

HB 3229 -2 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: April McDonald, Budget Analyst

Meeting Dates: 6/16, 6/20

WHAT THE MEASURE DOES:

HB 3229, as introduced, modifies the fees charged by the Department of Environmental Quality (DEQ) to support the Title V program; a federal compliance program relating to industrial air pollution. The measure removes certain elements of the federal operating permit program fee schedule and becomes operative on January 1, 2025. The bill also directs the Environmental Quality Commission to establish a fee schedule by rule for the federal operating permit program, and authorizes the Commission to annually adjust federal operating permit program fees, air contaminant reporting fees, and asbestos abatement program fees in an amount not to exceed the cost of administering the program, unless the larger increase is provided for in DEQ's legislatively approved budget. HB 3229 declares emergency and becomes effective on passage.

ISSUES DISCUSSED:

- Fiscal impact of the measure
- The Department's budget bill (HB 5018) assumes passage of these fees
- Alternate fee proposal
- Effect of not increasing fees

EFFECT OF AMENDMENT:

-2 The -2 amendment makes changes to the fees charged by the Department as part of the Title V program using a tiered approach, with increases in 2023 and 2024. Effective upon passage, current fee per ton of regulated pollutants emitted annually is increased from \$66 to \$95, and the base fee for a source subject to the federal operating permit program, is increased from \$8,744 to \$12,504. Effective January 1, 2024, the fee per ton of regulated pollutants emitted annually is increased from \$95 to \$121, and the base fee for a source subject to the federal operating permit program, is increased from \$12,504 to \$16,002. Not more than once each year thereafter, the Environmental Quality Commission may increase the resulting fees no more than three percent, unless a larger increase is provided for in the department's legislatively adopted budget. Additionally, HB 3229, as amended, directs DEQ to evaluate alternative fee structures for Oregon's Title V program and report to the Legislative Assembly, including recommendations, no later than December 31, 2023. The measure declares an emergency and is effective on passage.

BACKGROUND:

The federal Clean Air Act addresses ambient air quality standards, toxic air pollutants, new source performance standards, and new source review—the latter requiring the best available technology in air pollution control equipment for facilities that are major sources of contaminants. Title V of the federal Clean Air Act regulates emissions from the largest and most complex sources of air pollution. Oregon, like many states, has delegated authority from the U.S. Environmental Protection Agency to implement the Title V program. The Department oversees Title V implementation in all counties except Lane County where the Lane Regional Air Quality Protection Agency has primary jurisdiction. DEQ permits approximately 102 "Title V" sources ranging from power plants to pulp & paper mills. Federal and state law requires that the Title V program be fee-funded and that the Department maintain a schedule of fees sufficient to resource the program. DEQ has not significantly adjusted its fees in over 13 years. The EPA retains oversight of the program and regularly audits DEQ's program to ensure that it meets federal requirements. State air quality laws are codified in ORS Chapter 468A.