Carbon pricing in Oregon: a brief history

Clean Energy Jobs is a policy to cap and price climate pollution and reinvest proceeds into Oregon's clean energy economy. It's a flexible, efficient mechanism for reducing climate pollution at a low-cost. Oregon has been working on varying forms of legislation to reduce its greenhouse gas emissions with a limit and price on pollution for well over a decade. Clean Energy Jobs is the final product and ready to be passed in 2018.

1997: HB 3283 **passes**; revamping the rules for siting energy facilities. **New** power plants in Oregon have a built-in price on CO2. While very modest and limited in scope, it established the **first** mandatory price on CO2 emissions **in the U.S**.

2003: Governor Kulongoski, along with the governors of Washington and California, create the **West Coast Global Warming Initiative,** establishing teams to develop regional strategies to reduce greenhouse emissions and recommend a regional market-based carbon allowance program.

2004: Governor Kulongoski creates the **Global Warming Advisory Group**, initiating a two-year process of developing recommendations for how Oregon can reduce its greenhouse gas emissions.

2007: The Western Climate Initiative, a collaboration among states and provinces to tackle climate change at the regional level, is initiated. **Oregon** is among the first states to join, along with **Arizona, California, New Mexico,** and **Washington**.

2007: HB 3543 **passes**; introduced by Senator Avakian and Representative Dingfelder, the bill creates Oregon-specific greenhouse gas reduction goals, as well as the Global Warming Commission and the Oregon Climate Change Research Institute:

The **Global Warming Commission** recommends ways to coordinate state and local efforts to reduce Oregon's greenhouse gas emissions in line with Oregon's goals, and recommends efforts to help the state, local governments, businesses and residents prepare for the effects of global warming.

The **Oregon Climate Change Research Institute** is a network of over 150 researchers based at local universities. It is administered by Oregon State University and resides in the College of Earth, Ocean, and Atmospheric Sciences. The Institute publishes regular reports and hosts projects on Oregon climate impacts and progress.

2007: Representatives Bruun (R) and Cannon (D) introduce a **bipartisan** cap-and-trade bill for the electricity sector, HB 3545. The bill undergoes two hearings, but does not receive a floor vote.

2007-08: The **Western Climate Initiative** is expanded to include **Montana** and **Utah** and the provinces of **British Columbia, Manitoba, Ontario**, and **Quebec**. This expansion creates the necessary architecture for developing a regional economy-wide cap and trade system.

2008: At the behest of Governor Kulongoski, the Oregon Department of Environmental Quality develops **mandatory greenhouse gas reporting rules.**

2009: Governor Kulongoski introduces Senate Bill 80, a cap-and-trade bill. The bill never passes out of its committee of origin, but continues to be introduced in subsequent sessions.

A modified bill, Senate Bill 80A, is an agency study bill of the program. It passes to the Ways and Means Committee, but does not make it to the floor. In total, the bill received **three** public Senate hearings, **one** Senate work session, and one public hearing in the Subcommittee on Natural Resources.

2010: SB 1059 **passes**, directing the Oregon Transportation Commission to adopt a statewide strategy for reducing emissions from the transportation sector. The bill receives **one** public hearing and **two** work sessions.

2011: Different mechanisms for pricing climate pollution are introduced and worked on. **Two** carbon tax bills and **one** greenhouse gas fee bill are introduced.

2011: HB 3538 **passes**, requiring the Energy Facility Siting Council to quantify the global warming potential of greenhouse gases to establish carbon equivalent offsets for utilities throughout Oregon, including dairy digesters, wastewater treatment, and improved nutrient management techniques on farms. The bill receives **two** public hearings and **two** work sessions before passing.

2013: A carbon tax study bill passes with bipartisan support, marking the most thorough analysis of a state-level carbon tax in the U.S.

2014: Portland State University report to the legislature on carbon tax study, providing detailed data about the **minimal** potential negative impacts and strong **benefits** of carbon pricing and reducing climate pollution on specific regions and industries throughout Oregon.

2015: Three carbon pricing bills are introduced:

HB 3470: The Climate Stability and Justice Act would **enforce** Oregon's climate goals and require the state to "identify and make recommendations on emissions reduction measures, alternative compliance mechanisms, and market-based compliance mechanisms that sources may use to maximize feasible and cost-effective reductions of greenhouse gas emissions…" and to put in place a plan by 2018. The bill receives **one** public hearing and **two** work sessions.

HB 3252: Placing a fee of $60 per ton on climate pollution and directing revenue to create jobs, economic development and transition assistance fund such as assistance for low-and moderate-income households. Also directing Highway Transportation-restricted funds to be used for eligible low-carbon projects, like expanding capacity for high capacity transit. The bill receives **one** public hearing.

HB 3250: This cap-and-dividend bill would place legal limits on climate pollution, create auction permits, and return all revenue in equal payments back to taxpayers and their dependents. The bill received **one** public hearing.

2016: The legislature directs the Department of Environmental Quality to study implementing a **market-based greenhouse gas reduction program**, specifying several areas of focus, including general policy design, program methods to minimize negative effects on businesses, disadvantaged communities and rural parts of the state, and how such a program would interact with Oregon's existing climate policies.

2016: The Healthy Climate Act (Senate Bill 1574), a cap-and-invest bill is introduced. It receives **two** public hearings, **one** work session, and is referred to Ways and Means with a "**do pass**" recommendation (with amendments.)

2017: The ***Clean Energy Jobs*** bill (SB 557) passes out of the Senate Energy and Natural Resources committee. It does not receive a floor vote. HB 2135, the bill's house counterpart, passes the House Energy & Environment Committee and is sent to Ways & Means. The bill is later reintroduced as SB 1070, a priority bill with **33 legislative co-sponsors**. The Global Warming Commission considers this policy to be a gap-closer.

A price on emissions isn't a new concept. While Oregon has worked its policy into shape for more than a decade, others have moved forward:

Every province in **Canada** will have a price on climate pollution by 2018. **China** will launch its national cap-and-trade system in 2019. **California**'s cap-and-trade program, in place since 2012, was just extended for another decade with bipartisan support. The program is linked with the provinces of **Quebec** and **Ontario** to form the **North American Carbon Market**.

Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and **Vermont** are all part of the **Regional Greenhouse Gas Initiative** (RGGI), a program to cap and reduce emissions from the power sector in place since 2009. RGGI states doubled-down on their success in 2017, adopting new targets for emission reductions.

CLEAN ENERGY JOBS