

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

Measure: SB 58 - A

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Authorizes Department of Environmental Quality to add fee to credit card transactions.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

SB 58 - A allows the Department of Environmental Quality (DEQ) to accept payments by credit card, and to charge a fee for payments made by credit card to offset the credit card use fees charged by financial institutions at the time of transaction. This will pass those costs, often referred to as “convenience fees”, onto the payee who is choosing to use the credit card option of payment rather than other payment options and will prevent DEQ from having to cover those costs that are charged by financial institutions. Under this measure, DEQ may also impose an annual surcharge of no more than four percent on each fee or invoice generated using the Department’s Environmental Data Management System (EDMS), to defray the costs of licensing and hosting the system. Funds collected from this surcharge are to be deposited in the newly created Environmental Data Management System Fund, which is to be used for EDMS maintenance and operations costs.

The measure takes effect on passage, and DEQ is directed to set the surcharge percentage rate as soon as possible after the measure passes. In years following, the surcharge is to be set by July 1 of each year and go into effect October 1 of that year. The measure also contains an operative date of January 1, 2022.

EDMS maintenance and operations costs are fixed by contract with the vendor at \$800,000 annually, with the first payment due around 30 days after the system becomes fully operational. To pay for this upfront cost, DEQ anticipates that all invoices generated by EDMS for the first year will initially include a 3.7% surcharge. This percentage was determined based on the Department’s analysis of permit revenue data over the past four years for programs that will be using EDMS. The surcharge is likely to decrease over time as the volume of permits increases or as additional programs are added to EDMS, allowing the maintenance and operations charges to be spread over a larger user base. Of note, this surcharge only applies to items such as applications and permits that are processed using EDMS, and not to other one-time charges processed through the system, such as civil penalties.

Finally, according to Legislative Counsel, this surcharge will be subject to the fee ratification process under ORS 291.055 and DEQ will need to go through the legislative fee ratification process after setting the initial surcharge amount and for any increases to the surcharge after that time. If the surcharge is reduced after the initial year, as is anticipated, DEQ is not required to seek ratification from the legislature for fee decreases.

The DEQ 2021-23 budget request includes Policy Option Package 141: EDMS Maintenance Funding, which includes the revenues and expenditure limitation that are anticipated as a result of this measure, though this Policy Option Package may need to be modified based on updated information regarding timing for EDMS

implementation. This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact.