State Advocacy Update

2017 Legislative Report (Week 1)

This content is provided through our membership with the Oregon State Chamber of Commerce (OSCC). We are providing it to you our members so you can stay engaged with business impacting state legislation if you so choose. 70+ chambers are members of OSCC and are working together to advocate for our businesses at a state level.

The 2017 legislative session is now underway in Oregon. Unlike the 2015 and 2016 sessions which started at an explosive pace with a flurry of anti-business legislation, the 2017 session has returned to historical norms with a slow start.

The 2017 legislature will be driven by desire to balance a state budget that is in a $1.8 billion deficit as well as pass a major transportation funding package. The focus of the legislative leadership on these two major issues may have the effect of curbing the flurry of anti-business bills that has become the norm in the Oregon legislature.

Here are some of the major themes as we enter the 2017 session:

The business community is unified in its approach to the $1.8 billion budget deficit. OSCC, along with all of our partners in the business community, will be pushing a unified platform in 2017 to help solve the state's budget crisis: Grow the economy (which includes passing a transportation funding package and refraining from passing new workplace regulations); Curb the out-of-control cost structure in state government (including PERS and health benefit costs); and then business will be supportive of adding new revenue to support state programs.

The unions have already introduced a 'Son of 97' proposal. The government-employee unions were quick out of the gate to propose a new multi-billion dollar tax increase as a follow up to their failed attempt to pass Measure 97. This will set up an interesting dynamic in 2017. Undoubtedly, the unions' stronghold is in the House, where House leadership will be far more interested in raising taxes than cutting government costs. If the business community is to be successful in 2017, they will need to appeal to the Senate leadership, which has shown much more willingness to consider a comprehensive budget package that includes cost reductions and stopping additional business regulations.

The Senate will be our backstop on bad bills. OSCC is hearing that Senate President Peter Courtney (D-Salem) badly wants to solve the budget deficit and transportation funding. He needs Republican votes to do both and is not willing to alienate Republicans by passing bills opposed by business. We are hearing that every bill must have both Republican and Democratic support in order for it to pass the Senate. This is a very welcome development for local business communities.

Raising taxes will be tough - but beware a new court ruling. The state constitution requires a 3/5 'supermajority' to pass taxes in the legislature. Currently, Democrats do not have supermajorities in either the House or Senate. They will need Republicans in order to pass taxes. As of today, there does not appear to be any willingness on the part of Republicans to support taxes. *However,* a new Oregon Supreme Court ruling (*City of Seattle v. DOR*) appears to have given the Oregon legislature the ability to pass some taxes by eliminating tax deductions and tax credits with just simple majorities. The House Democratic leadership has signaled their intention to try and pass taxes with simple majorities by filing House Bill 2053, which requires the Supreme Court to give expedited review to tax increases passed with a simple majority vote. The legislation anticipates the Republicans will sue if Democrats employ this tactic.

Labor bills will continue to be a big issue in 2017. Although there is some hope that the legislature will 'pause' on passing new workplace regulations in 2017, OSCC anticipates that there will be several concepts that will require our full attention: **Paid Family Leave** (paid for with employer payroll taxes), **Predictive Scheduling, Pay Equity** legislation, and a backdoor attempt for marijuana accommodation. OSCC will update members on each of these concepts as they are introduced.

OSCC will push for two pro-business labor bills. First, OSCC will join our partner business associations in rolling back the latest BOLI interpretation that requires manufacturers to pay ***both*** the daily overtime and the weekly overtime rates when employees work more than 10 hrs/day and 40 hrs/week. OSCC will also push for a statewide preemption on all local employment regulations, particularly those that pertain to employee scheduling.

Environmental regulation appears to be headed to backburner in 2017. Just a few months ago, it was widely anticipated that food manufacturers and others would be facing an onslaught of environmental regulation, including 'cap & trade', diesel engine replacement mandates, and air quality mandates. But something happened along the way: Republicans added a seat in the Senate, Senator Chris Edwards (the driving force behind cap & trade legislation) resigned, and Senator Arnie Roblan (D-Coos Bay) was appointed to the Senate Environment Committee to be a moderating influence. Now, OSCC and its members have a real opportunity to avoid worst case outcomes on new environmental regulation.

The 2017 Legislature has already introduced over 1,500 bills. OSCC expects another 2,000+ pieces of legislation to be introduced through the next six weeks. Of the 1,500 bills that have been introduced thus far, OSCC is keeping an eye on:

- **SB 301**, which would prevent employer discrimination based on employee's use of marijuana;

- **SB 557** and **HB 2468**, which would implement a 'cap & trade' system for Oregon manufacturers that emit CO_2;

- **HB 2129** and **SB 487**, which would increase damage awards in medical lawsuits;

- **HB 2193**, which would implement a predictive scheduling mandate; and

- **HB 2230**, which would implement a new 0.7% commercial activities tax on Oregon businesses.

OSCC expects that several hundred new bills will be introduced this week. OSCC will continue to screen all new legislation for impact on our local business communities.