



**Oregon State Chamber of Commerce  
Legislative Update  
January 30, 2023  
“2023 Legislative Update”**

Dear OSCC Members & Colleagues –

We are still in a holding pattern from last week’s update. The 2023 session is slow to gain momentum, but we are expecting an increase in activity from both lawmakers and the governor’s office.

Most notably, Governor Tina Kotek’s first recommended budget is due by Wednesday. The release of the Governor’s Recommended Budget, though not a binding document from a legislative perspective, will provide the most insightful look yet at Governor Kotek’s priorities over the next biennium.

We are also expecting the introduction of state agency policy bills alongside the release of the budget and over the course of the next few weeks. OSCC will be reviewing the governor’s proposed budget and accompanying agency bills for their potential impacts on local business communities.

**Budget backdrop**

Again, it is important to reiterate that the 2023 session will be dealing with a modest revenue shortfall. As of now, there is a projected a \$560 million current service level budget deficit on a \$30 billion General Fund. Although this is only about a 1.5% budget deficit, it marks a significant departure from the previous 3-4 years in which the legislature had a massive surplus of cash coming from the Federal government.

This session will revert back to the norm with serious analysis and scrutiny applied to any measure that costs money.

**Revenue needs**

Again, the state will have some revenue needs that will make the budget environment even more challenging. First and foremost, Oregon needs to commit \$1 billion for the Interstate Bridge Replacement proposal that would seek to rebuild the I-5 Bridge that connects Oregon with Washington. Second, there will likely be a significant shortfall in the state’s Medicaid budget that will require more cash. Finally, there is disagreement about the level of funding that the state’s K-12 system will require. While analysts believe the system needs \$9.5 billion to keep whole, education advocates say the K-12 system will really require closer to \$10.3 billion.

Also in the mix, an extra \$300 million intended to lure semi-conductor manufacturers to conduct their operations in Oregon.

Right now, it is believed that legislative leaders will look to tap into the state’s “Rainy Day Fund” to balance the budget. This will require Republican votes, however, as it requires a “supermajority” of legislators to approve this action.

As of right now, it appears that the \$3.7 billion “kicker” is off the table. Tapping into the “kicker” would also require Republican votes. As of now, there appears to be no Republican support for this.

### **Early Legislative Priorities**

As of now, it appears that the early legislative priorities will include a major funding package – about \$130 million – to start addressing acute homelessness issues and building more housing. The political desire is to get this funding package approved very early in session.

Another initiative getting significant early action is the incentive package being considered by the Joint Committee on Semiconductors. Legislative leadership is looking for early approval of a package of incentives to leverage Federal monies to encourage semiconductor manufacturing in Oregon. Outside of cash incentives, it remains to be seen whether the legislature will grapple with the harder policy decisions, including tax incentives or land use changes, that would make more land available for manufacturing activity.

### **Session timelines**

The session deadlines for 2023 are more aggressive than in sessions past, which means there is a high likelihood that there will be fewer bills than usual that make it through the legislature.

- Wednesday is the deadline for bills to be introduced to implement the Governor’s budget.
- February 21<sup>st</sup> is the deadline for legislators to submit any requests for legislation.

March 17<sup>th</sup> is the first meaningful procedural scheduling deadline. Any bill not scheduled for a committee ‘work session’ by this date is considered dead.

### **OSCC Bill Tracking**

OSCC will use this space to notify Chambers of pending legislation that both have a reasonable chance of passage and have impact on local business communities.

As of now, we do not see any legislation of note being considered this week that would have significant impacts on business operations. The bills being considered this week in committee are smaller in scope and still mostly “non-controversial.”

[\*\*Download OSCC Bills of Interest\*\*](#)