

**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:** A Engrossed

**SUBJECT:** Increase pollutant and base fees for regulated air emissions

**GOVERNMENT UNIT AFFECTED:** Department of Environmental Quality

**PREPARED BY:** Paul Siebert

**DATE:** May 1, 2007

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**EXPENDITURES:**

See Comments.

**REVENUES:**

	<u>2007-2009</u>	<u>2009-2011</u>
Emission Fee – Other funds	\$ 730,887	\$ 1,260,900
Base Fee – Other funds	\$ 263,936	\$ 586,496
	\$ 994,823	\$ 1,847,396

**POSITIONS / FTE:**

See Comments.

**EFFECTIVE DATE:** On passage.

**GOVERNOR’S BUDGET:** The bill as amended is not anticipated by the Governor’s 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, as amended, would phase-in an increase in the emission fee per ton of regulated air pollutants emitted from the current level of \$25 to \$31 by 2008. The base fee charged to sources subject to the federal operating permit program would increase over time from the current fee of \$2,500 to \$4,100 by 2010. 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. 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 (EQC) based on a two year schedule. Federal law requires states to establish fees sufficient to fully fund the cost of the Title V program. The bill also requires a written explanation if the EQC adopts rules or takes actions that go beyond federal requirements.

Revenues generated enable the restoration of 1.5 FTE that would otherwise be eliminated because of revenue shortfalls. DEQ is also requesting one additional position to begin on July 1, 2008 (0.50 FTE), an Environmental Engineer 3. New staff will help offset increased permit workload and reduce the backlog, which is currently at 25%. Related expenditures are:

Personal Services:	\$ 319,585
Services and Supplies:	51,368
Agency Indirect Costs:	<u>64,045</u>
Total Other Fund Expenditures:	\$ 434,998