



CITY OF PORTLAND STATE LEGISLATIVE REPORT



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INTRODUCTION

The 2016 Legislative Session

The 2016 session of the 78th Oregon Legislative Assembly convened February 1st and adjourned sine die on March 3rd, three days short of the constitutional deadline. This is the third time the Legislature has met for a regular, 35-day, legislative session in an even-numbered year since voters approved annual sessions in 2010. Similar to previous short sessions, the 2016 Legislative Session was marked by a high volume of bills being considered on a series of accelerated deadlines. Of the 283 measures introduced this session, 107 became law.

The City of Portland enjoyed a successful 2016 Legislative Session on all fronts. Inclusionary Housing (SB 1533), the City's top legislative priority, passed on the final day of session and lifted the 17-year preemption on local authority. The Legislature also voted to extend tenant protections by prohibiting rent increases during the first year of month-to-month tenancies and requiring 90 days notice for rent increases after the first year of month-to-month tenancies (HB 4143).

Other City of Portland priorities also fared well this session. The Legislature passed a three-tiered minimum wage increase that accounts for economic differences between urban and rural communities (SB 1532). Oregon became the first state to completely eliminate coal-fired power, while also doubling requirements for renewable energy use (SB 1547). HB 4014 streamlined the state application process for marijuana businesses and the overlap with local government requirements. Umpqua Community College received \$6.05 million to help it rebuild after the mass shooting in October 2015. The Legislature lifted longstanding preemptions of local authority, including the ability to impose construction excise taxes (SB 1533), and no significant new preemptions were enacted. Finally, in preparation for the 2017 Legislative Session, the City engaged with legislators to push for a multi-faceted transportation funding package.

INTRODUCTION

See below for a snapshot of the City’s legislative priorities:

City of Portland Priorities		
<i>Issue</i>	<i>Status</i>	<i>Success</i>
Affordable Housing & Homelessness	SB 1533 – Inclusionary Housing HB 4143 – Tenant Protections SB 5701 – \$10 million for EHA and SHAP	✓
Minimum Wage	SB 1532 – Statewide minimum wage increase	✓
Climate Change	SB 1547 – Clean Electricity and Coal Transition	✓
Transportation Funding & Safety	Advocated for multi-faceted transportation funding package in advance of the 2017 Legislative Session.	✓
Protecting Local Government Authority	Lifted longstanding preemptions of local authority, including inclusionary zoning and construction excise taxes. No new significant preemptions.	✓
Recreational Marijuana	HB 4014 – Land Use Compatibility Statement	✓
Support for Umpqua Community College	SB 5701 – \$6.05 million for UCC repairs and recovery	✓

Initiatives set for the November 2016 ballot framed and informed legislation on minimum wage and removal of coal-generated electricity from Oregon. Detailed and public conversations about raising the minimum wage began before the 2016 Legislature even convened. During January Legislative Days (January 13-15, 2016), interim committees held informational meetings and public hearings on a variety of minimum wage proposals. On January 14th, Governor Brown announced her plan for a two-tiered statewide minimum wage increase that included a higher wage inside the Portland urban growth boundary. Ultimately, the Legislature

INTRODUCTION

created a three-tiered system to increase the minimum wage over the course of six years, bringing the minimum wage in Portland to \$14.75 by 2022 (see SB 1532).

On the second day of session, committees held hearings on two significant pieces of climate legislation: the Healthy Climate Act (SB 1574) and the Clean Electricity and Coal Transition Act (HB 4036, see also SB 1547). The Healthy Climate Act would have created a cap and invest system for carbon emissions in Oregon. Despite receiving several hearings early in session, the Healthy Climate Act did not pass. However, the Clean Electricity and Coal Transition Act that requires the removal of coal-generated electricity and doubles the renewable portfolio standard did pass. The bill was in response to several proposed ballot initiatives and resulted from a negotiated compromise between investor-owned utilities and the environmental community. Debate on the bill was contentious and opponents used extraordinary procedural efforts to slow its progress, including refusal to waive reading the full text of measures on the House and Senate floors, as is customary.

Government accountability and transparency were also significant themes, motivated in part by two separate events: the ongoing investigation of the former governor and first lady and an incident involving failed state agency oversight of a fraudulent foster-care facility. In response, the Legislature voted to increase protections for “whistleblowing” public employees (HB 4067) and considered tightening requirements for public bodies responding to records requests (HB 4130). Although HB 4130 did not pass this session, the continued work of the [Attorney General’s Public Records Law Reform Task Force](#) is expected to inform future legislation. Additionally, the Legislature approved a procedural change to require all proposed amendments to identify their requester(s) – information that previously was anonymous.

The March Revenue Forecast occurred the second week of session and brought positive news regarding Oregon’s economy. State Economists described Oregon’s rate of employment gain as “full-throttle,” as Oregon continued to see higher growth rates in both employment and average wages than the typical state. The outlook for Oregon’s General Fund and Lottery Resources remained relatively steady, however State Economists warned of an estimated \$30 to \$40 million decrease in revenue per biennium going forward.

INTRODUCTION

Affordable housing and land use issues permeated all of the 2016 Legislative session in response to rising rents and home prices in Portland and communities across the state. Ultimately, legislative leadership packaged four bills—two land use and two housing—as a compromise with housing advocates, developers, landlords and legislators. The two land use bills limited the scope of voter approved annexation (SB 1573) and created a pilot program for expedited urban growth boundary expansions related to affordable housing (HB 4079). The two housing bills increased protections for tenants (HB 4143) and lifted the preemptions on inclusionary zoning and local construction excise taxes (SB 1533). All four bills passed in the final days of session.

Late in session, the Legislature held an informational hearing on Portland air toxics. The heavily attended hearing followed public outcry after news broke in early February revealing toxic “hot spots” around Portland. New testing discovered concentrations of toxic heavy metals linked to several glass manufacturers. The Department of Environmental Quality (DEQ), Oregon Health Authority, and Multnomah County Health Department testified on known hazards and the steps each agency was taking to investigate and address community health concerns. In response, the Legislature approved \$2.5 million in funding (SB 5701) for the DEQ to expand Oregon’s Air Toxics Program.

The last week of session, the Legislature approved omnibus budget, bonding and program change bills that include several City of Portland legislative priorities. The Budget Reconciliation bill (SB 5701) includes \$10 million to Oregon Housing and Community Services for the Emergency Housing Account (\$8 million) and the State Homeless Assistance Program (\$2 million), \$230,000 to the Department of Environmental Quality for the Greenhouse Gas and Cap-and-Trade Program Study and \$6.05 million to support Umpqua Community College.

In closing, the Office of Government Relations is grateful to the Mayor, members of City Council, the City Auditor, Council staff, bureau directors, bureau legislative liaisons and other City staff for their support and hard work to ensure success of the City’s legislative priorities. Thank you for your efforts – we are proud to represent the City of Portland.

BILL SUMMARIES

SB 1516 – Child Care Providers

SB 1516 would have directed the Department of Human Services to convene a work group to develop and recommend licensing fees and a criminal and civil penalty structure for child-caring agencies, certain foster homes, private residential boarding schools, shelter-care homes and independent residence facilities. The bill was referred to the Senate Human Services and Early Childhood Committee but did not receive a hearing this session.

HB 4066 – Unmanned Aircraft Systems

This bill builds on legislation from prior sessions ([HB 2710](#) (2013) and [HB 2354](#) (2015)) to regulate the use of unmanned aircraft systems (UAS), commonly known as drones. HB 4066 extends a prohibition on weaponizing UASs from public bodies to all users and creates a new violation for interfering with the flight of another aircraft. The bill also requires public bodies that use UASs to develop policies and procedures for safeguarding the information gathered from UAS operations. Finally, HB 4066 allows flights over private property by UASs authorized by the Federal Aviation Administration and provides protections for critical infrastructure. The bill passed the House with unanimous support and the Senate 25-2.

Effective: March 29, 2016

Chapter 72

HB 4118 – Civil Penalties

Oregon law authorizes state agencies to impose civil penalties for violations of statute or rule. A person facing a civil penalty may request a contested case hearing before the Court of Appeals. HB 4118 would have permitted local circuit court review of a contested agency civil penalty. The bill would have specified circuit court review for penalties of \$10,000 or greater, and would have directed penalties less than \$10,000 to small claims court. HB 4118 did not advance beyond a public hearing in the House Judiciary Committee.

HB 4127 – Marriage Statutes

HB 4127 establishes as state policy that the privileges, immunities, rights, benefits and responsibilities controlled by law apply equally to married persons of same or opposite sex. The bill also updates marriage statutes with gender-neutral language. These changes follow the 2015 U.S. Supreme Court decision in *Obergefell v. Hodges*, requiring all states to grant same-sex marriages and recognize those marriages granted in other states. After lengthy debates in both chambers the bill passed 43-13 in the House and 18-11 in the Senate.

Effective: March 14, 2016

Chapter 46

HB 4136 – Wrongful Death Claims

This bill would have raised the limit for noneconomic damages in wrongful death lawsuits from \$500,000 to \$1.5 million. HB 4136 also directed the State Court Administrator to adjust the limit based on the percentage increase or decrease in cost of living for the previous calendar year as identified by the U.S. Department of Labor's Consumer Price Index. The bill passed the House 33-26 and was referred to the Senate Judiciary Committee where it remained at the close of session.

CONSUMER PROTECTION

SB 1590 – Duties of Insurers

This bill would have increased an insurer's duty to defend an insured policyholder against a claim. Additionally, the bill proposed a number of other modifications to statutes affecting the relationship between insurers and policyholders. SB 1590 did not advance beyond a public hearing in the Senate Business and Transportation Committee.

SB 1578 – Film and Video

SB 1578 would have expanded the Oregon Production Investment Fund (OPIF) from \$10 million to \$14 million. The bill and an amendment that would have created a regional OPIF (rOPIF) received a public hearing in the Senate Finance and Revenue Committee. The rOPIF would have created a two-tier rural incentive to encourage large and small film productions outside the Portland metro area. The City submitted a [letter](#) in support of SB 1578 and the rOPIF amendment. SB 1578 did not advance further this session, however the rOPIF and expansions to the OPIF were included as part of an omnibus tax credit bill (see SB 1507, p. 43).

HB 4084 – Brownfields

“Brownfields” are properties where future expansion or redevelopment is affected by real or perceived environmental contamination. HB 4084 authorizes local governments to create a property tax incentive program for the remediation and cleanup of brownfield sites. The property tax incentive includes a special assessment for the brownfield real property and an exemption on personal property improvements, not to exceed the cost of cleanup. The City submitted [testimony](#) in support of the bill as part of a brownfields coalition. HB 4084 passed unanimously in both chambers.

Effective: June 2, 2016

Chapter 96

For other bills relating to Economic Development, please see:

- SB 1507 – Tax Credit Package, p. 43

EMERGENCY PREPAREDNESS

SB 1512 – Seismic Rehabilitation Bonding

Article XI-M and XI-N bonds fund the seismic rehabilitation of public education and emergency services buildings, respectively. SB 1512 extends permissible uses of seismic rehabilitation bond proceeds to include surveying and engineering evaluations and related administrative costs. The bill passed the Senate 22-7 and the House 44-14.

Effective: March 15, 2016

Chapter 55

SB 1523 – Emergency Fuel Storage

In the event of a major disaster, generators may be needed to pump fuel out of storage tanks. Many emergency response entities possess generators, but lack appropriate connectors to make them compatible with a variety of fuel storage tanks. SB 1523 is the product of a work group that included fuel companies, the Office of Emergency Management (OEM) and the Oregon Department of Transportation to address this compatibility issue. The bill enables OEM to develop and administer a grant program to target large-capacity fuel storage locations along critical routes and install connectors that are compatible with generators used by emergency response personnel. SB 1523 passed both chambers unanimously.

Effective: March 29, 2016

Chapter 85

HB 4098 – Emergency Preparedness Equipment

HB 4098 would have created a resiliency grant program funded by Article XI-Q bonds to distribute state emergency preparedness equipment at the local level. The program would have been developed and administered by the Office of Emergency Management and the Oregon Homeland Security Council. The bill passed the House Veterans and Emergency Preparedness Committee and was referred to the Joint Ways and Means Committee where it remained at the close of session.

SB 1509 – Public Purpose Charges

SB 1509 would have required electric companies to fund cost-effective energy efficiency measures, market transformation measures, new renewable energy resources and low-income weatherization through rates charged to retail electricity consumers. The bill would have prohibited electric companies from collecting funds for these projects through a public purpose charge and instead required the Public Utility Commission to set rates as part of the ratemaking process. The bill was referred to the Senate Business and Transportation Committee but did not receive a public hearing this session.

SB 1547 – Clean Electricity/Public Utility Definition

As introduced, SB 1547 clarified the definition of “public utility” to specify that the Public Utility Commission (PUC) does not have regulatory authority over people’s utility districts and electric cooperatives. The bill was amended late in session to add the Clean Electricity and Coal Transition Act and preserve the underlying bill (see HB 4036, p. 11).

As amended, SB 1547 requires Oregon’s two largest electric companies to eliminate coal-fired resource generated electricity and doubles the renewable portfolio standard to 50 percent by 2040, among other actions. The bill creates a community solar program at the PUC with ten percent of the total generated capacity available to low-income residential consumers. SB 1547 also requires at least eight percent of the aggregated electrical capacity to come from small-scale community renewables, including biomass. The bill underwent lengthy debate in both chambers, passing the House 38-20 and the Senate 17-12.

Effective: March 8, 2016

Chapter 28

SB 1572 – Community Solar

This bill would have directed the Public Utility Commission to establish a program that created incentives for residential and small commercial consumers of electricity to be owners or subscribers in a community solar project. Mayor Hales submitted a [letter](#) in support of SB 1572, which passed the Senate Business and Transportation Committee. The Senate then voted to move the bill to the Senate Rules Committee, where it remained at the close of session. However, similar community solar provisions were included in the Clean Electricity and Coal Transition Act (SB 1547, p. 10), which passed this session.

SB 1574 – Healthy Climate Act

Also known as the Healthy Climate Act, SB 1574 would have capped and established a price for carbon pollution. The bill directed the Environmental Quality Commission (EQC) to adopt enforceable limits on greenhouse gas emissions to meet the carbon reduction goals set by the Oregon State Legislature in 2007 and directed the EQC to begin operating a carbon pollution market in Oregon in 2020. The City submitted written [testimony](#) in support of the bill at a public hearing in the Senate Environment and Natural Resources Committee. SB 1574 was passed to the Joint Ways and Means Committee where it remained at the close of session.

HB 4036 – Clean Electricity and Coal Transition Act

This bill would have required Oregon’s two largest electric companies to eliminate coal-fired resource generated electricity and doubled the renewable portfolio standard to 50 percent by 2040, among other actions. HB 4036 also would have established a program to promote community solar projects and make 15 percent of total generating capacity available to low-income residential consumers. The bill passed the House 39-20 and was sent to the Senate Business and Transportation Committee. The Senate Business and Transportation Committee amended the bill and moved HB 4036 to the Senate floor. However, due to procedural delays, HB 4036 did not advance to the floor. Instead, the content of the bill was amended into a separate bill (see SB 1547, p. 10) in the House Rules Committee and ultimately passed.

HB 4037 – Solar Power Incentives

HB 4037 appropriates \$951,561 to Business Oregon and directs the agency to establish a program to incentivize generation of electricity derived from solar energy. Additionally, the bill establishes a solar incentive fund to make payments to owners or operators of solar photovoltaic energy systems.

Effective: March 16, 2016

Chapter 63

HB 4068 – Greenhouse Gas Emissions Goals

This is the House companion bill to the Healthy Climate Act (see SB 1574, p. 11). HB 4068 would have repealed existing greenhouse gas emission goals while requiring the Environmental Quality Commission to adopt enforceable statewide greenhouse gas emissions reduction goals. The bill also would have established a carbon pollution market and directed the reinvestment of funds from that market. HB 4068 was referred to the House Energy and Environment Committee but did not receive a hearing this session.

HB 4101 - Carbon Measurement

HB 4101 would have required the Environmental Quality Commission to develop a program for assessing the net impacts of state policies and programs aimed at reducing greenhouse gas emissions. The bill received a public hearing in the House Energy and Environment Committee but did not advance further this session.

SB 1517 – Wetlands

This bill establishes a pilot program in Tillamook County that allows conditional use review of the creation, restoration or enhancement of wetlands in areas zoned for exclusive farm use. SB 1517 also allows the Department of State Lands to issue fill permits at Smith and Bybee Lakes to support recreational use or public access.

Effective: January 1, 2017

Chapter 84

SB 1518 – Artificial Beaver Dams

SB 1518 would have required the Department of State Lands to create a pilot program for voluntary stream restoration in the Malheur Lake Drainage Basin through the use of artificial beaver dams. The bill was referred to the Senate Environment and Natural Resources Committee where it remained upon adjournment.

HB 4041 – Product of Seed

This bill would have repealed provisions established during the 2013 Special Session that preempted local governments from regulating the seed industry. Specifically, HB 4041 would have allowed local governments to enact laws or regulations inhibiting or preventing the production or use of the “products of seed,” including agricultural, flower, nursery and vegetable seed. HB 4041 received a public hearing in the House Consumer Protection and Government Effectiveness Committee but did not advance further this session.

HB 4134 – Lobbyist Reporting

HB 4134 requires lobbyists to register with the Oregon Government Ethics Commission (OGEC) within three days after exceeding 24 hours of lobbying or spending more than \$100 lobbying during any calendar quarter. The bill also requires lobbyists to register within one day after a first appearing for or working on behalf of a new client. The bill further requires the OGEC to make lobbyist registrations and updates publicly available on the internet. HB 4134 passed the Senate with one “no” vote and the House with unanimous support.

Effective Date: April 4, 2016

Chapter 101

HB 4138 – Executive Branch Investigations

This bill would have given the Legislature the authority to request, by joint resolution, the appointment of independent counsel to investigate the executive branch in the event of alleged misconduct. HB 4138 received a public hearing in the House Consumer Protection and Government Effectiveness Committee where it remained at the close of session.

GENERAL GOVERNMENT

SB 1579 – State Agency Reporting

SB 1579 would have required state agencies to provide a summary of legal advice regarding the validity or effects of proposed rules. The bill received a public hearing in the Senate Workforce and General Government Committee but did not advance further this session.

SB 1595 – Legislative Affirmations

SB 1595 permits presiding officers and the chair or vice-chair of any statutory committee of the Legislature to administer oaths or affirmations to witnesses in any proceedings under their examination. The bill was introduced to address religious objections to swearing an oath. The bill passed the Senate with unanimous support and the House on a 52-3 vote.

Effective: March 29, 2016

Chapter 90

SB 1596 – State Budget Process Update

The 2013 Legislature created the Task Force on State Budget Process, charged with reviewing statutes governing the development of the state budget. The Task Force recommended changes to remove outdated and unnecessary provisions, align state budget processes with desired outcomes, and clarify statutory language, ultimately resulting in SB 1596. The bill makes minor modifications to further update statutes with current language and practices regarding performance measures. SB 1596 passed both chambers with minor opposition.

Effective: April 4, 2016

Chapter 117

SJR 202 – State Agency Legislative Review

SJR 202 would have amended the Oregon constitution to require that the Legislature approve each administrative rule adopted by executive branch agencies. The bill was referred to the Senate Workforce and General Government Committee but did not receive a hearing.

GENERAL GOVERNMENT

HB 4026 – Liquor Privatization and Taxation

HB 4026 would have phased out the role of the Oregon Liquor Control Commission in purchasing, importing, warehousing and retailing distilled liquors. The bill also would have created a distilled liquor license and tax system for the privatization of distilled liquor sales. HB 4026 received two public hearings in the House Revenue Committee, but did not advance further this session.

HB 4032 – Bureau of Labor and Industries Publications

HB 4032 would have required the Commissioner of the Bureau of Labor and Industries to make bureau publications available in electronic format to Oregon employers. The bill passed the House Business and Labor Committee and was referred to the Joint Ways and Means Committee, where it remained upon adjournment.

HB 4053 – Brewery Licensing

This bill is the product of a workgroup convened to streamline and consolidate brewery privileges and licensing. HB 4053 expands the allowable activities for brewery license holders to include retail sales of malt beverages, wine and cider; growler sales; and distilled spirits. The expanded brewery license is limited to three locations and allows a brewery to obtain a license for special events. HB 4053 passed both chambers with unanimous support.

Effective: January 1, 2017

Chapter 3

HB 4056 – Geospatial Data Sharing

HB 4056 would have required public entities to share geospatial data with other public bodies, provided the entities did not incur additional expenses. Although the bill did not receive a public hearing, the Joint Committee on Information Management and Technology held an informational hearing on the concept of sharing geospatial data among public bodies on [February 26th](#).

HB 4106 – Agency Rulemaking

HB 4106 requires state agencies to report to the Legislature on an annual basis regarding all rulemaking actions made during the previous year. For cases of temporary rulemaking, agencies must include a statement of need and explanation as to why the temporary rulemaking process was more appropriate than permanent rulemaking. The bill passed both chambers with unanimous support.

Effective: January 1, 2017

Chapter 44

HB 4117 – Landscape Contractor Licensing

This bill makes changes to the scope of practical skills testing that must be offered for a landscape construction license and specialty licenses. HB 4117 allows the State Landscape Contractors Board to use both practical skills and multiple-choice questions as a portion of the licensing exam. HB 4117 passed both chambers with unanimous support this session.

Effective: March 14, 2016

Chapter 45

HJR 201 – State Agency Legislative Review

HJR 201 would have amended the Oregon constitution to allow the Legislature to require its committees to review and approve agency administrative rules before they become effective. The bill was referred to the House Rules Committee but did not receive a hearing this session.

SB 1504 – Physical Therapy

This bill enacts the interstate Physical Therapy Licensure Compact. The goals of the Compact are to improve public access to physical therapy services, enhance states' ability to protect public health and safety, and support spouses of relocating military members. SB 1504 passed the Senate 25-3 and passed the House unanimously.

Effective: March 3, 2016

Chapter 13

SB 1505 – Pharmacy Benefit Managers

SB 1505 proposed to increase the Department of Consumer and Business Services' (DCBS) enforcement authority over Pharmacy Benefit Managers (PBM) and would have allowed DCBS to adopt fees reasonably calculated to cover the costs associated with administering laws to regulate PBMs. The bill passed the Senate Health Care Committee and was referred to the Joint Ways and Means Committee where it remained at the close of session.

SB 1559 – Sale of Tobacco Products

This bill would have required retailers of tobacco products or inhalant delivery systems to be licensed by the state Department of Revenue. SB 1559 passed the Senate Health Care Committee and the Joint Ways and Means Committee. However, in the final days of session the Senate voted to refer the bill back to the Senate Health Care Committee where it remained at the close of session.

HB 4017 – Basic Health Program

This bill requires the Department of Consumer and Business Services, the Oregon Health Authority and a stakeholder advisory group to create a plan for the Basic Health Program (BHP). The BHP is a health coverage option for individuals with incomes between 138 and 200 percent of the federal poverty level (FPL) and individuals from zero to 200 percent FPL who are lawfully present in the United States but do not qualify for Medicaid due to immigration status. HB 4017 passed the House 36-22 and the Senate 18-10.

Effective: March 8, 2016

Chapter 26

HB 4029 – Public Employee Benefits

HB 4029 would have required local governments and school districts to participate in a modified health care benefit plan and prohibited the Public Employees' Benefit Board and the Oregon Educators Benefit Board from self-insuring, among other provisions. The bill did not advance beyond a public hearing in the House Health Care Committee.

HB 4030 – Ground Emergency Medical Transport

HB 4030 requires that the Oregon Health Authority amend the state Medicaid plan to implement programs increasing the medical assistance reimbursement paid to public providers of emergency medical services or other providers who contract with local governments. This allows emergency medical service providers, including fire departments, to collect a percentage of their uncompensated costs for providing care to Medicaid patients. HB 4030 also creates a workgroup to develop recommendations for emergency medical services reimbursement to be aligned with the state's Integrated and Coordinated Health Care Delivery System. Portland Fire and Rescue Chief Erin Janssens submitted [testimony](#) in support of the measure. HB 4030 passed both chambers with unanimous support.

Effective: March 14, 2016

Chapter 34

HB 4100 – Coordinated Care Organization Requirements

This bill would have required coordinated care organizations (CCOs) to become community-based nonprofit organizations with governing bodies reflecting local control by 2023. CCOs would have been required to distribute at least 80 percent of payments to providers using alternative payment methodologies. HB 4100 also would have directed the Oregon Health Policy Board to adopt minimum criteria for the continuation of CCO contracts. HB 4100 did not advance beyond a public hearing in the House Health Care Committee.

HB 4103 – Smoke Shop Certification

HB 4103 would have established a \$1,000 fee for smoke shop certification, renewal and relocation. The bill was referred to the House Health Care Committee but did not receive a hearing this session.

HB 4141 – Coordinated Care Organization Service Area

This bill gives the Oregon Health Authority the ability to change a geographic area served by a coordinated care organization (CCO) and solicit applications from other CCOs to maintain a geographically distributed and sufficient network of providers to ensure health services provided are reasonably accessible to members. HB 4141 passed both chambers with unanimous support.

Effective: March 14, 2016

Chapter 49

For other bills relating to Public Health & Health Care, please see:

- HB 4062 – Electronic Cigarette Tax, p. 46

HOUSING

SB 1533 – Inclusionary Housing

SB 1533 was part of a package of land use and housing bills that moved this session (see also SB 1573, HB 4079 and HB 4143). The bill lifts the preemption on inclusionary housing ordinances for new multifamily developments. SB 1533 allows local governments to require up to 20 percent of units in developments of 20 units or more to be set aside as affordable regardless of whether the units are for sale or for rent. The bill also creates a framework that ends the preemption on local construction excise taxes and allows local governments to levy construction excise taxes under certain circumstances for both residential and commercial properties. Portland Housing Bureau Director Kurt Creager provided supporting [testimony](#) in both chambers for this City priority. Portland City Council submitted [letters](#) supporting the bill. SB 1533 passed the Senate 20-8 and the House 39-21.

Effective: June 2, 2016

Chapter 59

SB 1582 – Local Innovation and Fast Track Housing Program (LIFT)

This bill creates the Local Innovation and Fast Track Housing Program (LIFT) under the Oregon Housing and Community Services Department and the Oregon Housing Stability Council to direct the use of \$40 million in Article XI Q bonds issued during the 2015 Legislative Session to build affordable housing. The bill passed the Senate on a 21-7 vote and the House 46-13.

Effective: March 15, 2016

Chapter 61

HB 4001 – Housing Omnibus Bill

HB 4001 contained several concepts related to housing, including: additional notice to tenants for rent increases, increasing protections from no-cause eviction, lifting the preemption on inclusionary housing and increasing flexibility for local building and zoning codes during a state of emergency or if rental vacancy rates reach four percent or less. Portland Housing Bureau Director Kurt Creager testified in support of the inclusionary housing component of the bill in a public hearing before the House Human Services and Housing Committee and the City submitted a [letter](#) supporting the measure. HB 4001 passed out of committee and was referred

HOUSING

to the House Rules Committee, where it remained upon adjournment. However two components of HB 4001 were passed in other bills: inclusionary housing (SB 1533, see above) and additional notice to tenants for rent increases (HB 4143, see p. 22).

HB 4042 – General Assistance

HB 4042 establishes a general assistance project (GA project) to serve no more than 200 participants who are homeless, enrolled in a medical assistance program and have a disability that would qualify for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits. The benefits of the GA project can be used for housing assistance, personal incidentals or assistance applying for SSI or SSDI benefits. The bill passed both chambers with unanimous support.

Effective: April 4, 2016

Chapter 93

HB 4043 – Affordable Housing Property Tax Exemption

HB 4043 would have exempted the proceeds from the sale of market-rate rental housing to a community development corporation or a housing authority from the capital gains tax. The bill also would have increased the recording fee from \$20 to \$30. HB 4043 did not advance beyond a public hearing in the House Revenue Committee.

HB 4143 – Tenant Protections

HB 4143 prohibits rent increases during the first year of month-to-month tenancies and lengthens the notice period for rent increases after the first year of month-to-month tenancies from 30 to 90 days. The bill also raises the fee for a second or subsequent noncompliance violation of a smoking prohibition to a maximum of \$250 and requires landlords to have a secondary egress if required at the time of building or renovation. The City submitted [testimony](#) supporting this concept in HB 4001, the Housing Omnibus Bill (see p. 21). This bill was part of what became a four-bill housing and land use package (see also SB 1533, SB 1573, and HB 4079). HB 4143 passed the House 48-11 and the Senate 16-9.

Effective: March 15, 2016

Chapter 53

HOUSING

For other bills relating to Housing, please see:

- SB 1573 – Annexation, p. 29
- HB 4079 – Urban Growth Boundary Housing Pilot, p. 30

HUMAN RESOURCES

SB 1508 – Workers’ Compensation Management-Labor Advisory Commission

This bill would have increased the term length of the Workers’ Compensation Management-Labor Advisory Committee members from two to three years. SB 1508 passed the Senate floor 24-3 and was referred to the House Business and Labor Committee where it remained at the close of session.

SB 1519 – Public Employee Retirement System Employee Contributions

SB 1519 would have made adjustments to the definition of salary for purposes of calculating Public Employee Retirement System (PERS) employee benefits. The bill also would have established the Fair Retirement Plan for public employees not covered under PERS prior to January 1, 2017. SB 1519 was referred to the Senate Workforce and General Government Committee but did not receive a hearing this session.

SB 1525 – Workers’ Compensation Calculations

This bill would have excluded sick leave pay from the definition of payroll for the purpose of workers’ compensation calculations. SB 1525 was referred to the Senate Workforce and General Government Committee but did not receive a hearing this session.

SB 1532 – Minimum Wage

In its original form, SB 1532 contained six different minimum wage rates based on geographic region and size of employer. The Senate Workforce and General Government Committee amended the bill to replace it with a three-tiered system increasing the state minimum wage. The three tiers are comprised of a base state wage, a Portland (as defined by the Urban Growth Boundary) wage and a nonurban counties wage. The first increase goes into effect on July 1, 2016 and scales up through June 30, 2023, after which point the wage may be increased annually depending on the consumer price index. By July 1, 2022, the minimum wage in Portland will be \$14.75. This City of Portland priority passed the Legislature during the third week of session and was signed by Governor Brown on March 2nd. Portland City Council submitted a [letter](#) of support.

Effective: March 2, 2016

Chapter 12

SB 1544 – Apprenticeship Unemployment Benefits

SB 1544 allows an apprentice to attend required trainings and receive unemployment benefits for up to ten weeks during a benefit year, an increase from the existing five-week limit. The bill passed both chambers with unanimous support.

Effective March 3, 2016

Chapter 18

SB 1587 – Wage Theft

This bill requires employers to do the following: provide employees with a detailed pay stub; maintain time and pay records for three years for a terminated employee; and make records available to an employee on request. The bill also creates a private right of action if an employer does not comply. SB 1587 provides additional protections for employees who do not receive a regular payday and prohibits contractors and subcontractors from failing to pay prevailing wage. The bill passed the Senate 21-7 and the House 59-1.

Effective: April 4, 2016

Chapter 115

HUMAN RESOURCES

SB 1594 – Paid Sick Leave

SB 1594 would have allowed paid sick leave to be counted as a fringe benefit for the purpose of calculating prevailing wage. The bill did not advance beyond a public hearing in the Senate Workforce and General Government Committee.

HB 4052 – Workers’ Compensation Provider Choice

This bill would have prohibited employers or insurers from requiring that injured workers obtain non-emergency medical services from a specific provider outside a managed care contract. HB 4052 also would have required employers to provide injured workers with written notice of medical treatment rights. The bill was referred to the House Business and Labor Committee but did not advance further this session.

HB 4054 – Minimum Wage

In its original form, HB 4054 would have raised the minimum wage over three years to \$13.50 by 2019 and repealed the preemption on local governments’ ability to set a minimum wage. The House Business and Labor Committee amended the bill to mirror SB 1532 (see p. 25) and create a three-tiered minimum wage. The amended bill was passed to the House Rules Committee without recommendation, where it remained at the time of adjournment.

HB 4067 – Public Employee Whistleblowers

HB 4067 creates an affirmative defense for public employees who disclose information that is otherwise protected by state or federal law provided that they are engaged in an “objectively good faith” effort to report wrongdoing. A person who has legal access to exempted data may provide it to a superior, a law enforcement agency, a regulatory agency, or a lawyer when an attorney-client relationship exists. Employers will be required to inform their employees of their rights under this act and develop policies to protect “whistle blowing” employees. The Senate amended the bill to narrow its effect on the attorney-client privilege, eliminate certain damages provisions and remove the affirmative defense for certain information in commercial nondisclosure agreements with a public or nonprofit employer. HB 4067 passed the Senate 27-1 and passed the House with unanimous support.

Effective: January 1, 2017

Chapter 73

HB 4086 – Unemployment Insurance Benefits

This bill provides an additional 26 weeks of unemployment insurance benefits for locked-out workers in an amount equal to the individual’s most recent unemployment claim. HB 4086 passed the House 48-10 and the Senate 20-6.

Effective: March 8, 2016

Chapter 27

HB 4088 – Familial Status

HB 4088 would have established familial status as a protected class and prohibited employers from discriminating against an employee based on the employee’s familial status. HB 4088 received a public hearing in the House Business and Labor Committee but did not advance further this session.

HB 4096 – Veterans Preference

The 2011 Legislature passed [HB 3207](#) with the intent of increasing the number of interviews obtained by veterans from public employers. Since its enactment, public entities in Oregon have had difficulty applying the statute, which has led to considerable litigation. HB 4096 attempted to clarify preferences for veterans in the public employment selection processes. The bill did not advance beyond a public hearing in the House Veterans and Emergency Preparedness Committee.

HB 4139 – Paid Sick Leave Modifications

HB 4139 would have made several modifications to the state sick leave law, including: allowing sick leave to be counted as a fringe benefit for the purpose of prevailing wage, defining employer location as the location of headquarters, limiting requirements for substantial equivalency, excluding employers from joint and several liability and broadening multiemployer exemptions. HB 4139 failed to receive a hearing this session.

For other bills relating to Human Resources, please see:

- [SB 1555 – Pre-Employment Polygraphs](#), p. 37

SB 1573 – Annexation

Over 30 cities in Oregon contain charter requirements for a citywide vote on annexations. SB 1573 circumvents voter approval when all landowners within a territory petition for their area to be annexed. The territory must be within the urban growth boundary of a city or Metro and is, or will be, subject to the acknowledged comprehensive plan of a city. This legislation became part of a four-bill package of housing and land use reforms (see also SB 1533, HB 4143, and HB 4079). SB 1573 passed the Senate 17-12 and the House 31-29.

Effective: March 15, 2016

Chapter 51

SB 1575 – Housing & Land Use Omnibus

SB 1575 would have relaxed state land use laws, limited voluntary inclusionary housing regulations and imposed restrictions on local construction excise taxes and system development charges (SDCs). The bill also would have required local governments to prepare “housing cost impact statements” for certain local ordinances and created a tax credit to offset the costs of SDCs for affordable housing. SB 1575 received two hearings in the Senate Human Services and Early Childhood Committee and the City of Portland testified with concerns about the impact and scope of the bill. The bill did not advance out of committee.

SB 1588 – Land Use Planning

This bill would have allowed rural counties and other local governments experiencing no population growth over a specified ten-year period to adopt a comprehensive land use plan without complying with statewide land use planning goals. SB 1588 did not advance beyond a public hearing in the Senate Business and Transportation Committee.

HB 4079 – Urban Growth Boundary Housing Pilot

HB 4079 was part of a package of land use and housing bills that moved this session (see also SB 1533, SB 1573, and HB 4143). This bill directs the Land Conservation and Development Commission (LCDC) to establish a pilot program allowing local governments to site and develop affordable housing under relaxed land use regulations provided they are located near existing or planned transit corridors and infrastructure. HB 4079 also requires LCDC to select pilot projects nominated by local governments that demonstrate efforts to accommodate and encourage development of needed housing within the existing urban growth boundary. Pilots may not occur within Metro; Clackamas, Marion, Multnomah, Polk and Washington counties; and certain local governments in Jefferson County. The bill passed the House 31-25 and the Senate 16-11.

Effective: March 15, 2016

Chapter 52

HB 4126 – Urban Growth Boundary Revisions

The 2013 Legislature passed [HB 2254](#), which directed the Department of Land Conservation and Development (DLCD) to simplify methods for rural cities to evaluate or amend their urban growth boundaries (UGB). DLCD adopted rules outlining the simplified process that became effective January 1, 2016. HB 4126 permits a city located outside of Metro to complete evaluations and amendments of a UGB under the statutes and administrative rules that were in effect on June 30, 2013, if the city has met certain requirements prior to January 1, 2016.

Effective: March 29, 2016

Chapter 81

SB 1511 – Expanded Access

This bill makes three policy changes to the medical and recreational marijuana systems. First, SB 1511 allows medical marijuana dispensaries to begin early sale of edibles, non-psychoactive chemicals and prefilled vaporizer cartridges, provided all are tested. Next, the bill authorizes medical marijuana patients to purchase marijuana tax-free from a recreational store. Finally, the bill permits marijuana to be sold between the recreational and medical systems, provided all product is tracked. SB 1511 passed the Senate floor 18-10 and the House 46-9.

Effective: March 29, 2016

Chapter 83

SB 1598 – Small Canopy Growers

Under current Oregon law, all applicants seeking an OLCC producer license must obtain a Land Use Compatibility Statement from their local government prior to being awarded a license. SB 1598 removes that requirement for small-scale marijuana producers growing outside city limits who were registered with the Oregon Health Authority before January 1, 2015. SB 1598 passed the Senate 20-8 and the House 38-20.

Effective: March 3, 2016

Chapter 23

SB 1601 – Marijuana Taxation

The Oregon constitution prohibits tax measures from including an emergency clause. SB 1601 serves as a vehicle for tax language previously introduced in marijuana bills with emergency clauses (SB 1511 and SB 1598, see above). SB 1601 allows medical marijuana cardholders to purchase recreational marijuana tax-free and allows all marijuana establishments to deduct business expenses from state taxes. SB 1601 passed the Senate 20-8 and the House 39-21.

Effective: June 2, 2016

Chapter 91

MARIJUANA

HB 4014 – Base Bill

HB 4014, known as the Base Bill, removes residency restrictions for those who own or invest in legal cannabis businesses in Oregon, creates a Youth Cannabis-Use Prevention Pilot Program, reduces criminal penalties related to a range of marijuana offenses and directs the state to treat medical cannabis use like any other prescription drug when setting conditions for pre-trial release, diversion, parole and probation. HB 4014 includes a City of Portland priority to streamline the Oregon Liquor Control Commission (OLCC) application process by directing marijuana business applicants to request a Land Use Compatibility Statement (LUCS) from their local government before submitting their application to the OLCC. Governor Brown signed HB 4014 into law on March 3rd.

Effective: March 3, 2016

Chapter 24

HB 4060 – Industrial Hemp

The 2009 Legislature authorized the production, possession and commerce in industrial hemp commodities and products through [SB 676](#). HB 4060 updates and clarifies provisions related to the regulation of industrial hemp. The bill passed the House 54-4 and received unanimous support in the Senate.

Effective: March 29, 2016

Chapter 71

MARIJUANA

HB 4094 – Marijuana Banking

Marijuana is federally classified as a Schedule 1 drug. Guidance issued by the U.S. Department of Justice (known as the Cole Memorandum) and by the federal Financial Crimes Enforcement Network requires due diligence and monitoring requirements for financial institutions servicing marijuana businesses. However, the guidelines do not provide protection from potential criminal actions. HB 4094 exempts financial institutions from Oregon criminal liability for providing services to licensed marijuana businesses and directs the Department of Consumer and Business Services to study possible legislative or administrative action to facilitate financing for marijuana businesses.

Effective: April 4, 2016

Chapter 97

HB 4132 – Marijuana Retailers

HB 4132 would have allowed medical marijuana cardholders to purchase marijuana tax-free from a recreational store. HB 4132 did not receive a hearing this session, however the concept was included in SB 1511 (see p. 31).

MEMORIALS & RESOLUTIONS

SCR 207 – Honoring Portland Timbers

SCR 207 honors the Portland Timbers for their 2015 Major League Soccer Cup victory. Portland City Council submitted [letters](#) supporting the Timbers and urging passage of the measure. SCR 207 received unanimous support in both chambers.

Filed with Secretary of State March 9, 2016

HB 4065 – Debt Collection

As introduced, HB 4065 would have required public contracting agencies to determine if contractors were delinquent in payments to state agencies. The bill was amended to apply only to state contracting agencies and would have directed state agencies to consult with the Legislative Fiscal Office to determine if a contractor appeared on a list of delinquent or liquidated accounts prior to entering into a public contract. HB 4065 also would have required a state contractor to bring its account into current status prior to entering into a public contract. The House Consumer Protection and Government Effectiveness Committee amended and passed the bill to the Joint Ways and Means Committee, where it remained at the time of adjournment.

HB 4089 – Cardboard Pallets

HB 4089 would have required state agencies to specify the use of corrugated cardboard pallets in transporting, distributing, storing or otherwise transferring goods for procurement and in public contracts. The bill allowed the use of less expensive alternative materials after considering specific counterbalancing concerns outlined in the legislation. HB 4089 received two public hearings in the House Transportation and Economic Development Committee but did not advance further this session.

HB 4130 – Public Records Requests

This bill would have created new public records retention and request requirements for state and local agencies, including to: retain public records for two years, cap fees at \$30 per hour, provide notice of receipt of the request within five business days and fulfill the request within 30 days. The House Rules Committee amended the bill removing the two-year retention requirement, eliminating the \$30 per hour cap on fees and extending the requirement that records be produced in 30 days if the public body provides an estimate of when the records request can reasonably be fulfilled. The House Rules Committee passed HB 4130 as amended to the Joint Ways and Means Committee where it remained at the close of session.

SB 1513 – Public Safety Surviving Spouse

SB 1513 provides a homestead property tax exemption for the surviving spouses of firefighters, police officers and reserve officers killed in the line of duty. Portland Police Bureau Chief Lawrence O’Dea submitted [testimony](#) supporting the measure. The bill passed both chambers with unanimous support.

Effective: June 2, 2016

Chapter 56

SB 1550 – Grand Jury Recording

SB 1550 was introduced following the failure of similar legislation, [SB 822](#), during the 2015 legislative session and would have required all grand jury proceedings to be recorded. The bill passed the Senate Judiciary Committee and was referred to the Joint Ways and Means Committee where it remained at the close of session.

SB 1555 – Pre-Employment Polygraphs

Oregon law prohibits polygraph examinations as a condition of employment or continuation of employment. SB 1555 would have amended existing law to allow law enforcement agencies to utilize a polygraph examination as a pre-employment screening measure. The bill did not allow the use of polygraphs during employment and exempted polygraphs and the materials associated with those examinations from disclosure under public records law. Portland Police Bureau Chief Lawrence O’Dea submitted [testimony](#) in support of the bill. SB 1555 passed the Senate 25-3, and received a public hearing in the House Judiciary Committee, but did not advance further this session.

SB 1556 – Physical Injury Definition

SB 1556 would have expanded the definition of physical injury in the Oregon Criminal Code to include physical trauma when the injured person is a vulnerable victim. The bill defined “physical trauma” to include fractures, cuts, punctures, bruises, burns or other wounds and defined “vulnerable victim” as a dependent or elderly person. SB 1556 was amended to narrow the definition of “physical trauma” to only apply to dependent persons. The bill also would have amended the crimes of Assault in the Fourth Degree, Assault in the Third Degree and Intimidation to include intentionally or knowingly causing physical injury to a vulnerable person. SB 1556 received two public hearings in the Senate Judiciary Committee but did not advance further this session.

SB 1571 – SAFE Kits

This bill directs the Department of State Police to adopt rules prioritizing testing of Sexual Assault Forensic Evidence (SAFE) kits and requires law enforcement agencies to develop procedures regarding collection, testing, retention and destruction of SAFE kits. The bill also increases funding by \$1.5 million to the Department of State Police to process SAFE kits and establishes the Task Force on the Testing of Sexual Assault Forensic Evidence Kits. Portland Police Bureau Chief Lawrence O’Dea submitted [testimony](#) in support of the measure, which passed both chambers with unanimous support.

Effective: March 29, 2016

Chapter 89

HB 4003 – Profiling Workgroup

HB 2002 (2015) established the [Law Enforcement Profiling Work Group](#). The bill prohibited profiling by law enforcement and charged the Work Group with: proposing a process to identify any patterns or practices of profiling, identifying methods to address and correct patterns or practices of profiling and preparing a report to the Legislature identifying any statutory changes needed, including recommendations for legislation. The report was received on December 1, 2015. HB 4003 extends the sunset on the Work Group from July 1, 2016, to July 1, 2017 and requires the Work Group to make an additional report to the Legislature no later than December 1, 2016. HB 4003 passed both chambers unanimously.

Effective: March 1, 2016

Chapter 4

HB 4013 – Fatality Review Teams

HB 4013 would have allowed counties to establish multidisciplinary fatality review teams to assist local organizations and agencies in identifying and reviewing fatalities involving abuse or neglect of elderly or vulnerable adults. The bill also would have established a statewide fatality review team within the Department of Human Services. Portland Police Bureau Chief Lawrence O’Dea submitted a [letter](#) in support of the bill at a public hearing in the House Judiciary Committee. HB 4013 did not advance further this session.

HB 4044 – Pawnbrokers

Current law requires pawnbrokers to keep records of every transaction and deliver copies to law enforcement within three business days. HB 4044 allows pawnbrokers to keep required records in electronic form and permits delivery of those records in electronic form. The City successfully advocated for an amendment to clarify pawnbrokers’ obligation to submit the full record of transactions within three business days if they choose to submit electronically. HB 4044 passed both chambers with unanimous support.

Effective: March 29, 2016

Chapter 70

HB 4075 – Student Safety Hotline

HB 4075 replaces the School Safety Hotline established by the Department of Justice with a new statewide tip line established by the Department of State Police for anonymous reporting of information concerning threats to student safety. The measure appropriates \$1 million of General Fund to the Oregon State Police to establish and implement the tip line. HB 4075 unanimously passed both chambers.

Effective: March 29, 2016

Chapter 74

HB 4087 – Law Enforcement Officer Identification

As introduced, HB 4087 would have prohibited official action relating to employment of a police officer based solely on the officer's placement on an impeachment list. The House Judiciary Committee amended the bill, replacing it with a new measure. The amended bill would have permitted the withholding of an officer's personal information for a period of 90 days if certain conditions were met. Those conditions included a court petition and an *in camera* review of evidence showing a credible present threat of danger to the life of an officer or an officer's family. The officer or the officer's law enforcement unit would have had the authority to file the petition. HB 4087 passed the House 55-3 as amended, but failed to receive a hearing in the Senate.

HB 4140 – Sky Lanterns

Sky lanterns are small hot air balloons made of paper which, when lit, rise into the air. HB 4140 prohibits the release of sky lanterns into Oregon's airspace under penalty of a Class A violation subject to a maximum fine of \$2,000.

Effective: January 1, 2017

Chapter 123

HB 4147 – Background Checks

As introduced, HB 4147 closed what is known as the “Charleston Loophole” in Oregon’s background check law. Federal law requires that licensed firearm dealers run criminal background checks on all potential buyers. However, the “Charleston Loophole” allows sales to proceed after three business days if background check operators are unable to complete the check and confirm the buyer is legally allowed to possess a firearm. In its original form, HB 4147 would have prohibited a firearm transfer if background check operators had not confirmed the buyer was legally allowed to purchase a firearm. The bill was amended in the House Judiciary Committee to prohibit a firearm transfer for a period of 10 business days, an increase from the current 3 day waiting period, if the Department of State Police was unable to conclude a background check. The City submitted [testimony](#) in support of HB 4147, which passed the House 31-28 and was referred to the Senate Rules Committee where it remained at the close of session.

SUPPORT FOR RURAL COMMUNITIES

SB 5701 – Funding for Umpqua Community College Recovery

Following the mass shooting at Umpqua Community College (UCC), the campus administration and foundation sought state funding to repair and rebuild the UCC campus and community. Funding to support UCC's recovery was a City of Portland legislative priority and City Council submitted a [letter](#) of support to the Joint Ways and Means Subcommittee on Education. SB 5701, the budget reconciliation bill, includes a total of \$6.05 million in funding to the Higher Education Coordinating Commission to support UCC. Of that total, \$4.25 million is allocated to repair Snyder Hall, where the shooting occurred, and another \$1.8 million is directed to security staff, improvements to safety and security systems and other costs to assist the recovery.

Effective: March 29, 2016

Chapter 82

SB 1507 – Tax Credit Package

SB 1507 makes adjustments to a diverse array of existing credits. Below is a brief summary of those changes:

Film and Video

- Increases the cap on the film and video tax credit to \$12 million in 2016 and \$14 million in 2017;
- Changes the allocation of funds within the Oregon Production Investment Fund (OPIF); and
- Creates a regional OPIF that provides a two-tier rural incentive for productions filming outside the Portland metro area starting in 2017.

Residential Energy

- Clarifies that the annual Residential Energy Tax Credit may not exceed \$1,500 for any one device.

Individual Development Account

- Creates a taxpayer cap of \$500,000 for the Individual Development Account contributions tax credit.

Biomass

- Extends the biomass manure tax credit to 2022 and lowers the tax credit rate.

Kicker

- Clarifies the policy of applying personal income tax kicker amounts to outstanding taxpayer debt or liability.

Rural Medical Providers

- Removes references to "highway miles" from the Rural Medical Providers tax credit.

Effective: June 2, 2016

Chapter 29

SB 1545 – Children’s Special Districts

SB 1545 would have authorized the creation of children’s special districts, allowing communities to locally assess, levy and collect taxes to pay the cost of children's services within the boundaries of a district. The Senate Human Services and Early Childhood Committee moved the bill without recommendation to the Senate Finance and Revenue Committee where it received two public hearings but did not advance further.

SB 1565 – Industrial Land Property Tax Exemption

This bill allows a county or city to offer a property tax exemption or deferral for newly constructed or installed rural industrial improvements with an initial investment cost of at least \$1 million and no more than \$25 million. SB 1565 was amended in the House to require an employment increase by the greater of 110 percent of annual average employment or annual average employment plus one employee. The amended bill also provides local governments with flexibility to establish other reasonable conditions related to economic development.

Effective: June 2, 2016

Chapter 112

SB 1597 – Program Changes

SB 1597 implements statutory changes necessary to support the 2015-17 legislatively adopted budget, clarifies the application of statutes and reaches a balanced budget for the 2015-17 biennium. The budgetary impacts of this measure are contained in SB 5701 (see p. 45).

Effective: April 4, 2016

Chapter 118

SB 5701 – Budget Reconciliation

SB 5701 is the budget reconciliation bill that adjusts the state budget for the 2015-17 biennium. Along with 2016 session budget decisions, the bill includes technical adjustments and actions recommended by the Interim Joint Committee on Ways and Means. After all adjustments, the General Fund ending balance is projected to be approximately \$225 million. SB 5701 includes funding for the following policy areas of interest:

Emergency Preparedness

- \$260,514 to Business Oregon for seismic rehabilitation grants.

Energy

- \$230,000 to the Department of Environmental Quality for the Greenhouse Gas and Cap Trade Program Study.

Environment

- \$2.5 million to the Department of Environmental Quality to expand Oregon's Air Toxics Program.

Housing

- A total of \$10 million to Oregon Housing and Community Services for the Emergency Housing Account (EHA) and the State Homeless Assistance Program (SHAP). This one-time general fund amount is allocated as \$8 million to EHA and \$2 million to SHAP;
- \$2.5 million in lottery funds for Affordable Housing Preservation; and
- \$2.7 million for the Foreclosure Avoidance Program.

Parks

- \$539,338 to the Department of Agriculture for Gypsy Moth Eradication in addition to \$1.7 million in federal funding; and
- \$300,000 to Verde for Cully Park.

TAXATION & FINANCE

Public Safety

- \$1 million to the Oregon State Police, to fund 12 positions and increase capacity and reduce wait time for Firearm Instant Background Checks; and
- \$959,000 to the Department of Public Safety Standards and Training for developing and disseminating research-based community policing skills through the Oregon Center for Policing Excellence.

Rural Agenda

- A total of \$6.05 million to the Higher Education Coordinating Commission in response to the shooting in October of 2015 at Umpqua Community College. Of that total, \$4.25 million is allocated to repair Snyder Hall, where the shooting occurred, and another \$1.8 million directed toward security staff, improvements to safety and security systems, and other related costs.

Effective: March 29, 2016

Chapter 82

SJR 201 – Property Tax Reform

SJR 201 proposed an amendment to the Oregon constitution for voter approval at the next regular general election. The measure would have required property tax assessments to be based on real market value, instead of assessed value, and also would have created a homestead exemption for owner-occupied principal dwellings. City of Portland Chief Financial Officer Ken Rust submitted a [letter](#) to the Senate Finance and Revenue Committee with concerns about potential unintended consequences of the measure. SJR 201 did not advance beyond a public hearing in the Senate Finance and Revenue Committee.

HB 4062 – Electronic Cigarette Tax

HB 4062 would have established a tax on the retail sales of inhalant delivery systems and inhalant nicotine systems, commonly known as e-cigarettes, and required retailers to register with the Department of Revenue. The bill received a public hearing in the House Health Care Committee but did not advance further this session.

HB 4081 – Low-Income Housing Tax Exemption

This bill extends the sunset on a property tax exemption for nonprofit corporation properties that are used for low-income housing from June 30, 2018 to June 30, 2022. HB 4081 unanimously passed both chambers.

Effective: June 2, 2016

Chapter 40

HB 4093 – Courthouse Funding

HB 4093 allows circuit courts to impose a \$5 surcharge on fines for parking violations and traffic offenses to pay capital costs or debt payments for state-funded courthouse projects. The bill requires county commissioners to request the surcharge, which must be approved by the Oregon Supreme Court Chief Justice. HB 4093 also requires that other, existing recipients of fine revenues receive moneys first, before distribution to the courthouse surcharge account. The bill passed the House 33-23 and the Senate 20-4.

Effective: March 29, 2016

Chapter 78

HB 4146 – Transient Lodging Tax

As introduced, HB 4146 doubled the statewide transient lodging tax (TLT) rate from one to two percent, established the regional cooperative marketing program (RCMP) at 15 percent and removed the requirement that the RCMP be focused on marketing. The City testified in the House Revenue Committee with concerns regarding the bill's impact on the Portland metro region's tourism industry. The House Revenue Committee amended the bill to add a work group to address a diverse array of issues and passed HB 4146 to the House floor. Once on the Senate side, the bill was amended again in the Senate Finance and Revenue Committee to raise the statewide TLT 1.8 percent for four years and then drop down to 1.5 percent in perpetuity. The amended version of the bill also increases the RCMP share to 20 percent, directs another 10 percent to a competitive grant program and maintains the work group. The Senate-amended version of HB 4146 passed the Senate 18-12 and the House 38-22 on the last day of session.

Effective: June 2, 2016

Chapter 102

HB 5201 – Lottery & Criminal Fine Account Allocations

HB 5201 distributes Lottery and Criminal Fine Account resources as needed to implement 2016 session budget adjustments. The allocation adjustments in the bill include:

Criminal Fine Account Funds

- A \$3,830,195 increase in the allocation to the Department of Public Safety Standards and Training for operations. This amount includes \$2,790,195 for a one-time increase to the Department's number of training classes.

Allocation of Lottery Revenue

- A \$379,996 increase to the allocation for the Infrastructure Finance Authority, which includes an increase of \$260,514 to expand administrative support for the Seismic Rehabilitation Grant Program.

Effective: March 29, 2016

Chapter 65

TAXATION & FINANCE

For other bills relating to Taxation & Finance, please see:

- SB 1512 – Seismic Rehabilitation Bonding, p. 9
- SB 1513 – Public Safety Surviving Spouse, p. 37
- SB 1563 – On Site Septic, p. 52
- SB 1571 – SAFE Kits, p. 38
- SB 5701 – Funding for Umpqua Community College Recovery, p. 42
- HB 4075 – Student Safety Hotline, p. 40
- HB 4098 – Emergency Preparedness Equipment, p. 9
- HB 4113 – Drought Emergency Response Task Force, p. 53

SB 1510 – Trimet Bonding

SB 1510 would have allowed transit districts to use certain sources of funds for construction, improvement, repair, maintenance, operation and use of secondary transit supportive systems. The bill also would have adjusted the maximum vehicle weights in Oregon law to align with new federal standards. SB 1510 passed out of the Joint Ways and Means Committee on a 16-7 vote and was sent to the Senate floor. On the second to last day of session, the Senate voted to refer the bill to the Senate Health Care Committee, where it remained at the time of adjournment.

SB 1521 – Transit Employee Tax

This bill would have allowed mass transit districts to impose a tax on the employees of employers within their districts, if the district imposed an excise tax on those employers. SB 1521 received a public hearing in the Senate Business and Transportation Committee. The Committee moved the bill without recommendation to the Senate Rules Committee, where it remained at the close of session.

SB 1527 – Transit E-fare System

SB 1527 exempts prepaid transportation cards from the Uniform Disposition of Unclaimed Property Act and prevents unused fares from remitting to the state after three years. Portland Bureau of Transportation Director Leah Treat submitted [letters](#) in support of the bill at public hearings in the Senate Business and Transportation Committee and the House Consumer Protection and Government Effectiveness Committee.

Effective: January 1, 2017

Chapter 58

TRANSPORTATION

SB 1546 – Towing

This bill would have made three changes to current towing regulations. First, the bill prohibited towers from towing vehicles from a parking facility without first being contacted by the owner of the facility or the owner's agent. Second, SB 1546 would have removed an exception that prohibits tow vehicles near a parking facility in order to monitor the facility. Third, the bill would have eliminated an exception in current statute that allows towing a vehicle parked in violation of "No Parking" signs. SB 1546 passed the Senate Business and Transportation Committee and was referred to the Senate Rules Committee where it remained at the close of session.

HB 4055 – Transportation Package

HB 4055 would have created a statewide transportation package and narrowed the Clean Fuels bill (SB 324) passed in the 2015 session. Specifically, HB 4055 proposed to eliminate the credit generation and trading component of the Clean Fuels program. The bill also would have provided \$120 million in existing General Fund Bonding capacity to seek 60 percent federal funds in matching funds and established new highway funding criteria. Other funding sources would have included a two-cent gas tax within the Portland-metro area, a new vehicle title fee, an increase to the vehicle registration fee, a new electric vehicle registration fee, a temporary license fee and fuel and weight mile adjustments. HB 4055 contained several other provisions related to public contracting, including requiring projects over \$125,000 to be submitted to the Bureau of Labor and Industries within 30 days of budget adoption. The bill also proposed in-depth auditing and review of transportation spending and governance. HB 4055 was referred to the House Energy and Environment Committee but did not receive a hearing this session.

SB 1529 – Homeowners Association Irrigation

This bill prohibits a homeowners association from enforcing residential irrigation requirements following: a declaration of drought, a finding that severe or continuing drought exists or is likely to occur or adoption of a local ordinance requiring conservation or curtailment of water use. SB 1529 passed both chambers with unanimous support.

Effective: March 29, 2016

Chapter 86

SB 1563 – On-site Septic

As introduced, SB 1563 developed a low-interest loan program for repairs, replacements, upgrades or evaluations of on-site septic systems. The Senate Environment and Natural Resources Committee amended the bill to require the Department of Environmental Quality (DEQ) to award grants for on-site septic systems. SB 1563 appropriates \$250,000 to DEQ to administer the program and award grants. The bill passed the Senate with unanimous support and the House on a 57-1 vote.

Effective: March 29, 2016

Chapter 87

SB 1584 – Municipal Water Rights

SB 1584 was introduced in response to the *WaterWatch v. Cottage Grove* decision, which retroactively applied fish persistence conditions to municipal water right permits. The bill would have defined the undeveloped portion of a municipalities' water rights permit and would have allowed for an extension of time to complete construction of facilities necessary to divert and use the water for the authorized uses or to perfect the water right for a municipal use beyond 20 years under certain circumstances. SB 1584 passed the Senate 18-10 but did not receive a hearing in the House.

HB 4113 – Drought Emergency Response Task Force

HB 4113 establishes a Task Force on Drought Emergency Response to research and evaluate existing and potential tools to address drought emergencies. The Task Force will cover topics including, but not limited to, options to minimize the impacts of drought, tools to help small water providers develop water management conservation and efficiency plans, identification of relevant data resources for anticipating drought and recommendations for information sharing. The bill appropriates \$25,000 to the Water Resources Department to fund the Task Force.

Effective: March 29, 2016

Chapter 80

HB 4137 – Surface Water Rights

This bill would have modified legal procedures and standards governing dispute resolution and regulation of water rights. HB 4137 would have required the Oregon Water Resources Department (WRD) to provide detailed findings when issuing a proposed final order that adversely impacted a ground water holder, including a hydrologist or geologist report. Under the bill, WRD would have needed to show its holdings were based on “clear and convincing evidence.” HB 4137 also would have required the use of global positioning coordinates when deciding water appropriations for new or existing well locations between holders of competing water rights. The bill did not advance beyond a public hearing in the House Rural Communities, Land Use and Water Committee.

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