

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 58 - A2**81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Authorizes Department of Environmental Quality to add fee to credit card transactions.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

SB 58 - A allows the Department of Environmental Quality (DEQ) to accept payments by credit card, and to charge a fee for payments made by credit card to offset the credit card use fees charged by financial institutions. This will pass these “convenience fees” onto the payee who is choosing to use a credit card rather than other payment options and will prevent DEQ from having to cover costs charged by financial institutions.

Under this measure, DEQ may also impose a surcharge of 4% on each fee or invoice generated using the Department’s Environmental Data Management System (EDMS). Surcharge revenue will be used to defray the costs of licensing and hosting the system. DEQ is directed to reduce the surcharge rate below 4% if DEQ determines that a reduced percentage rate will be sufficient to defray these costs. If the surcharge rate is to be reduced, DEQ must issue an order on or before January 1 of an odd-numbered year to set the reduced rate for the following biennium. The rate will default back to 4% in subsequent biennia, unless DEQ again issues an order to reduce the rate. DEQ must notify all persons with an active EDMS account regarding the rate changes.

Funds collected from this surcharge are to be included in the fee or invoice payment associated with the surcharge, and surcharge revenues will first be deposited in the same fund or account as the fee or invoice payment. Periodically, surcharge revenues are to be transferred to the newly created Environmental Data Management System Fund, which is to be used for EDMS maintenance and operations costs. This measure does not have an effective date, so is assumed to take effect January 1, 2022.

DEQ will set the EDMS surcharge rate at a level that allows the Department to generate at least \$800,000 annually, equivalent to the cost of the agency’s maintenance and operations vendor contract. The first vendor payment is due around 30 days after the system becomes fully operational, so the timing for this surcharge to be applied will be dependent on the EDMS implementation timeline. Based on the Department’s analysis of permit revenue data over the past four years for programs that will be using EDMS, a 4% surcharge will be sufficient to cover the maintenance and operations costs in the first year. The surcharge is likely to decrease over time as the volume of permits increases or as additional programs are added to EDMS, which will spread these charges over a larger user base. Of note, this surcharge applies to items such as applications and permits that are processed using EDMS, and not to other one-time charges that processed through EDMS, like civil penalties.

The DEQ 2021-23 budget request includes Policy Option Package 141: EDMS Maintenance Funding, which includes the revenues and expenditure limitation that are anticipated as a result of this measure.