



February 27, 2023

**TO:** Members of the House Committee on Climate, Energy and Environment

**FR:** Sharla Moffett, Oregon Business & Industry

**RE:** HB 3229

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OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

OBI opposes HB 3229, which increases Title V air quality permit fees more than 83%.

The air quality permitting program is critical to our members who collectively hold more than 60 Title V permits in Oregon. Permits are the primary means that to enable facilities to operate while also protecting public health and the environment. It's important to provide this context, since it is rare that OBI or its predecessor organizations have opposed permit fee increases.

Steep and sudden fee increases pose a number of challenges. A fee increase of this magnitude should have been discussed between DEQ and regulated entities a minimum of six months ago and preferably longer. This proposal results in a six figure increase for many permit holders, some of which are small businesses. DEQ's air quality division used to meet quarterly with a small stakeholder group as a way of flagging upcoming rulemaking and circumstances such as this so that the regulated community was not caught unaware. Unfortunately, this group hasn't met at least since the fall of 2021.

The regulated community pays very substantial fees that fund many important programs. As noted earlier, we do not often oppose fee increases when the costs will result in more effective, efficient program operations. We believe the regulator-regulated entity relationship functions best when it is looked at as a partnership, not just with antagonism. However, this fee increase was not approached in this spirit and would result in extraordinary cost increases, which ultimately impact consumers, not just businesses. The irony here is that DEQ's budgetary challenges are in part caused by the great work Oregon businesses have done to reduce emissions.

The regulated community has had to cope with an extraordinary increase in the complexity, frequency, size and scope of rulemaking in recent years. This rapidly evolving landscape and what many businesses believe to be an increasingly anti-business sentiment at the agency present even greater challenges to businesses. We look forward to resetting this relationship and working

together to find a path forward, but that path has to be sustainable for both government and the regulated entities. An 83% fee increase over two years is not.

We urge the committee to oppose HB 3229 as written.