

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3229

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Date: March 26, 2023

Measure Description:

Modifies federal operating permit program fees.

Government Unit(s) Affected:

Department of Environmental Quality

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:

HB 3229 makes changes to the fees charged by the Department of Environmental Quality (DEQ) as part of the Title V program. Starting upon passage of the measure, the fees currently in statue per ton of regulated pollutants emitted annually, and the base fee for a source subject, are replaced with a blank fee amount. The measure also has two blank amounts for the same fees, but with these fee amounts scheduled to take effect January 1, 2024.

Starting January 1, 2025, the measure removes the emission and base fees, as well as some of the requirements for these fees, from statute, and directs the Environmental Quality Commission to establish a fee schedule for the federal operating permit program. The Commission may increase fees once per year, and the amount of the increase may not exceed the cost of administering the federal operating permit program or 3%, whichever is lower, unless the larger increase is provided for in DEQ’s legislatively approved budget.

The measure also permits air contamination reporting and asbestos abatement fees to be increased once per year, with the amount of the increase not to exceed the cost of administering these programs or 3%, whichever is lower, unless the larger increase is provided for in DEQ’s legislatively approved budget, effective on passage of the bill.

Fee revenue from this measure is indeterminate since the fee amounts charged in 2023 and 2024 in the federal operating permit program are currently blank; and in 2025, the Environmental Quality Commission will be creating a fee schedule. However, the fee revenue will need to be sufficient to pay for 11 existing positions and associated costs to support compliance with Title V of the federal Clean Air Act; this request is included in Policy Option Package 110 in the 2023-25 Governor’s Budget for DEQ. The Policy Option Package includes a request for \$3.4 million in Other Funds expenditure limitation. The agency anticipates that the fee will need to be set at a level sufficient to garner \$5.7 million in Other Funds during the 2023-25 biennium, to support the requested positions and also build operating reserves. The agency would consider additional fee increases of up to 3% on an as-needed basis.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on the DEQ budget.