

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1567 - 4

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires owners or operators of bulk oils and liquid fuels terminals to conduct and submit to Department of Environmental Quality seismic vulnerability assessments.

Government Unit(s) Affected:

Oregon Judicial Department (OJD), Cities, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz, Confederated Tribes of Warm Springs and Coquille Indian Tribe, Counties, Department of Aviation, Department of Consumer and Business Services (DCBS), Department of Energy (DOE), Department of Environmental Quality (DEQ), Department of Geology and Mineral Industries (DOGAMI), Oregon Department of Emergency Management, Oregon Department of Transportation (ODOT), Oregon Military Department (OMD), Public Utility Commission (PUC), Office of the Governor, Bureau of Labor and Industries (BOLI)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$712,318	\$881,430
Other Funds	0	1,600,000
Federal Funds	327,996	655,992
Total Funds	\$1,040,314	\$3,137,422
Positions	4	4
FTE	1.75	3.13

Analysis:

SB 1567 - 4 directs owners or operators of bulk oils or liquid fuels terminals in Columbia, Multnomah, or Lane Counties to conduct and submit seismic vulnerability assessments to the Department of Environmental Quality (DEQ) for review and approval, with reports first submitted June 1, 2024. These entities must also implement seismic risk mitigation implementation plans that are approved by DEQ and updated upon retrofit or reconstruction of a terminal, or based on new scientific or technical findings but no more frequently than once every three years.

The Environmental Quality Commission, in consultation with the Department of Geology and Mineral Industries, is directed to adopt a seismic risk mitigation implementation program for bulk oils or liquid fuels terminals by rule. DEQ is directed to establish a fee to defray any of the costs of operating the seismic risk mitigation program not appropriated to DEQ for that purpose. Fees are to be submitted by owners or operators of bulk oils or liquid fuels terminals when they submit their seismic risk mitigation implementation plans. Fee money is to be deposited in the Seismic Risk Mitigation Fund which is established, separate and distinct from the General Fund, with all money continuously appropriated to DEQ for the purposes of review of seismic risk mitigation implementation plans and seismic risk assessments. The measure also allows that monies in the fund could be

used to provide grants to operators of bulk oils or liquid fuels terminals, if federal funds are made available for that purpose.

This measure is largely operative June 1, 2024, though the Environmental Quality Commission and DEQ may take any action before the operative date to enact this measure. DEQ is to report to the interim committees of the Legislative Assembly related to energy on information received through submitted seismic vulnerability assessments no later than November 1, 2024; and is to make recommendations for legislation.

This measure additionally directs the Oregon Department of Energy (ODOE) to develop an energy security plan, and to report to the interim committees of the Legislative Assembly related to energy on the implementation or revision of this plan no later than September 15 of each even-numbered year, though the first report is to be submitted by June 1, 2024. This measure establishes the Energy Security Plan Fund, separate and distinct from the General Fund, with money continuously appropriated to ODOE for work on the energy security plan.

This measure takes effect on the 91st day after the Legislative Assembly adjourns sine die.

Department of Environmental Quality

The Department of Environmental Quality (DEQ) reports there are currently 16 facilities in Columbia, Multnomah and Lane counties that would be impacted by the measure. DEQ anticipates the need for three new permanent, full-time positions (each 0.50 FTE in 2021-23 and 1.00 FTE in 2023-25). This includes one Electrical Engineer 3 and one Natural Resources Specialist 4 to provide technical support for rulemaking, oversight of contracted professional engineers, implementation of the seismic risk mitigation program, and ongoing compliance work; and one Administrative Specialist 2 to support rulemaking, implementation, and compliance work. The agency would also anticipate hiring one limited-duration, full-time Operations and Policy Analyst 4 (0.50 FTE in 2021-23, 0.13 FTE in 2023-25) to lead rulemaking and interagency coordination during program startup. Additional cost estimates provided by the agency for program startup include \$200,000 to contract with subject matter experts for technical support on the rule development. Total estimated costs for the 2021-23 biennium are \$712,318. This funding is assumed to be General Fund, as the program would not expect any fee revenue to be received until June 2024.

During the 2023-25 biennium, the anticipated costs of the four positions (3.13 FTE) is estimated to be \$881,430 including associated services and supplies. In implementing the program, DEQ assumes the ongoing costs of the positions and related services and supplies would be paid for by General Fund rather than fees.

DEQ estimates additional costs of \$1.6 million to contract with third party subject matter experts for technical assessment and seismic risk plan reviews. DEQ anticipates establishing fees by administrative rule where each facility would pay a fee of approximately \$100,000 intended to cover these Professional Services costs in the 2023-25 biennium.

Oregon Department of Energy

Funding, direction, and technical support for the energy security plan was included in the federal 2021 Infrastructure Investment and Jobs Act. The Oregon Department of Energy (ODOE) estimates costs of \$327,996 Federal Funds in 2021-23 and \$655,992 Federal Funds in 2023-25 to prepare the energy security plan. The agency would primarily use contractors and technical experts for plan development, with one existing Program Analyst 4 position spending half their time on this project, with support from other existing staff.

ODOE has started the process of planning and scoping this work but notes that costs may change based on guidance from the U.S. Department of Energy. Ongoing costs to update the plan in future biennia may be available from federal funding sources, but if Federal Funds are not available, the agency will need to use Other Funds derived from the Energy Supplier Assessment.

Other entities

There is no or minimal fiscal impact for Cities, Counties, Department of Aviation, Bureau of Labor and Industries, Department of Geology and Mineral Industries, Oregon Judicial Department, Oregon Military Department, Public Utility Commission, Department of Transportation, Department of Consumer and Business Services, or the Office of the Governor.