

## ANALYSIS

### Item 62: Department of Environmental Quality Permitting Staff for Industrial Expansion

---

**Analyst:** April McDonald

**Request:** Allocate \$357,204 from the Emergency Fund and authorize the establishment of four permanent, full-time positions (1.26 FTE) for the Air Contaminant Discharge Permit (ACDP) program.

**Analysis:** The Oregon Semiconductor Competitiveness Task Force, convened and chaired by Governor Brown, was formed in February 2022 to develop strategy and recommendations in support of industrial growth in Oregon. The task force, including an Environmental Regulations Subcommittee, released an initial report on August 17, 2022. The document outlines problems and potential solutions related to the challenges facing the semiconductor and other industries in Oregon. This Emergency Board request made by the Department of Environmental Quality (DEQ) is in response to a statement within the report indicating DEQ needs additional resources to implement its regulatory programs.

The Department requests authorization to establish four permanent, full-time positions (1.26 FTE) at salary schedule step 3, including the following:

- Environmental Engineer 2 (one position): This position is intended to support increased industry demand, ensuring source tests produce acceptable results and are conducted in a timely manner.
- Natural Resource Specialist 3 (three positions): One position is intended to conduct complex air quality modeling simulations, and two positions are requested to provide general permit development, compliance, assessment, coordination, and outreach.

More than 90% of ACDP program costs are supported by Other Funds from permitting fees. A General Fund investment in the four requested positions would not align with the program's current funding model. Additionally, the 2023-25 roll-up cost of the additional staffing, assuming salary step 4, would equate to \$883,265 General Fund in personal services.

As an alternative, establishment of limited duration positions supported by available Other Funds revenue from ACDP permit fees would meet the Department's staffing needs this biennium and allow for funding discussions and stakeholder engagement during the development of the 2023-25 budget. Resources are sufficient to support this alternative. The Department currently estimates an ending balance of ACDP permit fees totaling approximately \$4.2 million for the 2021-23 biennium.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation by \$357,204 for the Department of Environmental Quality and authorize the establishment of four limited duration, full-time positions (1.26 FTE) for permitting program needs in the 2021-23 biennium.

62  
Department of Environmental Quality  
Filimoehala

---

**Request:** Allocate \$357,204 from the State Emergency Fund and establish four new permanent, full-time positions (1.25 FTE) for work relating to industrial expansion.

**Recommendation:** Approve the request.

**Discussion:** The Creating Helpful Incentives to Produce Semiconductors Act (CHIPS Act) was recently signed into law by President Biden. The CHIPS Act will provide more than \$50 billion nationally in grants for semiconductor manufacture and research. Oregon currently has a large semiconductor industry, with nearly 12 percent of Oregon jobs in the semiconductor industry making up roughly nine percent of U.S. semiconductor jobs overall (Office of Economic Analysis, 2022). Following the passage of the federal CHIPS Act, in tandem with a task force on the environmental impact of the semiconductor industry convened by Governor Brown in 2022, the Department of Environmental Quality expects to see an increase in permitting activities and has requested additional staff to carry the anticipated workload.

To complete the expected additional permitting work, the Department has requested hiring four new permanent, full-time positions (1.25 FTE):

- One Environmental Engineer 2 (0.25 FTE): This position would increase the ability of the Department to provide technical support to permittees.
- One Natural Resource Specialist 3 (0.25 FTE): This position would provide technical assistance to permittees regarding the National Ambient Air Quality Standards.
- Two Natural Resource Specialist 3 (0.75 FTE): These positions would be located at a regional office and provide permit development, compliance, coordination, and outreach to moderate to complex facilities.

**Legal Reference:** Allocation of \$357,204 from the State Emergency Fund to supplement the appropriation made by chapter 673, section 1(1), Oregon Laws 2021, for the Department of Environmental Quality, Air Quality Division for the 2021-23 biennium.



# Oregon

Kate Brown, Governor

Department of Environmental Quality

Agency Headquarters

700 NE Multnomah Street, Suite 600

Portland, OR 97232

(503) 229-5696

FAX (503) 229-6124

TTY 711

August 22, 2022

Senator Peter Courtney, Co-Chair  
Speaker Dan Rayfield, Co-Chair  
State Emergency Board  
900 Court Street NE H-178  
State Capitol Salem, OR 97301

Dear Co-Chairs:

## **Nature of the Request**

The Department of Environmental Quality respectfully requests \$357,204 General Fund to support four permanent full-time positions needed to respond to emerging needs and opportunities related to industrial expansions, including expansion of the semi-conductor industry in Oregon.

## **Agency Action**

DEQ's Air Contaminant Discharge Program (ACDP) program covers sources not subject to the federal Title V permit program, ensuring that appropriate emission standards apply to all air emission sources in Oregon and that air quality is being protected. In addition, under federal law, new and expanding businesses cannot begin construction until DEQ approves of an ACDP construction permit.

Governor Brown convened a task force in July 2022 to examine the impact of environmental regulations on the competitiveness of the semi-conductor industry in Oregon. The task force made several recommendations related to DEQ's permitting processes including the need for the agency to provide more thorough guidance and support to industry around rule changes, improved timeliness for permit development, and enhanced customer service as industry navigates the permitting process. The Task Force recognized that DEQ needs adequate resources to implement its regulatory programs and recommended that future state budgets and legislative priorities should include necessary staffing for DEQ to meet its statutory obligations.

Additionally, President Biden recently signed into law the federal Creating Helpful Incentives to Produce Semiconductors for America Act (CHIPS) that will provide more than \$50 billion in grants for semiconductor manufacturing and research, which is expected to spur investments in chip manufacturing.

DEQ has a long history of partnering with businesses to meet their needs while also successfully implementing federal and state requirements to protect public health. As the semiconductor industry invests in new research and production, DEQ will work closely with firms to provide predictability and transparency along with efficient permitting processes.

### **Action Requested**

DEQ is requesting general fund to support four new permanent full-time positions that will allow the program to meet the permitting program demands; ensure public health protection and facilitate economic development through the timely issuance of permits. Recognizing the service to permit holders, and the public health benefits of the program, the legislature has traditionally funded this program through a mix of permit fees and General Funds, although permittees shoulder most of the expenses of this program. The last major investment in the program was funded by permit fees in 2020.

### **Total request = \$357,204**

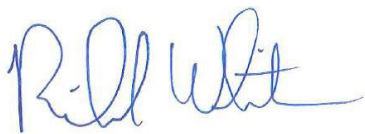
Environmental Engineer 2: The permitted facilities are increasingly relying on periodic source tests to demonstrate compliance. This position is needed to support that increased demand to ensure the tests are producing results acceptable to DEQ and are conducted in a timely manner. This position is costed at step 3 for 6 months at \$77,364.

Natural Resource Specialist 3: Demonstrating compliance with the National Ambient Air Quality Standards necessitates conducting complex air quality modeling simulations. This position is needed to support that additional work and to provide technical assistance to the regulated community. This position is costed at step 3 for 6 months at \$69,690.

Natural Resource Specialist 3 (two positions): These positions would be based in a regional office and are needed to provide general permit development, compliance assessment, coordination and outreach for moderate to complex facilities. These positions are costed at step 3 for 9 months at \$105,940 for each position.

Thank you for consideration of this request. If you have any questions, please contact Nancy Bennett at DEQ at [Nancy.Bennett@deq.oregon.gov](mailto:Nancy.Bennett@deq.oregon.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Whitman".

Richard Whitman  
Director