



Northwest Pulp & Paper
ASSOCIATION

March 13, 2017
Public Testimony

Senate Bill 5518 – DEQ Budget

Natural Resource Subcommittee Co-chairs Frederick and Witt and members:

Thank you for the opportunity for Northwest Pulp & Paper Association (NWPPA) to provide testimony on the 2017-2019 budget for the Department of Environmental Quality (DEQ.)

Background

NWPPA is a 61 year-old regional trade association representing 11 member companies and 14 pulp and paper mills in Washington, Oregon and Idaho. Five of those NWPPA member mills are located in Oregon. As one of the members of Oregon’s forest products sector (including private forest lands, public forest management, logging, manufacturing, wholesaling and transportation), pulp and paper mills help contribute approximately 4,482 jobs of the 20,244 primary forest products manufacturing job included in Oregon’s 61,000 total forestry sector jobs (State of Oregon Employment Department 2015 data).^{1 2} Also Oregon’s 2015 data shows almost 51,000 of the 61,000 forest-sector jobs were found in the private sector.

Many NWPPA members are located in economically stressed rural communities, these family-wage manufacturing jobs help sustain the local economy, with an accepted industry multiplier effect of three – five jobs, approximately 20,000 workers are supported by this sector of our economy. For example in two counties with pulp and paper mills, the forestry sector average wages are around double the average county wages. The Oregon Employment Department explains that in 2015, “In Lincoln County, the average annual forest sector wage (\$71,200) was double that of all jobs (\$35,300). Forest-related jobs also paid nearly double the all-job average in Clatsop County (\$68,200 and \$35,100, respectively).”¹

NWPPA members are regulated by the DEQ and hold permits related to air, water and land quality. On behalf of NWPPA members for the last 22 years I have sat on DEQ advisory

¹ <https://www.qualityinfo.org/-/oregon-s-forest-sector-employment-totals-61-000-in-2015>

² http://oregonforests.org/sites/default/files/publications/pdf/OFRI_FactsFacts_1718_WEB.pdf

committees and worked with the Department as a stakeholder on environmental policy matters with. NWPPA would like to share our perspectives with the Subcommittee.

DEQ Operations

DEQ recently announced a reorganization of management to align with the air, water and land quality issue areas. NWPPA supports the reorganization and believes it will help focus and strengthen the agency's water permitting work, which is highly important to regulated industry.

Industrial Stormwater Permits

General water permits are re-issued every five years and the industrial stormwater permit is now in the public comment phase of the renewal process. This work is very important to the regulated community and is supported in part by wastewater permit fees. We believe the draft permit still out for public comments needs some review and modification and will be commenting to the Agency.

NPDES Water Permit Project and the Permit Backlog

NWPPA staff participated in the recent consultant-led project to improve the water permit program and support the efforts to issue permits and reduce the backlog. Oregon faces extreme challenges to renew or issue water permits that are based on water quality standards that are unattainable in Oregon's waters like temperature and in situations where there is no treatment technology in existence to meet the very stringent toxic standards. We believe the water quality work of the Agency is very important and the Legislature should fully support water quality work in addition to the recent focus on air quality issues.

Fee Requests on Air Permits

Over the last two decades, as a rule, NWPPA usually has supported DEQ legislative fee increases. In 2017, NWPPA simply cannot support the proposed DEQ air fees increases. DEQ has not performed their usual high-quality stakeholder outreach, quantified and explained the fees in advance, and provided timely information to allow business to budget for proposed fee increases.

- Section 2 of HB 2269 came as a surprise, and we did not budget for a large Title V air permit fee increase to be invoiced in fall 2017 – in addition to the Title V air permit fee increase adopted by the Environmental Quality Commission in January 2017. We were also unaware that DEQ planned to increase the cap on Title V fees in HB 2269, which could be almost a doubling of a certain segment of fees for large facilities *before* the proposed fee increase on emission and base fees.
- Our facilities also pay certain air contaminant discharge fees (ACDP fees) and our latest information from DEQ is that those fees will increase 51% in addition to a 20% increase passed by the 2013 legislature.

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- The Cleaner Air Oregon segment of the proposed air quality fee increases have become a moving target and we don't know how much those fees will be, especially for the one-time assessment to be invoiced in year 2017 for the new Cleaner Air Oregon regulatory program.
- We are also extremely concerned about the size of the future fees for the permanent Cleaner Air Oregon program based on the scope of the Agency work on Cleaner Air Oregon.

NWPPA asks the Natural Resources Subcommittee to take a close look at the air permit fees and seek to understand, the need, use, timing and nexus of the air permit fees and the overall Cleaner Air Oregon program – especially in relation to the other items that are being added or programs that are being reduced in the DEQ operating budget.

Thank you for your consideration. I can be contacted at 503-805-8511 to answer any questions.

Sincerely,

Kathryn VanNatta
Director of Regulatory and Government Affairs
Northwest Pulp & Paper Association