.

Broadband Investment

The deployment of broadband and telecommunications networks and services (public and/or private) throughout Oregon is critical to economic development, education, health and safety. Broadband connectivity has become increasingly critical to participation in everyday life during the COVID-19 pandemic.

Governor Brown's proposed budget has allocated \$100 million toward the expansion of broadband infrastructure projects and additional funding for the State Broadband Office to hire staff to aid in technical assistance on broadband planning. The LOC will support Gov. Brown's efforts legislatively by advocating that the tri-chairs of the Ways and Means Committee allocate similar amounts as broadband funds for Business Oregon to administer as grants. Additionally, the LOC will advocate to protect local right-of-way authority while balancing the need for increased deployment of broadband. Bills that would threaten right-of-way (ROW) authority include: HB 2613, which would mandate all government entities to notify a telecommunications provider of any excavation project in the ROW and require cities to expedite permits for all telecommunications projects; and HB 2654, which would allow electric utilities to expand existing easements for the provision of broadband service. It is unclear if HB 2654 would have unintended consequences on easements that cities sometimes grant to utilities in the ROW. The LOC is opposed to HB 2613 and is seeking an amendment on HB 2654.

(continued on page 40)



Water Investments

Governor Brown's recommended budget for the 2021-23 biennium includes important investments in public infrastructure funds that cities can use for water-related infrastructure needs. This funding includes: \$50 million for the Special Public Works Fund, which is administered by Business Oregon; \$40 million for projects selected through Oregon's Regional Solutions program; and \$20.9 million in loan and grant funds for water supply projects (funding administered through the Oregon Water Resources Department). While the LOC appreciates this level of investment and will work to ensure that these funds are approved by the Legislature, these investments merely scratch the surface of the need for municipal drinking water, sewer projects and other important water infrastructure investments. Oregon continues to fall further behind in the backlog of water infrastructure needs, and its critical systems continue to age. In addition, communities are facing emerging challenges including resiliency needs, effects of climate change (which highlights the need for building additional winter water storage), and addressing new and emerging water quality challenges including harmful algal blooms.

Transportation

The LOC's overall goal for transportation this session is to see that HB 2017, which was passed during the 2017 session, continues to fulfill its implementation schedule for expanded revenue, because the bill's total investment of \$5.3 billion will not be achieved without the full seven-year implementation, which would end in 2024. There are some legislative concepts that could derail this effort by resetting the distribution formula or adding designated revenue to expand one transportation sector.

Transportation revenues are clearly a priority for infrastructure in cities and across Oregon. The LOC already expects a decrease in the State Highway Fund, which will mean a \$34 million impact on the distribution to cities by the end of FY 2021. Add the growing operations and maintenance gap for ODOT's operations, and we will see some serious challenges facing revenue distribution in the future unless adjustments are made.

There is also a public safety bill associated with the expansion of photo radar beyond the city of Portland. HB 2530 extends authorization to operate fixed photo radar to urban high-crash corridors in cities with a population greater than 50,000. Portland has had this authority since 2017, and has shown improvement in safety along high-crash corridors. The LOC will be supporting this legislative effort to expand the authority to cities across Oregon.

PROPERTY TAX REFORM

There are numerous bills that would seek to expand or create new exemptions that would negatively affect city revenues. Although many of these are well intentioned, and seek to assist businesses or deserving individuals, the LOC will advocate against state-wide mandates and encourage local options and direct assistance through state general fund revenues. Examples include expansion of the veteran's exemption (SB 545, SB 348 and HB 3003), a property tax freeze for seniors (SJR 11), an exemption through 2025 for wildfire reconstruction (SB 459), and a hydrogen power exemption (HB 2535).

Other property tax concepts the LOC will oppose would: give 3% of a city's revenues to the county for assessment (HB 2799); divert tax foreclosure proceeds (HB 2666 and SB 403); and create a new standard for property tax appeals (SB 167). The League will support concepts to prorate taxes more fairly after a property is destroyed (HB 2341), extend sunsets on local option affordable housing exemptions (numerous), and strengthen the senior deferral program (SB 140 and SB 709 as examples).

HOUSING AND LAND USE

In addition to the LOC's priority of housing and services investment, the League has been engaged in a number of policy discussions to share expertise on housing and land use concepts and ensure that any new policies can be implemented effectively on the ground. This includes providing technical expertise on affordable housing land use concepts and supporting bills to strengthen local housing tools as a member of the Oregon Housing Alliance.

The LOC participated in a homelessness and public space workgroup with other local governments and the Oregon Law Center to negotiate a bill based on the recent federal court decisions in *Martin v. Boise* and *Blake v. Grants Pass*. HB 3115 recognizes that penalizing homeless individuals for their unavoidable circumstance is not in the public interest. The bill requires local ordinances that limit camping related acts be objectively reasonable.

This session will also see the return of an expedited shelter siting bill, HB 2006, which includes updated language at the request of LOC that will improve city implementation.

Finally, the LOC is also advocating for additional resources in the Oregon Department of Land Conservation and Development's budget, contained in HB 5010, to support housing planning programs and fund critical technical assistance grants for local government.

WATER & SEWER RATE ASSISTANCE

In response to economic impacts associated with the spread of COVID-19, many of Oregon's drinking water and wastewater utility providers have offered additional assistance to customers who are experiencing economic hardship. Unfortunately, many cities and other public water and sewer utilities are reporting challenges associated with decreased revenue resulting from delinquent accounts or decreased water consumption from businesses that have either closed or limited operations. This has resulted in concerning revenue and budgetary impacts for many Oregon water and sewer utility providers. Both HB 2739 and HB 3089 aim to establish a new drinking water and sewer rate assistance program in Oregon. These bills are intended to complement existing local water utility rate assistance programs, whether those programs are managed internally by the utility, or through a third-party contract with a service provider. The bills will also seek to provide funding to water and sewer utility providers that do not currently have, but would like to establish, a low-income assistance program. The LOC will also engage in efforts this session to ensure that recently approved federal funding (approximately \$7 million) for water/sewer assistance can be deployed efficiently to utilities across the state. The state



is awaiting federal guidance on how those federal funds can be utilized.

WILDLAND FIRE RESPONSE

This will be a very complicated set of legislative proposals for 2021. There are proposals to reduce a local government's role in permitting or collecting inspection-permit fees for rebuilding of structures on one end, and other legislation focused on the land use, home hardening codes, defensible space and re-zoning on the other end. The LOC's role will be to find solutions that make sense for cities and find pathways to get homeowners back in their properties as quickly as possible. The LOC supports HB 2722, a community-based wildland fire action plan. The bill creates a Land Use and Wildfire Policy Advisory Committee to help guide decisions for implementation at the community level for reducing the risk of wildland fire impacts across land uses.

The LOC will also be advocating for additional state support for communities facing significant funding challenges posed by the loss of home values and the ability to generate property tax funds to cover basic core services.

PUBLIC CONTRACTING

Public contracting-related legislation that was opposed by the LOC in 2019 has been re-introduced for the 2021 session. While the LOC is generally supportive of the existence of prevailing wage laws for publicly-owned, public works projects, several of these bills present significant changes for determining prevailing wage rates and have resulted in sudden wage spikes for certain contracted-for work in other states, including the state of Washington.

Collective Bargaining Agreements for Wage Determinations

HB 2419/SB 493 would change how prevailing wage rates are determined by requiring the Oregon Bureau of Labor and Industries to use collective bargaining agreements in lieu of the current wage survey. Under HB 2419, if more than one collective bargaining agreement exists for a trade occupation within a region, the highest rate would apply. SB 493 would use an average in instances where more than one collective bargaining agreement exists for a given trade within a region. The state of Washington passed legislation similar to HB 2319 in 2018 and it has resulted in some significant spikes in certain wage rates, including a nearly 400% increase in one instance. The LOC is committed to engage in discussions that aim to improve the current process for wage rate determination, but is strongly concerned. These bills would mean that one collective bargaining agreement (even if that agreement reflected specialized work or project needs) would establish a minimum rate for all projects and work covered under a certain occupation/trade.

[View more public contracting bills to watch on the LOC website.](#)

ALCOHOL TAXES

Taxation of alcohol will be discussed extensively at the Legislature this session. There are at least three concepts that would reduce city revenues: HB 2740 would increase agent

TOP 7 LEGISLATIVE PRIORITIES

as voted by the LOC membership

- 1. Mental Health Service Delivery** – continued support for adequate resources to protect and enhance the services available to persons suffering from mental health conditions.
- 2. COVID-19 Economic Recovery Investments** – advocate for resources for small businesses and affected workers, and for flexibility in existing and proposed programs to allow cities to get help where it is needed most.
- 3. Comprehensive Infrastructure Package** – increase in the state's investment in key infrastructure funding sources, including seeking investment and set aside through the SPWF for seismic resilience planning and related infrastructure improvements that will help make Oregon water and wastewater systems more resilient.
- 4. Property Tax Reform** – support incremental or systemic reforms that enhance local choice, equity, fairness, and adequacy.
- 5. Housing and Services Investment** – seek increased investments for affordable housing, homeless assistance, and related services including funding for: shelter, homeless services, case management, rent assistance, the development and preservation of affordable housing, and permanent supportive housing.
- 6. Water Utility and Rate Assistance** – work to identify funding for water utility ratepayer assistance and work to establish a framework for the distribution of funds. In addition, the LOC will seek to ensure that any assistance programs are targeted to acknowledge existing inequities.
- 6. Disaster Relief and Recovery** – avoid legislation that could further degrade a city's ability to meet core service delivery and address the challenges of city budgets.

compensation to liquor store owners; SB 316 would increase compensation on sales from distillery tasting rooms, and the Oregon Liquor Control Commission will be bringing forward a concept to construct a new warehouse that will be paid for out of distributions. The LOC acknowledges the need for the new warehouse, and will likely be neutral on the distillery issue given the low cost and economic development potential. The LOC will oppose the agent compensation changes, as cities were not at the table when the new formula was developed, and we feel

(continued on page 42)



the changes are too generous in a time when cities are looking at significant revenue challenges while agents have seen increased compensation due to higher sales.

Oregon continues to enjoy one of the lowest beer taxes in the country, as there has not been an increase since 1978. One LOC priority is to advocate for a beer tax increase to assist with rising public safety costs and provide alcohol tax equity with wine and liquor. Another LOC priority is to increase minimum pricing on bottom shelf liquor to improve public health and better reflect the societal cost of these products. There will likely be a bill brought by the recovery community seeking broad increases to alcohol taxes, and the LOC has been working with the sponsors to make sure it reflects our legislative priorities.

MARIJUANA TAXES

Measure 110, which decriminalized small amounts of street drugs, will take a significant amount of the city share of state marijuana taxes and reallocate those funds to addiction services. The LOC will support a special purpose appropriation in the governor's recommended budget to backfill a portion of this revenue loss for the 2021-23 biennium. Another bill the League will support is HB 2015, which would raise the local marijuana tax cap from 3% to 10%.

EQUITABLE POLICING

Equitable policing will be an ongoing topic of conversation in this legislative session, and the LOC has objectives for reform. The LOC has long sought changes to the arbitration system that protects the public from the reinstatement of officers who have been terminated by their employers for good cause. Legislation to reform the arbitration system is anticipated at the time of this writing.

TORT LIABILITY

Several bills have been introduced that will increase city tort and civil liability this session. HB 2207 would eliminate the local government tort cap and expose cities to the higher state limit. HB 2205 would allow for state laws to be enforced through civil action as opposed to enforcement agencies such as the Oregon Bureau of Labor and Industries.

At the time of this writing, these bills have not been heard in committee, but there has been an informational hearing on the tort caps in the Subcommittee on Civil Law. The LOC opposes changes to the tort law.

BUILDING CODES

For most of the last three years, the LOC has been supporting efforts to protect the statewide third-party building inspection program. The central element of this issue comes down to delegating service delivery at the local level when it does not make sense to keep an FTE on as a building official. The LOC has constructed a proposal that is based on earlier Oregon Department of Justice opinions and recommendations. It effectively allows cities to maintain their existing third-party program with some additional administrative steps, an appeals process, and transparency. Currently, there is not a physical bill or final language, but the League is working with the Building Codes Division. The

LOC will also be supporting HB 2398, which establishes a statewide reach code for cities and counties to use as they so choose. The LOC has worked with the interest groups who have developed this legislation.

WATER/WASTEWATER

The LOC will be working to proactively advance several legislative recommendations identified and adopted by members of the LOC Water & Wastewater Policy Committee. These recommendations include development of a drinking water and sewer rate assistance program (this recommendation was also adopted as one of the LOC's seven legislative priorities for the 2021 session), passage of legislation to address improper flushing of wipes products, and general increased investment for water infrastructure. In addition, the LOC will work to advance several bills that would make key investments in specific water supply and water quality programs, including funding to reinvigorate Oregon's septic loan program, and better position the state and local water suppliers to monitor and respond to harmful algal blooms.

Transfers of Stored Water

HB 2144/HB 3091/HB 3103 seek to address the Oregon Water Resource Department's interpretation that the state currently lacks authority to process transfers of stored water (i.e. changing the type of use for stored water or the location of storage). The ability to transfer the type of use for stored water is important for water supply management and to ensure the eventual transfer of federally stored water in the Willamette Basin for municipal use. In addition, the state must find a viable process for requests to transfer the location of water storage. This is particularly important for dams that may need to be moved due to seismic or other deficiencies.

Labeling Requirement for Non-Flushable Wipes

HB 2344 bill will require manufacturers of wipes products, including baby wipes, make-up wipes, cleaning wipes and other personal care wipes, to label product packaging as non-flushable. Violations of the law would be enforceable under the Unlawful Trade Practices Act. The LOC has worked to introduce this legislation in response to concerns over clogs in wastewater infrastructure that result from improper disposal of these products.

[View more water/wastewater bills to watch on the LOC website.](#)

RECYCLING/SOLID WASTE

In 2018, the Oregon Department of Environmental Quality (DEQ), convened a Recycling Steering Committee. Its purpose was to propose changes to Oregon's recycling system that could address significant changes to recycling markets that have occurred in past years, including China's decision to no longer accept much of Oregon's recycling material due to contamination issues. The LOC is grateful to Beaverton Senior Program Manager for Sustainability & Recycling Scott Keller for serving as the LOC representative on the steering committee. The work of the committee has resulted in proposed legislation that seeks to modernize Oregon's recycling system. In addition, several more bills have been introduced that would impact Oregon's recycling systems. The LOC will be engaging throughout these



discussions and will work to ensure that the consensus approach of the Recycling Steering Committee is reflected through proposed legislation.

Recycling System Modernization

HB 2065 was introduced by the Oregon Department of Environmental Quality and is the legislation that resulted from the work of its Recycling Steering Committee. The bill proposes significant changes to Oregon's recycling system, and will require certain manufacturers of packaging, printed paper, and other covered products to participate in a producer responsibility organization (PRO) to help finance costs associated with disposal and recycling of materials. In addition, funds collected through the PRO could be used for: public education to reduce contamination in recycling; transportation costs associated with transferring products to processing facilities; and expanding recycling collection service, including for multifamily properties. HB 2065 also establishes an Oregon Recycling System Advisory Council and a process for the state to adopt a uniform statewide collection list of materials that are eligible to be recycled. Finally, the bill prohibits materials from being labeled as recyclable if the product is not accepted for recycling by a majority of recycling services in the state. A similar but more expansive bill, HB 2592, has also been introduced, but does not reflect key recommendations from the Recycling Steering Committee. The LOC encourages cities to review this legislation and provide feedback to LOC Lobbyist Tracy Rutten Rainey at trutten@orcities.org.

ENERGY/ENVIRONMENT

Many bills have been introduced this session that aim to reduce emissions, expand the deployment of electric vehicle infrastructure, and incentivize investments in local green energy generation. The LOC will be engaging on bills that may directly impact its members, including cities that own and operate a municipal-electric utility. In addition, the LOC will be communicating with cities on legislation that may align with or support locally-driven climate action and sustainability plans.

Retail Consumer Monthly Meter Charges for Transportation Electrification

HB 2165 would require electric companies (i.e. investor-owned utilities) to charge retail customers a monthly meter charge and expend the revenues collected for supporting and integrating transportation electrification and related infrastructure. The total amounts collected must be equal to 0.25% of the total revenues collected by the electric company from all retail electric companies.

Differential Energy Burden

HB 2475/2490 would authorize the Oregon Public Utility Commission (PUC) to consider differential energy burdens for low-income customers when engaging in rate setting. In addition, the bills would authorize the PUC to consider other economic, social equity or environmental justice factors that impact affordability for certain classes of utility customers. The LOC is aware of multiple cities that support these bills.

Contact Us

Reach out to the LOC Intergovernmental Relations team if you have questions or need more information on legislative bills and priorities:

Mike Cully, Executive Director

(503) 540-6567 | mcully@orcities.org

Jim McCauley, Legislative Director -

Transportation & building codes

(971) 219-5963 | jmccauley@orcities.org

Ariel Nelson - Land use & housing

(541) 646-4180 | anelson@orcities.org

Mark Gharst - Tax, finance & economic development

(503) 991-2192 | mgharst@orcities.org

Jenna Jones - Telecom, broadband &

cable; legislative research & bill tracking

(971) 707-0304 | jjones@orcities.org

Tracy Rutten Rainey - Water,

wastewater, environment and natural resources, energy & public contracting

(503) 830-9772 | trutten@orcities.org

Scott Winkels - PERS, ethics, human

resources, collective bargaining, public safety, mental health & general government

(503) 720-8384 | swinkels@orcities.org

100% Renewable Portfolio Standard

HB 2995 would increase Oregon's renewable portfolio standard to require 100% of all electricity sold in Oregon to be clean by the year 2035. The bill would also require electric companies (i.e. investor-owned utilities) to retire coal-fired resources by the year 2025, five years earlier than what is required under current law. In addition, HB 2995 sets forth labor requirements, including compliance with prevailing wage rate and apprenticeship utilization standards, for construction work that is relied upon by an electric utility to meet the bill's requirements. ■