



2020 Legislative Session: Our Crystal Ball

By Jim McCauley, LOC Legislative Director

Trying to predict the outcomes of a legislative session isn't so much about science. It's more like a Ouija board exercise. But, here goes...

The 2020 session convened on February 3 and must adjourn "sine die" no later than March 8. As compared to the "regular" sessions that occur during odd-numbered years, the short sessions are known for aggressive timelines for advancing legislation, and fierce competition for limited budget dollars.

The 2019 session was a difficult one, with added tension from two legislative shutdowns, which were the result of an impasse over a democratic majority, high-priority cap and trade bill HB 2020. A new version of this bill was released in January during the final legislative days before the short session. Republican leadership still believes the economic impacts are too much for Oregonians but is willing to allow a legislative referral for voters to make the choice in this year's November election. Some cap and trade advocates believe the new version of the bill has been watered down too much in an effort to reduce impacts on communities and manufacturers located in the more rural regions of Oregon.

The potential for a similarly contentious legislative environment has not lessened, and may well be adding to the current state of 2020 elections. During the interim, more than 20 legislators called it a career and have stepped away from public service. This turnover will impact institutional knowledge and may well influence the balance of policy decisions, as several of the soon-to-be vacant legislative seats are in swing districts.

For the LOC, the 2020 priorities are an extension of those we focused on during the 2019 session:

- Mental Health Investment;
- Housing/Homelessness and Development;
- Broadband Investment;
- General Government – Public Records and Police Accountability;

- Water Infrastructure Investment;
- Tax and Finance Issues Related to Local Funding;
- Improved Transportation Safety;
- Wildland Fire Preparedness; and
- Third-Party Building Inspection.

This list also includes policy areas we are engaged in that are not likely to be addressed during this session, but remain important issues for the government relations team to address.

The LOC team enters 2020 with a strong group, including two new members, Mark Gharst and Ariel Nelson, as well as added expertise from Jenna Jones who will take on telecommunications and broadband.

The following is an overview of the LOC's positions and legislative activities in each of these priority issue areas:

Mental Health Funding

- It is clear from cities across the state that one of the critical factors driving homelessness is mental health, and without resources to match the mental health needs of Oregon's homeless population, communities will face continued stress and shortfalls with service delivery. The LOC remains committed to support additional funding resources for mental health programs and services. Specifically, we will advocate for additional funding of \$15-20 million for certified community mental health clinics.

The LOC will also be requesting the addition of \$9 million to the mandated case load formula. Due to the design of the formula, the resources for full case load get shorted. Currently, the funding is based on Oregon State Hospital case load, and with the transition of this population to community-based treatment homes, the overall revenue was reduced, yet the need still exists.

Housing and Development

- **System Development Charges:** The LOC is supportive of state efforts to provide additional resources to local governments to increase the development of affordable housing, including reimbursement for communities that offer reduced SDCs for affordable housing.
- **Housing Planning Implementation:** The LOC will encourage and support continued state investment in technical assistance and infrastructure resources for cities to meet the new requirements of HB 2001 and HB 2003 to plan for needed housing.
- **Affordable Housing Property Tax Exemption Update:** The LOC supports updates to local property tax exemptions for affordable housing to better align with federal resources and increase flexibility for developers in tight real estate markets. The League supports an update to an existing local option property tax exemption (ORS 307.541) to align with new federal Low-Income Housing Tax Credit (LIHTC) rules. In addition, we support increasing flexibility in the Homebuyer Opportunity Limited Tax Exemption (HOLTE) to extend the construction period eligibility for up to two more years if progress is being made with construction.

Telecommunications

- **Broadband Investment:** The LOC is working with Rep. Pam Marsh (D-Ashland) and a diverse coalition to hopefully pass a reintroduced version of HB 2184 from 2019. The bill would help generate \$5 million annually to the state broadband office to leverage federal dollars for the expansion of high-speed internet access in Oregon's rural communities by subjecting cell phones to Oregon's Universal Service Fund (OUSF) charge.

Water

- **Septic Loan Funding:** The LOC continues to strongly support a program that provides low-interest loans to either repair or replace failing residential or small business septic systems, or to connect failing septic systems to an available municipal/public sewer system. Legislation to provide an additional \$2 million in funding for this program is needed in order to continue to provide loans to low-income Oregonians.
- **OWRD Funding for Basin-Specific Needs:** The LOC supported a budget package during the 2019 session that would have provided additional staff at the Oregon Water Resources Department (OWRD) to help specific water basins navigate immediate regional water supply challenges. The basins that the LOC is targeting for enhanced technical assistance through the OWRD are the Willamette and Deschutes.

General Government

- **Public Records:** Any changes made to existing public records legislation must keep to the intent and spirit of the consensus product from 2017. The state's Public Records Council should remain a balanced body to resolve public records issues between record requesters and agencies. Further, the advocate should be accountable to elected official(s).

Follow the LOC at the Legislature

Information is power, someone once said. To stay informed on local government issues managed by the LOC lobby team during the 2020 session, and to be most effective in their own advocacy efforts, cities can avail themselves of the many tools offered by the LOC. These include the following:

- **Legislative Webpage** – The legislative page at www.orcities.org is the go-to resource for all things related to the session.
- **The LOC Bulletin** – Delivered electronically every Friday, this publication has the most up-to-date coverage of the status and policy developments relating to bills being tracked by the LOC. Email loc@orcities.org to subscribe.
- **Bill Tracker** – Available on the legislative page of the LOC's website, this allows cities to keep tabs on individual pieces of legislation.
- **Social Media** – Follow us on Twitter (@OregonCities), Facebook (@LeagueofOregonCities), and YouTube (@LeagueofOregonCities) to stay engaged and help us in our advocacy efforts by sharing and liking posts.
- **Inside the Capitol Podcast** – 5-10 minute quick conversations with LOC lobbyists on what is happening at the Capitol every week.

Finally, member cities are invited to call or email the LOC office at any time to talk with a member of the lobby team about a bill. Of particular interest to the advocacy team is local feedback or intelligence that can be offered about a bill, especially perspectives that might be provided concerning a legislator's views on an issue.

- **Police Accountability:** The LOC is supportive of efforts to allow employers greater discretion in holding police officers accountable for acts that should result in termination. The League will support and advocate for legislation that was passed unanimously by the Senate in 2019.

Tax and Finance

- **Lodging Tax:** There were two lodging tax workgroups looking at this issue during the interim. Rep. Pam Marsh (D-Ashland) was exploring ways to enhance compliance, while Rep. Alissa Keny-Guyer (D-Portland) was studying how short-term rentals exacerbate housing issues and

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whether local governments should have more discretion to spend lodging tax on affordable housing. It's unlikely these workgroups will produce a bill for 2020, but the LOC will continue to be involved in any lodging tax legislation.

- **Farm Machinery:** Rep. Marsh and Sen. Lynn Findley (R-Vale) are leading a workgroup to "clarify" the property tax exemption for farm machinery. During the 2019 session, advocates brought forward a bill that was described as clarifying policy, but it was clear it would have expanded the exemption and reduced revenue to communities.
- **Liquor:** The LOC fully expects distillery advocates to propose an 83% reduction of the tax on the first 5,000 bottles at each tasting room. The League will weigh any benefits in terms of economic development with costs, including forgone revenue and likely public safety spending.
- **Property Tax Reform:** Property tax reform is not likely to be taken up in the short session, but if the Legislature plans to make it a priority in 2021 there will need to be some significant work in 2020 to lay the groundwork.

Transportation

- **Public Safety:** The LOC is supportive of efforts to bring back HB 2702 from 2019, which authorizes the Oregon Department of Transportation (ODOT) to delegate authority to a city or county to establish a designated speed on low-volume or unpaved highways under ODOT's jurisdiction to all highways under the jurisdiction of the city or county.

Building Codes

- **Third-Party Building Inspection:** The Oregon Building Code Division (BCD) is moving forward with an advisory group to find an administrative process that would use a version of a third-party building inspection program for smaller, frontier communities in Oregon. Details will emerge once the work group starts up in early 2020.
- **Wildland Fire Interface:** The LOC will work with the BCD and others as proposals emerge in response to recommendations from the Governor's Council on Wildfire Response. These may be additional building design requirements, set back distances and possible development standards and a new role for local governments to implement neighborhood or home certifications. ■

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