

## Recap: June 2022 Legislative Days

June 13, 2022

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The following is a summary of legislative committee meetings viewed online by RDI staff, with particular emphasis on issues and potential legislation discussed which may have rural impact.

### House Interim Committee on Economic Recovery & Prosperity

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Illegal Cannabis Operations: With respect to law enforcement and social services needed in response to illegal cannabis agricultural activities, **presenters noted they are seeing quantifiable improvement in reducing illegal activities, and strong regional collaboratives working to address these issues.** They noted that many grow operations are shifting to indoor activities, which may necessitate shifts in law enforcement approaches to continue addressing this problem, which disproportionately impacts rural communities.

Access to Capital: John Saris from Business Oregon reported to the committee on the implementation of the loan loss guarantee and direct loan program passed as part of the HB 2266 access to capital legislation for small businesses and entrepreneurs. There are some legal issues to work through with the Department of Justice that may delay implementation, but he anticipates an RFP will be available for the loan loss program in a few weeks. He noted that \$9 million from a U.S. Treasury relending program will supplement state funding for this program.

Broadband: Daniel Holbrook from the Oregon Broadband Office provided an overview of the hiring, rule-making, and application development needed to access the significant federal funding available to improve broadband infrastructure in the state. **He noted that the BEAD (Broadband Equity, Access, & Deployment) funds in the federal Infrastructure Investment & Jobs Act will likely have a long time horizon (think 2030 or so); program rules are still forthcoming.**

### Senate Interim Committee on Labor and Business

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Senator Golden led an overview of implementation of the emergency funding allocated to address the law enforcement, water resources, and labor issues related to illegal cannabis operations in Southern Oregon and elsewhere in the state. The Oregon Water Resources Department has been focused on hiring inspectors to meet the need for enforcement of water rights, and Senator Golden expressed concern about the rollout of grant funding programs by the Criminal Justice Commission to support local law enforcement agencies' efforts to hire officers. Representative Marsh updated the committee relative to the activities of the Task Force on Cannabis-Derived Intoxicants, which will recommend longer term changes to public policy for the 2023 session.



## House Interim Committee on Housing

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Housing Affordability and Economic Impacts in Oregon - John Lehner, Office of Economic Analysis

***Oregon has, across the state, the least affordable housing in comparison to typical counties nationwide - 23 of Oregon's 36 counties are in the least affordable 10%.***

Oregon population growth decelerated during pandemic, while intermountain region (ID/UT/WY/MT) growth accelerated because of housing affordability. Predictions point to continued growth of labor force in that region because of opportunity and cost of living. Oregon's deceleration impacts labor force growth rates, business development, taxes, and other economic indicators. In addition, a decline in foreign-born residents, (50,000 fewer since 2016) impacts the Oregon labor market, especially in agriculture, construction, and manufacturing. The Office of Economic Analysis is continuing to monitor and analyze this data, but speculates these labor market issues are only cause for concern if the economy does not rebound post-pandemic as predicted.

Mass Timber for Modular Housing - Curtis Robinhold, Port of Portland; Ernesto Fonseca, Hacienda CDC

Oregon is the largest producer of lumber & plywood in the nation; creating an industry cluster related to mass timber can address the rural challenges of higher rates of poverty & unemployment (e.g. 14,000 jobs lost in forestry since 2006), climate change, and wildfire impacts. A mass timber consortium was awarded a \$50,000 Build Back Better planning grant for an industry cluster leading to transformational change in mass timber, with a goal to increase rural and urban job growth via sustainable mass timber products grown and manufactured in Oregon.

## House Interim Committee on Business and Labor

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State Employment Economist Gail Krumenauer and State Economist Mark McMullen presented information to the committee about workforce development and industry sector trends. Notable points included:

- Oregon has gained back 9 out of 10 jobs lost during the pandemic; the unemployment rate is low across the entire state.
- Labor force participation is at its highest rate in a decade, and the tight labor market will continue for the foreseeable future. There are around 100K job openings right now – pre-pandemic, job openings averaged around 50K.
- The pandemic has resulted in more self-employment, and more workers are switching jobs.
- Looking long-term, Oregon's "Silver Tsunami" (baby boomer retirement rates coupled with low birth rates) will continue to shrink the state's labor force.



- With respect to specific economic sectors, low-wage service industries such as hospitality and health care have yet to recover from pandemic impacts, and workers with lower education levels have been hit hardest. The construction, information systems, and retail sectors appear more fully recovered.

## House Interim Committee on Environment and Natural Resources

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Chief Fire Marshal Mariana Ruiz-Temple and members of her staff presented a report of the Oregon Department of Forestry's progress in implementing SB 762, which addresses preparation for wildfire seasons. Activities to date include mapping fire risk at the individual property level – an evaluation of 1.8 million tax lots that is due to be published July 1. Plans include notification of those landowners in the two highest risk categories. In addition, work is progressing to reduce community risk of wildfires by enacting a new Defensible Space Code by the end of this year, which will be the 2<sup>nd</sup> such code in the nation.

***In gathering data to inform wildfire prevention and mitigation grant programs, Chief Ruiz-Temple noted that 60% of firefighters across the state are volunteers – rural counties see a higher number of volunteers than urban regions, and they are also seeing a downward trend in volunteerism in rural. Grant programs will address these gaps by encouraging creative approaches to staffing.***

To stay informed about upcoming grant opportunities and other progress related to this bill, sign up for email updates here: <https://www.oregon.gov/odf/Pages/sb762.aspx>

## House Interim Committee on Agriculture, Land Use and Water

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### Impacts of Market Conditions on Oregon Producers

The Oregon Farm Bureau facilitated a presentation by agricultural producers around the impacts of the war in Ukraine, with particular attention to disruptions to the supply chain, exacerbated by the ongoing domestic challenges of inflation and a tight labor market.

- Shay Myers, CEO, Owyhee Produce, explained farms have faced climate change impacts and high labor costs that have collectively been catastrophic. Over the past year, Eastern Oregon has experienced the hottest weather in recorded history, the driest winter, and unprecedented high fuel and fertilizer costs.
- Jeff Malensky, President, Oregon Berry Packing, Inc. noted that Oregon is the #2 producer of berries in the nation, and our state's producers export heavily to Asia – trade and exports is a way for this industry to stay competitive. Because berry harvesting is labor-intensive, high labor costs are significantly impacting this agricultural sector.
- Darren Padget, Padget Ranches, Grass Valley Oregon explained that Ukraine is a major producer of wheat; the war will likely impact the worlds' poorest, as prices



soar. He noted that 85% of the grain grown in Oregon is exported. The biggest challenges he sees are the soaring prices of fertilizer and fuel. For example, fertilizer last year was \$450/ton - now \$1600.

### 2022 Drought Update

Ryan Andrews, Hydrologist, Oregon Water Resources Department, reported that **15 counties currently have a drought declaration in place; these counties are mainly in Eastern and Southern Oregon.** The past 22 years have been driest years on record (dating back to the 1800s). 50% of the state is in extreme (D3) to exceptional (D4) level of drought, while 75% of the state is in the moderate (D2) - extreme (D3) range.

The drought has persisted since the previous wet season and is expected to persist and perhaps get worse through the summer until fall. The bulk of the precipitation in the last 90 days has occurred in western and northern Oregon; the rest of the state is 90% below average for precipitation. Most areas of the state are experiencing below-average stream flow and reservoir storage because of dry winter and early drought, in addition to low carryover from last year - with some places having record low carryover. We are already seeing water allotments reduced in drought ridden areas.

Bryn Hudson, Legislative Coordinator, Oregon Water Resources Department, indicated that their agency is tracking dry wells to allow the groundwater department to understand patterns of where these issues are arising. **As of May 26, they have received over 300 dry well complaints statewide, with just under half of those coming from Klamath Basin alone.**

### House Special Interim Committee on Wildfire Recovery

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Staff from various departments provided status reports regarding the disbursement of funds for wildfire recovery, including:

Municipal Wildfire Assistance Program – Business Oregon has disbursed 41% of the \$6 million available to 8 jurisdictions (wildfire-impacted counties and cities) for capacity support related to land use planning, building permits, and other local government services. The final \$2 million will be contracted after local budgeting processes are complete in July 2022.

Septic System Repair and Replacement Grant Program - \$15 million is available for this program; HB 4068 prioritized this funding for wildfire communities. DEQ will open the first round in mid-June with an August decision; the second round will be available in the fall. \$2 million of this funding was provided to Craft3 to provide enhanced loan options, including principal forgiveness.



Natural Resources Recovery Grant Program – The Oregon Watershed Enhancement Board is administering \$25 million for wildfire recovery related to watershed restoration; the third and fourth funding cycles will open this summer. Staff commented that the up-front conversations to support potential applicants, including providing information about federal opportunities that can be leveraged with these state funds, has been crucial to their program success.

