

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 324 MRA**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Repeals sunset on provisions related to low carbon fuel standards.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ), Secretary of State, County Clerks

Summary of Expenditure Impact:

See Analysis.

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.

Analysis: This bill, if passed and ratified at a special election to be held in November of 2015, would remove the December 31, 2015 sunset date in HB 2186 (2009) which authorized the Environmental Quality Commission (EQC) to develop low carbon fuels standards for Oregon. Since 2009 the Department of Environmental Quality (DEQ) has utilized an existing Air Quality Natural Resource Specialist 4 position to complete work on phase one of implementing the Clean Fuels Program through collection of fuels data from fuel importers and producers operating in Oregon. The same position also helped with developing rules for the second phase of the program in which fuel producers and imports will be required to gradually reduce greenhouse gas emissions from transportation fuels sold in Oregon. The EQC adopted these rules at their January 2015 meeting.

During development of their Agency Request Budget for the 2015-17 biennium, DEQ identified the need for additional General Fund resources totaling \$778,141 that included establishment of new positions. This package was included in part because there is no other source of revenue for program implementation. Additionally the agency was concerned that the existing position would be needed to help communities at risk of violating federal health standards for fine particulate matter during the 2015-17 biennium and would be unavailable to help with program implementation.

During development of the Governor's recommended budget for 2015-17 DEQ determined that they could implement a Clean Fuels Program with base budget resources, therefore no additional funding to implement the program was included in the Governor's 2015-17 budget recommendations for DEQ.

The Department indicates that there were a number of factors that lead to the decision the work could be accomplished with existing resources. DEQ determined that information technology needs could be met by using the IT system California developed for its' program, with only minor modifications implemented by existing agency IT staff. DEQ also reports the need for funding to contract for fuels and economic analysis was no longer necessary because the

Pacific Coast Collaborative has supported region-wide studies to determine the impact of low carbon fuel standards, which DEQ expects will not require Oregon specific funding. DEQ also reports that the NRS 4 position currently working on the program can continue doing this work because in late 2014 DEQ learned Klamath Falls had met its particulate matter attainment goal, alleviating the need to move the position to fine particulate matter work during 2015-17. Finally, DEQ has identified some existing staff resources that will be reclassified and repurposed to work on implementing the standards, assuming that the sunset is lifted. The positions planned for reclassification are being held vacant and include a Principal Executive Manager E and half of a Natural Resource Specialist 3. The PEM E position was one of two managers in DEQ's Western Region. Work has been consolidated and all regional staff report to the remaining manager. The NRS 3 position performs inspections and technical assistance to smaller pollution sources, but half of the position can be repurposed. The new positions that need to be created through reclassification of the two existing positions are a full-time Program Analyst 4 and a half-time Information Systems Specialist 6.

It is the expectation of the Legislative Fiscal Office that no additional state resources will be needed during the 2015-17 biennium to implement the Clean Fuels Program.

The –MR8 Amendment would require a state-wide special election in November of 2015 to determine approval or rejection of SB 324.

The Secretary of State estimates a total statewide costs of approximately \$2.6 million to hold a special election in November of 2015. This estimate is based on the cost per registered voter of the last special election in January 2010, adjusted to reflect the current number of registered voters (as of the November 2014 election). The amount includes the costs to produce and distribute a Voters' Pamphlet, plus county election costs attributable to the special election by rule.