

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

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**MEASURE NUMBER:** SB 107 **STATUS:** Original  
**SUBJECT:** Increase pollutant and base fees for regulated air emissions  
**GOVERNMENT UNIT AFFECTED:** Department of Environmental Quality  
**PREPARED BY:** Dawn Farr  
**REVIEWED BY:** Paul Siebert  
**DATE:** February 8, 2007

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**EXPENDITURES:**

See Comments.

	<u>2007-2009</u>	<u>2009-2011</u>
<b>REVENUES:</b>		
Emission Fee – Other funds	\$ 1,464,000	\$ 1,464,000
Base Fee – Other funds	\$ 207,576	\$ 207,576
	<u>\$ 1,671,576</u>	<u>\$ 1,671,576</u>

**POSITIONS / FTE:**

See Comments.

**EFFECTIVE DATE:** On passage.

**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:** The bill would increase the emission fee per ton of regulated pollutants emitted from \$25 to \$31. The base fee charged to sources subject to the federal operating permit program would increase from \$2,500 to \$3,100. Source fees are to be based on a schedule that is established every two years, by rule, by the Department of Environmental Quality (DEQ). The bill allows for increases in the fees based on the Consumer Price Index (CPI), if increased fees are necessary to cover all reasonable direct and indirect costs of implementing the federal operating permit program. Federal law requires states to establish fees sufficient to fully fund the cost of the Title V program.

The current, CPI adjusted emission fee is \$40.65/ton, and the CPI adjusted base fee is \$3,488. The bill would result in a CPI adjusted emission fee of \$50.41/ton, and a CPI adjusted base fee of \$4,325. DEQ currently regulates 124 sources that emit 75,000 tons per year. This change results in increased Other Funds revenues of \$1,671,576. Emissions fees contribute \$1,464,000 and base fees \$207,576 to these increased revenues. DEQ revenue impacts do not reflect the allowable CPI (which is about 3% per year) as the timing of these adjustments will need to be reviewed and revised by the Environmental Quality Commission based on a two year schedule.

Revenues generated enable the restoration of 1.5 FTE that would otherwise be eliminated because of revenue shortfalls. DEQ is also requesting two additional positions (2.0 FTE), an Environmental Engineer (EE) 2 and an EE 3. New staff will help offset increased permit workload and reduce the backlog, which is currently at 25%. Related expenditures are:

Personal Services:	\$ 519,556
Services and Supplies:	89,894
Agency Indirect Costs:	<u>104,117</u>
Total Other Fund Expenditures:	\$ 713,567