

# City of Portland

Second Special Session of 2020 Report



# CITY OF PORTLAND COUNCIL

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The **Second Special Session of 2020** gavelled in at 8:00 a.m. on Monday, August 10<sup>th</sup> and adjourned roughly 15 hours later, shortly after 11:00 p.m. The short but contentious session primarily focused on rebalancing the state’s 2019-21 biennial budget due to economic shortfalls created by the COVID-19 pandemic. The Legislature considered a total of 13 measures, approving 12.

Like the First Special Session of 2020 earlier this summer, the Capitol was again closed to the public and chamber rules were amended to institute physically distant deliberation and voting procedures in consideration of COVID-19 public health guidance. However, unlike the earlier special session, public testimony was only accepted in written form and no bills were scheduled for public hearings before being voted on in committee.

The budget rebalance was taken up by the [Joint Committee on the Second Special Session of 2020](#) following hearings in late July by subcommittees of the [Joint Ways & Means Committee](#), including [Education](#), [General Government](#), [Human Services](#), [Natural Resources](#), [Public Safety](#), and [Transportation](#). The committee approved a total of seven bills to address a projected \$1.2 billion deficit in the biennial budget and considered three other bills related to unemployment benefits, approving two of those bills.

An additional two policy measures were considered by the [Joint Committee on Policies for the Second Special Session](#) related to police use of force and to conduct reports under Legislative Branch rules. The policing bill followed weeks of public hearings in July and August by the [Joint Committee On Transparent Policing and Use of Force Reform](#).

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## REBALANCING THE STATE BUDGET

[SB 5723](#) reduces General Fund and Lottery Fund expenditures across most state agencies and adjusts Other Fund and Federal Fund expenditure limitations to balance the state budget for the 2019-21 biennium. A full summary of the changes is available in the corresponding [Budget Report](#) and [Line-Item Reduction Summary](#). The bill passed the Senate 20-7 and House 35-22.

Notable allocations include:

- \$200 million increase in the Emergency Fund “for needs of the state as a result of the COVID-19 pandemic, potential costs related to wildfires, and the uncertainty of the current economy,” including a \$21.85 million replacement of previous Emergency Board (E-Board) General Fund allocations with Coronavirus Relief Funds;
- Eliminating all previous Special Purpose Appropriations to the E-Board, with the exception of \$100 million for caseloads at the Oregon Health Authority and Department of Human Services;
- A \$4.22 million allocation to the Confederated Tribes of the Warm Springs Reservation of Oregon for improvements to the Warm Springs Wastewater Treatment Plant. This is in addition to the \$3.58 million allocated by the E-Board in July 2020;
- \$2 million one-time funding for the Individual Development Account program.
- A \$43.1 million total funds increase to the Oregon State Hospital; and
- \$500,000 General Fund for grand jury recordation.

Notable reductions include:

- Mental health and substance use disorder funding levels at the Oregon Health Authority are not decreased, but \$28.5 million of behavioral health program savings are included in the agency's General Fund reduction and not re-invested in behavioral health programs;
- \$3 million reduction for rent assistance to pair with permanent supportive housing projects, reflecting that many projects are not ready to use rental assistance funding. This will not impact current projects;
- Repealing the Greater Oregon Housing Accelerator program and repurposing the funds for operating assistance for affordable housing properties and the Las Adelitas housing project (see HB 5721 below);
- A \$1.12 million reduction for local technical grants provided by HB 2001 (2019) and a reduction of \$115,000 for local grant funding provided by HB 2003 (2019);
- Sweeping \$35.3 million from the Employer Incentive Fund which eliminates the remaining capacity for matching local government PERS side account contributions;
- Eliminating the \$400,000 allocation from 2019 to the James Beard Public Market;
- Business Oregon's lottery-funded programs were reduced by 15.6 percent, including reductions to the Oregon Film and Video Office (8.5 percent), Oregon Innovation Council Commercialization Fund (50 percent), four Arts Division project grants including the Nikkei Endowment (15 percent);
- Business Oregon's General Fund allocations were reduced by 35.5 percent, including a \$2.2 million reduction in Emergency Small Business Assistance Grants and a 33 percent (\$332,938) reduction in Arts Commission Grants;
- An ongoing 5 percent reduction to Public University State Programs, including the Population Research Center at PSU, the Oregon Climate Change Research Institute at OSU, and Oregon Solutions;
- Eliminating the \$280,000 allocation from 2019 to the Oregon Invasive Species Council;
- General Fund reductions at the Department of Environmental Quality of \$2,090,834 for the Air Quality Division and \$1,972,987 for the Water Quality Division;
- General Fund reductions of \$2,307,924 across multiple divisions of the Water Resources Department;
- General Fund reductions of \$6.9 million for Oregon State Police; and
- An ongoing \$1,002,067 reduction for the East Multnomah County Gang Enforcement Team.

[HB 5221](#) makes reductions to Lottery Revenue Allocations and Criminal Fines Account Allocations to balance the state budget. Total lottery revenues projected for the 2019-21 biennium decreased 23.7% from the 2019 close-of-session forecast. This results in a proportional reduction of \$51,895,061 in lottery revenues to the Parks and Natural Resources Fund and a \$62,274,072 reduction to the Education Stability Fund. A full summary of the reductions is available in the corresponding [Budget Report](#). The bill passed the House 33-24 and Senate 20-6.

[HB 4304](#) is the Program Change Bill, implementing statutory changes necessary to balance the state budget approved in SB 5723 and HB 5221 (see above). The bill passed the House 42-15 and Senate unanimously. Notable provisions include:

- Repealing allocation of sports betting lottery funds to the PERS Employer Incentive Fund (EIF) and repealing the transfer of tax repatriation or federal decoupling revenues to the PERS School District Unfunded Liability Fund and the EIF;

- Repeals the Temporary Assistance for Needy Families (TANF) Housing Pilot program established in 2019 and repurposes the funds; and
- Allowing Oregon Housing and Community Services to contract with providers and Community Action Agencies for both Emergency Solutions Grants and Mortgage Payment Assistance made available under the CARES Act.

[SB 5721](#) allocates General Obligation Bonds and Lottery Bonds to [specified projects](#) and is an amended version of [HB 5202-A](#) considered in the 2020 session. The bill passed the Senate 23-4 and House 50-7. Notable allocations include \$2 million in Lottery Bond funding for the Hacienda CDC Las Adelitas Housing Project and General Obligation Bond funding for the following projects:

- \$7.5 million for the ShakeAlert Program;
- \$50 million for the Local Innovation and Fast Track (LIFT) Housing Program; and
- \$60 million for the Portland State University Science Building 1 project.

[SB 5722](#) is the Capital Construction bill to set expenditure limitations for capital projects through various agencies. The bill passed the Senate 22-5 and House 50-7.

For the purpose of balancing the state budget, [HB 4303](#) transfers \$400 million from the Education Stability Fund (budgetary reserves) to the State School Fund. The bill passed the House 50-7 and Senate 23-1.

[HB 4302](#) is the fee bill for the Department of Geology and Mineral Industries (DOGAMI) and a redraft of [SB 1579-A](#) from the 2020 session. The bill increases the limits on permitting fees charged by DOGAMI effective January 1<sup>st</sup>, 2021. The bill passed the House 34-23 and Senate 24-3.

## POLICY MEASURES

[HB 4301](#) provides that a peace officer or corrections officer may not use force that impedes normal breathing or circulation of blood of another person by applying pressure on the throat or neck except in specified circumstances. The bill modifies justification defenses available to a peace officer who uses physical force or deadly physical force upon another person. HB 4301 also requires a peace officer to give a verbal warning, and reasonable opportunity to comply, before using physical force or deadly physical force, if reasonable opportunity to do so exists. HB 4301 passed the House 55-2 and Senate 22-5.

[HCR 221](#) modifies the obligation to make conduct reports under Legislative Branch Personnel Rule 27 and directs the Legislative Equity Officer or, at the Officer's request, an investigator to perform facial review on conduct reports and complaints prior to an investigation being undertaken. HCR 221 passed the House 54-3 and Senate 23-3.

[SB 1701](#) temporarily changes how unemployment benefits are calculated for a person's weekly earnings. The bill allows a person to earn at up to \$300 a week and still qualify for full unemployment benefits. The bill passed the committee 8-2 after the adoption of the [-1 amendment](#), which adds an expiration date of December 31, 2021. SB 1701 passed the Senate 21-6 and House 52-5.

[SB 1703](#) allows the Governor, during a statutorily declared emergency, to authorize the Department of Revenue (DOR) director to share information from tax reports or tax returns with any state agency if the director determines that the administration of any federal or state law or program requires the

information. The committee adopted the [\\_3 amendment](#), limiting the DOR to sharing information only with the Oregon Employment Department (OED) and requiring OED to maintain the confidentiality of the information. SB 1703 passed the Senate 24-3 and House 52-5.

**Introduced, but not passed:**

[SB 1702](#) would have allowed unemployment insurance benefits to be paid to those who work in public and non-profit educational institutions and institutions of higher education in roles other than instruction, research, or principal administration for periods of unemployment between academic years or terms and during customary vacation periods and holiday recesses. SB 1702 failed on a committee vote and did not advance further this special session.

