Sharla Moffett, OBI’s director for environmental policy, discussed the impact of regulatory uncertainty on business investments in Oregon. She noted that businesses are facing uncertainties about whether they can compete in a market if their competitor in another state can get to market in three months versus the nine or more months it may take to get the relevant permits and start production in Oregon.

Sharla was speaking at the Annual State of the State event sponsored by the Air & Waste Management Association and the Northwest Environmental Business Council. She was joined in the discussion by other business representatives, as well as environmental advocates and regulators.

Sharla noted OBI’s good working relationship with the Department of Environmental Quality and thanked Director Richard Whitman and his team for being open to talking about challenges faced by business. That said, she noted, regulated businesses are talking a lot these days about concerns over rising fees, permitting delays and the mushrooming of regulations. These uncertainties, Sharla added, impact whether businesses feel confident investing in Oregon.

“Right now, there are huge unknowns for businesses,” she said. “The cost of environmental compliance is only going in one direction, up, and that really isn’t the end of the story either.”
We are seeing very big new regulatory programs or significantly expanded regulatory programs on a regular basis. What we would like to see is greater focus on getting back to the basics of getting permits issued."

Click here to read the full text of Sharla’s remarks.

With more than 300 manufacturing members, addressing the impact and cost of regulation is a top priority for OBI. Sharla leads our efforts, ensuring that OBI and our members have a seat at the table as DEQ and other agencies develop regulations. If you have questions for her, or would like to engage on our air or water committees, let Sharla know at sharlamoffett@oregonbusinessindustry.com.

New Cap and Trade Proposal

Oregon Senate Democrats this week proposed revised cap-and-trade legislation, which they hope addresses the concerns that blocked passage of a bill in 2019. The new language was unveiled Monday at a meeting of the Senate Environmental and Natural Resources Committee, and lawmakers indicated they want the bill to move forward in the 35-day legislative session that begins Feb. 3.

Click here to read Legislative Concept 19. It remains unclear whether this proposal would have sufficient support to pass the Senate, which last year failed to act after Republicans refused to provide a quorum for a vote on HB 2020, the unsuccessful 2019 bill. Senate Republican Leader Herman Baertschiger, R-Grants Pass, today (Wednesday) called the proposal “economically disastrous,” and several business lobby groups continue to oppose the bill.

The new draft incorporates changes in how transportation fuels will be impacted, a key issue for the trucking and agriculture industries, as well as Oregon consumers who are likely to be hit with price increases at the fuel pump. The new language related to transportation would phase in changes, with the Portland-metro area hit first in 2022, then smaller metro areas (Eugene, Bend, Salem, Medford and Corvallis-Albany) in 2025. Some 19 rural counties would have to volunteer to participate to be impacted.

The draft also changes how the state would calculate manufacturing emissions, as well as treatment for companies purchasing electricity and natural gas from non-utility providers.

For more details, check out this OPB article or this Oregonian article. OBI will continue to track cap-and-trade policy at the Capitol.

Ballot Measures

Air Toxics Reduction

OBI is working with partners on a ballot title challenge for Initiative Petition (IP) 56, which essentially negates the air toxics regulation agreement reached during the 2018 short legislative session.

As drafted IP 56 would:

- Repeal significant portions of SB 1541, the Cleaner Air Oregon compromise bill passed in 2018
- Change air regulations, setting more stringent benchmarks that would be extremely costly and difficult to meet
- Add more requirements for businesses to disclose information about their emissions

Proponents of IP 56, and all parties seeking to place a measure on the November 2020 general election ballot, will have to secure complete ballot titles and circulate petitions to gain 112,020 signatures from registered voters by July 2 for the measures to qualify for the ballot.
Carbon Reduction
Again, working with partners, OBI is coordinating challenges to ballot titles for three carbon-reduction measures filed in October.

In December, Secretary of State Bev Clarno rejected two of them, IP 48, 100% Clean Energy by 2045, and IP 49, 100% Clean Energy plus Electrification by 2045, finding that they violated the constitutional single-subject rule. Last week, chief petitioners for these ballot measures sued to reverse the secretary of state’s rejection of both these ballot titles. IP 50, 100% Carbon-Free Economy by 2050, is still making its way through the process. IP 50 aims to reduce greenhouse gas emissions by 50% below 1990 levels by 2035 and be 100% carbon free by 2050.

Fee Increases and Rulemakings

OBI is closely following regulations that increase fees and compliance burdens for Oregon businesses, attempting whenever possible to reduce the burden on Oregon businesses. Here are some we’re engaged in:

Air Contaminant Discharge Permit Fees
The Oregon Department of Environmental Quality (DEQ) is proposing to significantly increase Air Contaminant Discharge Permit (ACDP) Fees. Basic permit fees would rise by 50% (phased in over two years) and other fee categories would increase 70% as of July 1.

DEQ argues it needs these fees to add staff and clear a backlog of expired permits. The fees have not gone up since 2014 and DEQ has said this fee level should be adequate until approximately 2024. The increased fees will allow DEQ to add positions in the air permitting program and accelerate the pace at which permits are processed.

OBI’s Sharla Moffett is on this rulemaking committee advocating for smaller fee increases at predictable intervals to help businesses plan or budget, as well as early notification to permit holders so they are able to budget for these major rate hikes.

We will let members know when the public comment period opens. We expect fees to be approved in May and become effective in July, with bills going out in the fall.

Greenhouse Gas Reporting Rulemaking
OBI convened more than 35 of our members to meet with DEQ staff Jan. 7 and discuss changes to the regulations and highlight concerns with the proposed Greenhouse Gas Reporting rules released in December.

The proposal regulates reporting and third-party verification, which will burden manufacturers with major new costs at a time when facilities are spending more than ever on the cost of doing business. At the meeting, OBI members offered many constructive comments. They hit on topics including the complexity of the third-party verification requirements, duplication with other provisions of the air program, and cost.

Public comment is open until Jan. 28, and there is a public hearing at 3 p.m., Jan. 16. The meeting is in Portland, and you can attend in person or via webinar (see box).

Prior to the release of the draft rules, OBI and partners submitted comments in November.
Our partners in these comments were Oregon Forest & Industries Council, Oregon Fuels Association, Food Northwest and Northwest Gas Association.

**Willamette Basin Mercury TMDL**

The U.S. Environmental Protection Agency (EPA) reissued a 26-page Willamette Basin Mercury Total Daily Maximum Load (TMDL) report on Dec. 30 after disapproving Oregon DEQ's TMDL in November. EPA contended that larger reductions in mercury are required to achieve water quality standards and DEQ's plan didn't go far enough. The EPA made drastic revisions to the reductions of mercury in some sub-basins, requiring some facilities to reduce mercury 97%. You can click here to read the full document and you can see the allocation summary by clicking here.

Even the EPA acknowledges the source of 96% of all mercury in the environment is atmospheric deposition from precipitation. In other words, facilities are being required to clean up a massive amount of mercury that they had no part in creating. The TMDL requirements do not align with real-world limitations on how much mercury it is possible to remove. On a related note, the DEQ will soon finalize its Multiple Discharger Mercury Variance rule, which will provide more regulatory flexibility in reducing mercury from water discharges.

The EPA is accepting public comments now through Feb. 4. If you have thoughts or concerns you would like OBI to submit, please contact Sharla.

**Water Quality Integrated Report**

OBI submitted comments on the DEQ's 2018-2020 Water Quality Integrated Report assessing the condition of Oregon's surface waters. The change in methodology for this report led many more waterbodies to be characterized as "impaired," which will result in more restrictive water quality permits for some facilities and hinder forestry and agriculture activities even where data is scant or nonexistent.

According to the new report, 44% of Oregon's river miles are impaired, which is a 33% increase from the 2012 assessment. The Integrated Report is actually a series of interactive web maps and allows users to more easily interface with the data.

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OBI is working to lessen the impact of new fees on Oregon manufacturers.

Are regulatory fees a big concern for your business?

Yes

Select

No

Select

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**US-Mexico-Canada Agreement**

December saw a big step forward for the U.S.-Mexico-Canada-Agreement (USMCA). The White House and others announced a handshake deal, with hopes Congress may approve the USMCA as soon as possible.

Trade is key in Oregon's economy, with many Oregon manufacturers engaged in markets across the globe. We have been working with the U.S. Chamber of Commerce and the
National Association of Manufacturers on USMCA advocacy efforts. Read the statement from US Chamber CEO Thomas Donohue by clicking here. Or get a rundown on what the USMCA is and what the latest developments mean by clicking the image below.

**U.S. Chamber of Commerce**

**Above the Fold**  DEC 10, 2019 - 10:00AM

**Quick Take: Your Primer on the U.S.-Mexico-Canada Agreement (USMCA)**

**U.S. CHAMBER STAFF**

![Quick Take](image)

**Oregon Construction Jobs at Record Highs**

Oregon construction jobs hit a record high in December, with an average of 108,000 jobs during the last 12 months, the Oregon Employment Department said. Its blog article looked at construction employment over the last 30 years, showing ups and downs, and steady growth since the Great Recession.

Over the past 30 years, construction jobs have made up 4% to 6% of all Oregon jobs. The lowest time was at 4% in 1992, closely followed by 4.2% from 2010 to 2012. The highest percentage was 6% during the housing boom between 2006 and 2007. This year, construction jobs make up 5.5%.
Oregon Manufacturers in the News

EPA's New Plan to Reduce Willamette Basin Mercury Sets High Bar

Aerospace Manufacturer Announces $128 Million Ohio R&D (Precision Castparts Corp.)

Portland Traffic, Statewide Road Improvements are Focus of New Oregon Mega Projects Office

Upcoming Events

2020 OBI Annual Meeting

- 7:30 a.m. to 9 a.m., Thursday Feb. 13
- Salem Convention Center
- Click here to register

Come join us! Get your spot at OBI's 2020 Annual Meeting. The event is coming up in less than a month and we want to see you there.

We'll be celebrating the 2020 Jobs Champion awardees, Reps. Jeff Barker, D-Aloha, and Shelly Boshart Davis, R-Albany. And we'll hear from keynote speaker A.B. Stoddard, national political columnist of RealClearPolitics, who will delve into what's really going on in Washington, D.C.

The 2020 Annual Meeting is sponsored by:
Ag Summit

What: Dunn Carney’s 12th Annual Ag Summit
When: 7:30 a.m. to 1:30 p.m., Friday, Jan. 24
Where: Salem Convention Center

Looking to get caught up on the most recent developments in legal issues, best practices and regulatory developments in agriculture? Join the OBI member Dunn Carney’s Ag Team at the 12th Annual Ag Summit. Click here for more information and to register.

State Rep. Shelly Boshart Davis, an ag-issue champion from Albany, will be the keynote speaker. Other topics of the day include:

- Lien on Me: Debtor and Creditor Rights in the Agricultural Industry
- Opportunity Zones to Benefit Rural and Agricultural Areas
- Legal Issues for Growers Using the H-2A Program
- Water Rights: The Nitty Gritty

Save the Date: Eastern Oregon Economic Summit

This event brings state, regional, and local leaders from across private and public sectors to Hermiston to discuss issues and set goals to improve our Eastern Oregon communities and region.

July 23: Regional industry and issue tours
July 24: General session and breakout discussions

Click here to learn more.
Resources

Wholesale Fuel Pricing

OBI has partnered with MCP Petroleum to drive down OBI members’ fuel cost. OBI is leveraging the collective purchasing power of our membership to get wholesale fuel pricing for our members. In addition to fuel savings, OBI members will have access to a comprehensive fuel management system that will reduce slippage, save valuable employee time and provide accountability and oversight of your company’s fuel consumption.

OBI members who use 900 gallons of fuel annually through their company are eligible for this program. Please contact Nancy Marquay for more information.

LegalPlus Program

Did you know, by being an OBI member you can get free legal advice? OBI and Innova Legal Advisors provides members 15 minutes of legal consultation each month through the LegalPlus program. Check it out by clicking here. Or contact Bob Blackmore at Innova Legal Advisors: Phone: 503-479-7175; email: Bob.Blackmore@innovalegaladvisors.com