1) **Definition of Most Impacted Communities:**

(12) Communities experiencing disparate impacts of climate change or "Most Impacted communities" is defined by an analysis of racial and socioeconomic demographics, overlaid with environmental and public health data by census tract. In identifying 'Most Impacted Communities" the methodology must consider indicators including, but not limited to, the following:

(a) Above the state average percentage nonwhite population;

(b) Above the state average percentage of the population has an income below 200% of the federal poverty limit;

(c) Above the state average percentage of the population over 25 years of age without a high school degree/diploma;

(d) Above the state average percentage of the labor force over 16 years of age are not employed;

(e) Above the state average percentage of the population are over 65 years of age or under 10 years of age

(g) Above the state average cancer risk, with cancer risk being defined as an estimate of an individual's cancer risk as the result of a lifetime of exposure to a range of point and mobile source air toxins within a geographic entity

(h) Above the state average respiratory hazard risk, with respiratory health risk being defined as an estimate of adverse health effects identified by length of time and concentration of exposure to a range of point and mobile source air toxins within a geographic entity

(i) A Native American population on a reservation or tribal trust lands of a federally recognized tribe in Oregon, particularly those reliant on subsistence lifestyles.

Notes:

Geography: Most Impacted Communities are ranked by census tract—the most granular and accurate level of geographic measurement.

Index Score recommended by Portland State University's "Findings Brief for Equity Considerations for Greenhouse Gas Emissions Cap and Trade Legislation in Oregon:"

$$Index = 5.00\% \cdot Cancer\ Risk + 5.00\% \cdot Respiratory\ Hazard + 25.71\% \cdot Race + 25.71\% \cdot Poverty + 12.86\% \cdot Education + 12.86\% \cdot Unemployment + 12.86\% \cdot Age\ /\ 7\ (total\ number\ of\ variables)$$

"The 7 variables at the US census tract level should be combined to create an index score. This allows the census tracts to be ranked from most to least vulnerable to the effects of climate change...

Based on our analyses, scholarly literature, and community input, we recommend the socio-economic variables be given a collective weight of 90% in the score with the environmental exposure variables constituting 10% of the score. While exposure to environmental hazards threatens all people, those people from wealthy backgrounds have greater access to healthcare, remediation services, and political arenas. Wealthier individuals have a greater ability to address, overcome, or be resilient to exposure to environmental hazards.

Given the challenges people from lower income backgrounds face, we further recommend doubling the weight of the income within the demographic variable score. For similar reasons, we also recommend doubling the weighting of the race measure within the demographic variable score. People of color experience disparities in health, educational attainment, etc. Doubling the weighting of the race measure allows for these disparities to be captured in the overall score."

Native American Populations: Certain federally recognized tribes in Oregon have unique fishing and natural resource easement rights to project cultural significant and sovereign resources as well as subsistence lifestyles.

2) **Cut off/Eligibility Threshold:**

Top 50% of Most Impacted Communities (Census Tracts)

Notes: Indicators used for defining Most Impacted Communities largely mirrors criteria used to designate Economically Distressed Counties and Areas. The majority of Economically Distressed Areas are picked up in the top 50% of Most Impacted Communities census tracts. Moreover, many Economically Distressed Areas and counties may span large swaths of geography with little or no population concentrations. Thus, analysis should focus on populated census tracts, which meet most impacted criteria.

3) **Reinvestment % into Most impacted communities**

- Industry Sector Proceeds:
  - 15% Just Transition
  - 70% Most Impacted Communities
  - 15% other that maximizes GHG emission reductions

- Of the 70% investment into Most Impacted Communities, 50% should benefit and be invested geographically within most impacted community census tracts; 20% can be invested in low-income communities/households and to the benefit of most impacted communities.

Notes: *California AB 1550 introduced eligibility criteria to include investment into low-income households within ½ mile of a "disadvantaged census tract." This additional eligibility to low-income households in close proximity to a most impacted census tract may be a route we want to take for increased flexibility.*

4) **Technical assistance proceeds and resources should be provided through administrative fee and/or program proceeds as well as leveraged with other revenue/financial sources.**
    a. Ensure financial and technical resources are available for most impacted communities to engage in development and oversight of program as well as to apply and access program proceeds.
    b. Ensure financial and technical resources to under-resourced jurisdictions to develop, in coordination with local impacted communities, climate action and climate resilience plans.
    c. Identify a lead state agency and funding sources for inclusive planning process to mitigate transition losses for workers and communities potentially impacted by industrial decline due to climate policy

5) **Proceeds can be distributed through both grant based programs and automatic allocation (such as to affordable housing next to low-carbon transit).**
    a. Where Native American populations on a reservation or tribal trust lands of a federally recognized tribe in Oregon qualify for program proceeds, that tribal government will administer proceeds.

Notes: *Some tribes own land off their reservations in trust and in regular ole fee status. If the land is in trust, the tribe exercises regulatory jurisdiction over those lands. If it is in fee, state regulatory jurisdiction applies.*

6) **Investment criteria for all program proceeds includes, but is not limited to, the following:**

- Reduces GHG emissions
- Increases community and climate resilience
- Supports climate adaptation and/or mitigation
- Creates co-benefits to and are geographically located within Impacted Communities census tracts that include, but are not limited to,
    - opportunities for job creation and training,
    - investments in non-roadway infrastructure,

- efficient and affordable housing;
- public transit investments and transportation cost savings;
- local community low-carbon economic development,
- public health and air quality improvements,
- energy cost savings and conservation programs;
- increased community-based development and utilization of clean energy technologies;
- sustainable community infrastructure and increased community resilience, including anti-displacement strategy requirements;
- Habitat and fish restoration and other supports for subsistence lifestyles.

Notes:

Methodology: Like identifying most impacted communities through a rigorous methodology, the State, in partnership with impacted communities, must develop a methodology for consistent eligible program/investment criteria including continuous improvement based on program/investment outcomes evaluation.

Anti-Displacement Strategies and Evaluation: Moving away from fossil fuels requires investment in communities—in buildings, in transportation, and in energy systems. However, this investment can lead to unintended social consequences if community values and equity are not taken into consideration. Renewable energy, sustainable and 'green' investment can contribute to gentrification and displacement. Investments in infrastructure like rapid transit, bike lanes, or renewable energy may contribute to making the area more desirable, and residents may be forced out of the area due to rising property values. Evaluating investments for displacement implications is key as well as accompanying climate investments with anti-displacement strategies. Methodologies and literature for evaluation and prevention strategies are abundant.