

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 104

STATUS: A-Engrossed

SUBJECT: Increases annual underground storage tank fees and penalties, and removes sunset on fee collection and pilot expedited penalties process

GOVERNMENT UNIT AFFECTED: Department of Environmental Quality

PREPARED BY: Dawn Farr

REVIEWED BY: Paul Siebert

DATE: February 12, 2007

EXPENDITURES:

See Comments.

REVENUES:

Tank Fees – Other Funds

Expedited Penalties Program – Other Funds

	<u>2007-2009</u>	<u>2009-2011</u>
	\$ 1,472,181	\$ 1,413,883
	\$ 25,625	\$ 27,500
	<u>\$ 1,497,806</u>	<u>\$ 1,441,383</u>

POSITIONS / FTE:

See Comments.

EFFECTIVE DATE: January 1, 2008

GOVERNOR’S BUDGET: This bill is anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This bill allows the Department of Environmental Quality (DEQ) to increase the underground storage tank fee from \$85 to \$135. Individual violation penalties charged for expedited penalties would increase to be not less than \$50 or greater than \$500 (formally \$50 to \$100), and aggregate expedited penalties would increase to not exceed \$1,500 (formally \$300). The bill also repeals sunsets on the expedited penalty program and on DEQ’s authority to charge an underground storage tank (UST) fee.

Passage of the bill would preserve DEQ’s authority to charge UST fees and offer the expedited penalties program. DEQ’s Other Fund biennial revenues from UST fees would be \$1,472,181 in 2007-2009 and \$1,413,883 in 2009-2011. UST fee revenues are lower in the 2009-2011 biennium because the volume of UST fees is expected to decrease by 2% per year. All fees collected during the 2007-2009 biennium would be subject to the increased fee, \$135, as fees are billed annually in January. The full fee amount, rather than the incremental portion, was used to determine revenue impacts because of the sunset clause.

DEQ Other Fund biennial revenues for expedited penalties would be \$25,625 in 2007-2009 and \$27,500 in 2009-2011. The calculations assume 100 citations per year. The revenue for 2007-2009 is lower because only 18 months of penalties would be assessed at the increased rate. The current average citation rate is \$100; this average is expected to increase to \$137.50 per citation with the increased penalty fees.

Revenues generated would maintain current service level in the UST Program. Program expenditures cover 6.65 FTE and are as follows:

Personal Services:	\$1,028,594
Services and Supplies:	149,625
Agency Indirect Costs:	<u>206,127</u>
Total Other Fund Expenditures:	\$1,384,346

Without passage of the bill, DEQ will not be able to carry out the federal UST law in Oregon beginning January 2, 2008, and the Environmental Protection Agency may assume responsibility for the program.