Oregon Clean Energy Jobs Legislation – Rural Opportunities and Benefits

Rural and tribal communities are some of the first groups to feel the effects of climate change and the resulting impact on their livelihoods. Extreme weather, reduced snowpack and stream flow, and abnormal wildfires exacerbated by climate change are already having impacts on farm production, forest health, and the well-being of rural communities and landscapes.

An Oregon carbon pricing program should adopt a cap-and-invest approach that provides strategic investments in rural communities and the state's diverse natural and working lands to promote climate change adaptation, develop clean energy, support local economies, and generate new revenue streams. Doing so will sustain and enhance the natural resources sector, promote energy independence, provide job training in new industries, and enable new water saving technologies, and transportation infrastructure.

Upcoming legislation should recognize these needs and circumstances, and propose an operating and revenue sharing structure that provides significant economic and environmental benefit to Oregon's rural communities. The following provisions in the legislation would maximize rural input and participation in an Oregon cap-and-invest program, and harness the unique strengths in these communities and landscapes.

Rural Participation and Oversight

Rural and tribal communities and counties face particular economic disadvantages, and are among the most vulnerable to the economic and ecological disturbances that are expected to increase with climate change. A clear and extensive role for rural Oregon in program governance and administration is essential to maintain equity and transparency.

In response, the bill should establish a joint legislative committee on climate change, which would be instrumental in program rule making and annual funding recommendations. This committee would provide rural representation in the legislature, as well as serve as a sounding board for program review and public input. For additional public engagement, the bill should also establish a program advisory committee, including positions representing rural Oregon, with specific expertise in forestry, agriculture and fisheries.

Finally, the definition of Impacted Communities in the bill should ensure that rural communities receive investments from program revenue. The definition should identify locales with low incomes, high unemployment, and low levels of educational attainment. This would recognize chronic challenges faced by many rural Oregon communities, and ensure that the program is designed and prioritized to generate benefits for these areas.

Dedicated Investments in Rural Communities

Over the last decade, employment in rural Oregon has declined 1.4%, compared to a 4% increase in the state's small metros and 14% increase in large metros. While the state's overall economic health is strong, these benefits have not been equally distributed or experienced in Oregon's rural communities, which continue to lag behind state and national trends.

To address these economic challenges, the legislation should mandate that a dedicated and significant percentage of program revenue be distributed to projects in rural communities to reduce greenhouse gas emissions and improve climate resiliency. This will have a particularly significant impact in Oregon, as 14% of jobs in non-metro counties are in the forest and agricultural sectors. Given that one job in rural Oregon is the equivalent of over 200 jobs in urban Oregon, these investments can have a major influence on retention and cultivation of a rural workforce. This would ensure equitable participation and benefit from the state's future economic growth and new market potential.

Dedicated Investments in Natural and Working Lands

The value of natural and working lands to Oregon's environment, economy, and communities cannot be overstated. Not only are they the economic engine for Oregon's rural communities and the state, but they can also make a significant contribution to reducing and mitigating climate change. Farms, forests, ranches, and coastal lands can adopt practices that store carbon, adapt to the effects of climate change, improve productivity, and provide new revenue models and alternatives to the sale and development of these landscapes.

The legislation should recognize Oregon's unique resources by dedicating a substantial portion of revenue to projects that increase carbon sequestration and resiliency in natural and working lands, specifically in forestry, agriculture, rangelands, and coastal communities. Types of investments could include direct payments for carbon sequestration on forest and agricultural lands, water storage and transportation, easements that maintain working lands and wildlife habitat, and wildfire risk reduction to maintain forest health and sequestered carbon reserves. Proactive, voluntary approaches are also more cost-effective to the state, as front-end investments are less expensive than regulatory actions that may be required to meet future compliance obligations.

The legislation should also allow for up to 8% of carbon reduction compliance obligations to be met with offset purchases from forest and agricultural projects that reduce greenhouse gas emissions and maintain working lands. Offset markets can secure significant financial leverage from the private sector, including out-of-state purchases that enhance rural economic benefits and investments. Analyses have shown that over the first ten years of a cap-and-trade program, forest carbon projects in the Western Cascades of Oregon could generate between $667 million and $1.93 billion of offset credits.

Safeguards for Rural Communities and Jobs

Working forests and agricultural lands are not being considered as covered sectors in legislative discussions, and should not be subject to the cap or costs associated with program compliance. However, these landscapes *should be* eligible to participate in the program and secure investments for carbon-friendly practices. Not only does this provide an incentive to maintain working lands, but it also introduces new funding streams to ensure their long-term viability and resilience.

While any increases in electricity rates are expected to be extremely minor, the legislation should require that investor owned utility revenues generated from program participation must be spent on behalf of customers to reduce energy bills. Furthermore, many of Oregon's rural communities are in Consumer Owned Utility service areas that will not be subject to the cap and program compliance, limiting any rate increases.

Finally, in the event that unexpected job loss does occur as a result of the program, a Just Transition Fund should be established, with funds reserved for financial support for dislocated workers and training in clean energy jobs. While no documented job loss has occurred in California as a result of its cap-and-invest program, a Just Transition Fund would serve as a backstop to mitigate undesirable outcomes in Oregon.

An Opportunity for the Future

Upcoming Oregon carbon pricing legislation should propose a cap-and-invest program that meets Oregon's needs to combat climate change, maintain state economic health, and ensure transparent governance. It should also propose strategic investments that recognize the value of the state's rural and tribal communities and livelihoods. These investments can not only unlock the full potential of rural areas to ensure climate adaptation and resiliency, they will also help maintain Oregon's unique values, resources, and landscapes for current and future generations.

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