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OREGON
ENVIRONMENTAL QUALITY
COMMISSION MEETING
MATERIALS 09/11/1992

State of Oregon
Department of Environmental Quality

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State of Oregon

ENVIRONMENTAL QUALITY COMMISSION

A G E N D A

REGULAR MEETING - September 11, 1992

Harris Hall
Lane County Public Service Building
Lane County Courthouse
125 E. 8th Avenue (corner 8th & Oak)
Eugene, Oregon
10:00 a.m.

Note: Because of the uncertain length of time needed for each agenda item, the Commission may deal with any item at any time in the meeting. Times noted on the agenda are approximate. An effort will be made to consider items with a designated time as close to that time as possible. However, scheduled times may be modified if agreeable with participants. Anyone wishing to be heard or listen to the discussion on any item should arrive at the beginning of the meeting to avoid missing the item of interest.

10:00 a.m.

A. Presentation by Local Governments (Eugene, Springfield, Lane County)

B. **Public Forum**

This is an opportunity for citizens to speak to the Commission on environmental issues and concerns not a part of the agenda for this meeting. Individual presentations will be limited to 5 minutes. The Commission may discontinue this forum after a reasonable time if an exceptionally large number of speakers wish to appear.

C. Approval of Minutes

D. Approval of Tax Credit Applications

Rule Adoptions

Hearings have already been held on the Rule Adoption items; therefore any testimony received will be limited to comments on changes proposed by the Department in response to hearing testimony. The Commission also may choose to question interested parties present at the meeting.

E. (Delayed until October)

Action Items

F. Proposal to Revise Pollution Control Tax Credit Program

Information Items

G. Information Report on Drought Status

H. Status Report on Field Burning

I. Status Report on Budget Preparation

1:30 p.m.

J. Report from Chair of Recycling Markets Development Council

K. Commission Member Reports (Oral)

L. Director's Report (Oral)

The Commission will have lunch with local officials at the Hilton Hotel, Skinners Restaurant, between approximately 12:00 and 1:30 p.m.

The Commission has set aside October 15-16, 1992, for their next meeting. The location has not been established.

Copies of the staff reports on the agenda items are available by contacting the Director's Office of the Department of Environmental Quality, 811 S. W. Sixth Avenue, Portland, Oregon 97204, telephone 229-5395, or toll-free 1-800-452-4011. Please specify the agenda item letter when requesting.

August 26, 1992

Minutes are not final until approved by the EQC

ENVIRONMENTAL QUALITY COMMISSION

Minutes of the Two Hundred and Twenty Second Meeting
July 23 and 24, 1992

Regular Meeting
July 23

The Environmental Quality Commission regular meeting was convened at 10:00 a.m., Thursday, July 23, 1992, and 8:30 a.m., Friday, July 24, 1992, Conference Room 3A, Oregon Department of Environmental Quality (DEQ), 811 S. W. Sixth Avenue in Portland, Oregon. The following commission members were present:

William Wessinger, Chair
Emery Castle, Vice Chair
Henry Lorenzen, Commissioner
Linda McMahan, Commissioner
Carol Whipple, Commissioner

Also present were Larry Knudsen, Assistant Attorney General, Oregon Department of Justice, Fred Hansen, Director, DEQ, and other DEQ staff.

Note: Staff reports represented at this meeting, which contain the Department's recommendations, are on file in the Office of the Director, DEQ, 811 S. W. Sixth Avenue, Portland, Oregon 97204. Written material submitted at this meeting is made a part of this record and is on file at the above address. These written materials are incorporated into the minutes of the meeting by reference.

Chair Wessinger called the meeting to order and introduced Linda McMahan. Ms. McMahan was appointed by Governor Roberts to complete Anne Squier's uncompleted term.

A. Petitions of James River II, Inc., Boise Cascade Corporation and the City of St. Helens for Reconsideration or Rehearing of the Commission's April 16, 1992, Order in the Appeals of National Pollutant Discharge Elimination Systems (NPDES) Permit No. 100716 (James River) and Permit No. 100715 (City of St. Helens).

Chair Wessinger indicated that Commission McMahan had reviewed the case material and would participate in the deliberations and decision on the petitions for reconsideration.

Larry Knudsen, Assistant Attorney General, told the Commission they must comply with ex parte communication requirements and disclose any discussions that may have occurred about this item between now and the last meeting held in Hillsboro. Chair Wessinger noted he had disclosed discussions he had on the matter at the last meeting; Director Hansen stated he had discussions on procedural issues; and Commissioner Castle stated he had participated in a meeting where procedural issues were discussed. No communication other than discussions restricted to procedural issues were indicated by the other members.

Mr. Knudsen advised the Commission that facts alleged in the petitions for reconsideration could be taken into account in making a determination on whether to reconsider the decision. However, if the Commission wished to take such alleged facts into account following a decision to reconsider, the record must be reopened. Mr. Knudsen said the Commission's decision on the petitions was discretionary. The Commission could limit the scope of reconsideration to some or all issues including AOX limits, regulation of organochlorines, the parameters involved, best available technology (BAT) and discharge limitations.

Bob Morgan, Vice President and Resident Manager, Wauna Mill, James River Corporation, spoke to the Commission. Mr. Morgan asked the Commission to reconsider this issue. He said employment and products were critical to the mills and employees. He said that James River has had a cooperative relationship with the Department and has complied with all permits. Mr. Morgan said that James River was completing their installation of a chlorine dioxide generator and expected to start operating at 70 percent substitution or better. The company plans to eliminate using hypochlorite by November 1991.

Mr. Morgan asked the EQC to replace the 1.5 AOX permit limit with an "objective" effective immediately. He said the State of Washington has delayed AOX limits until 1995, and the U. S. Environmental Protection Agency (EPA) is analyzing the issue, will propose regulations in 1993 and will promulgate rules in 1995. Mr. Morgan concluded by saying that pulp and paper mills must operate competitively and cost effectively. He would like the see the mills use existing technology, work to find other ways to reach standards and not delay progress.

Dick Nachbar, Western Regional Manager, Boise Cascade Corporation, spoke to the Commission. He said his company is committed to reducing wastewater discharges and to completing chlorine dioxide substitution even though no environmental effect from the current discharge exists. Mr. Nachbar indicated that AOX studies are being conducted by Washington State mills and that a site-specific study should be completed by 1995. From this report, he said, Oregon could develop guidelines consistent with those of EPA.

Commission Lorenzen summarized his understanding of the mills's position that: 1) the AOX standard of 1.5 was not an appropriate standard; and 2) more time should be given to determine the most cost-effective method of achieving reductions in organochlorines. Mr. Morgan replied that the emphasis was on the time issue. He also stated the 1.5 standard was appropriate but that it should be a target instead of a limitation. Commissioner Lorenzen asked how much time would be necessary to determine the capability of chlorine dioxide substitution. Mr. Morgan indicated that this would take a minimum of two years, preferably three.

Commissioner Whipple asked if the oxygen delignification process was the wrong process. Mr. Morgan replied that the 1.5 AOX standard was not needed to protect the environment and that other states did not think so either. He said oxygen delignification requires considerable cost and affects plant operation.
Commissioner Whipple asked if there were better technologies. Mr. Nachbar replied that EPA is looking at other technologies but further review will be required.

Commissioner McMahan asked about mill competition in the Pacific Northwest. James River and Boise Cascade replied that there are about a dozen mills that compete with mills in the rest of the country and that there are about 105 bleached kraft pulp mills in the United States. Commissioner McMahan asked for clarification about why three years are needed to accomplish the substitution process.
Mike Wood, representing Boise Cascade, responded that are many variables to optimizing the production process and meeting product quality standards.

Pete Frost, Mark Chernaik and **David Evans**, Western Natural Resources Clinic, University of Oregon School of Law, spoke to the Commission. Messrs. Frost and Chernaik said the mills must assume responsibility for pollution control. In regard to cost, they stated the Clean Water Act was created to force new technology for the elimination of pollution discharges. Messrs. Frost and Chernaik said every state in the Pacific Northwest has AOX limits and that British Columbia, Canada, had banned AOX by the year 2002. They said that more consumers were demanding chlorine-free paper products. They concluded that they did not find that new information had been presented to make the Commission change their decision.

Mr. Knudsen, Lydia Taylor, Administrator of the Water Quality Division, and the Commission discussed timelines and process of obtaining new information from the mills. Commissioner Lorenzen asked Ms. Taylor about allowing a permit modification to achieve the AOX requirement. Ms. Taylor responded that could be accomplished, however, BAT would have to be installed. Mr. Knudsen said a backsliding problem could occur with a permit change. If the permit were not modified and BAT was not installed, the facility could be in violation of its permit. He said that could be overcome by keeping the permit open until additional data could be obtained.

Commissioner Castle said that it seemed reasonable that the Commission should adopt proceedings allowing reconsideration of available new information. He stated the concern is environmental quality and consideration of operating experience was appropriate before oxygen delignification technology was installed. Chair Wessinger agreed with Commissioner Castle and added that the best operating results possible would be expected.

Mr. Knudsen indicated a series of motions would be needed to accomplish the Commission's apparent intent:

- To grant the petitions for reconsideration;
- To continue the hearing, with a decision on issue scope;
- To remand the issue to the hearings officer for testimony on reconsidering the matter again; i.e., testimony on what the mills have done and timeframe for obtaining additional information; and/or
- To request a recommendation from the hearings officer about reconsidering the matter again.

Chair Wessinger asked if the Commission members wanted to pursue reconsideration; all Commission members indicated they did. Director Hansen summarized his impression that the Commission was not willing to change the standard and seemed uncomfortable with the three-year timeframe suggested by the pulp mills. Commissioner Lorenzen indicated his preference to set a deadline and let the mills petition for an extension if the deadline proved to be too constricted. Commissioners Castle and Lorenzen suggested the matter be considered by the Commission between July and November 1993 for evaluating operating experience, determining the precise issues to be addressed upon reconsideration and establishing the schedule for the remainder of the reconsideration process. Other members concurred with this approach noting they were not ready to narrow and frame the issues at this time. They also expressed the need to use the hearings officer in framing issues and building the record but were not ready to provide instructions to the hearings officer.

Mr. Knudsen suggested the following as a motion to accomplish the Commission's expressed desire:

> Grant reconsideration of the AOX issue including the designation of oxygen delignification as BAT; further directing that the proceedings be stayed until a date to be established during the period of July through November 1993 or such earlier date as may be agreed upon by the parties and Department for determining: 1) other issues relating to AOX to be resolved during reconsideration; and 2) whether to reopen the record for additional evidence; further directing counsel to prepare an order to this effect and authorizing the Director to sign on behalf of the Commission.

Commissioner Lorenzen moved that the motion as stated by Mr. Knudsen be approved; Commissioner Castle seconded the motion. The motion was unanimously approved by roll call vote.

Director Hansen asked for clarification of how the matter would be considered again by the Commission. Mr. Knudsen indicated that if the parties do not agree upon a date for the Commission to take the matter up again, the Chair and Director would set a date for Commission consideration. Additional briefs would be taken at that time, arguments would be taken from the parties and a decision would be made on the issues pursued. A decision would also be made about taking additional evidence and the mechanism to reach that decision would be determined (whether and how to use the hearings officer).

RULE ADOPTIONS

Note: The Commission considered Agenda Items B, C and D collectively.

B. Proposed Adoption of New Rule to Clarify Procedure for Calculating Mass Load Discharge Limits for Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) for Domestic Waste NPDES Permits.

Purpose: To adopt rule amendments for calculating allowable winter mass load limits for BOD and TSS in domestic waste water.

Discussion: Ms. Taylor and Barbara Burton, Water Quality Division, introduced this item and indicated the rule was the result of permit appeals. Ms. Taylor said the Department had many discussions with municipalities. Ms. Burton presented background on the issue using a series of slides.

C. Proposed Adoption of Rule Amendments to Delay Implementation of the Enterococci Bacteria Standard and Reinstate and Substitute the Fecal Coliform Standard in the Interim.

Purpose: To adopt rule amendments which would delay implementation of the enterococcus standard for three years while further study is made; the previous standard based on fecal coliform would be reinstated in the interim.

Discussion: Ms. Taylor and Tom Lucas, Water Quality Division, introduced this agenda item.

D. Proposed Adoption of Rule Regarding Use of Permit as a Shield Language in NPDES Permits.

Purpose: To adopt rules that incorporate federal standards that shield regulated communities from violations of new rules or Department requirements not included in the permits.

Discussion: Ms. Taylor and Ms. Burton introduced this proposed rule. Commissioner Lorenzen asked why the rule was needed if all issues were covered by the permit. Director Hansen replied that it was the Department's objective to include effective rules of the facilities while writing permits.

Charles Vars, Mayor of Corvallis, **Gary Krahmer**, General Manager of Unified Sewerage Agency (USA), **Terry Smith**, General Manager of the Oregon Association of Clean Water Agencies, and **Jay Waldron**, legal counsel for USA, told the Commission they supported the three items.

Jim Hill, City of Medford, read City Councilman Mel Winkleman's testimony to the Commission. In his statement, Mr. Winkleman stated that Medford opposed the mass limits for non-Total Maximum Daily Load (TMDL) streams and that mass limits should be water-quality based. Mr. Hill indicated the City of Medford did support Agenda Items C and D.

The Commission then took action on Agenda Items B and C before continuing to receive testimony on item D.

Action:

- Agenda Item B. Commissioner Whipple moved that the new rules to clarify procedures for calculating mass load discharge limits for BOD and TSS for NPDES permits be adopted. Commissioner Lorenzen seconded the motion; the motion was unanimously approved.

- Agenda Item C. Commissioner Castle moved adoption of the rule amendments to delay implementation of the enterococci bacteria standard and reinstate and substitute the fecal coliform standard in the interim. Commissioner Whipple seconded the motion. The motion was unanimously approved.

Karl Anuta, representing Northwest Environmental Defense Council and the Sierra Club, told the Commission that these proposed rules represented a philosophical shift: currently, a facility can be sued for discharging pollutants not allowed in the permit. The proposed rule would reverse this concept and provide that a facility could be sued only for permit violations.

Commissioner Lorenzen asked about how many lawsuits had been filed over the past five years and wondered what needed fixing in the NPDES permits. Commissioner McMahan said she was uncomfortable about the rule and did not see the need. Commissioner Whipple said she would support the rule but wanted to make sure the language was accurate.

Action: Commissioner Whipple moved adoption of the rule regarding use of permits as a shield language in NPDES permits; Commissioner Castle seconded the motion. The motion passed by three yes votes and two no votes. Chair Wessinger, Commissioners Castle and Whipple voted yes; Commissioners Lorenzen and McMahan voted no.

INFORMATIONAL ITEMS

E. Approval or Revision of Oregon Department of Agriculture (ODA) Plan for Rural Nonpoint Source (NPS) pollution control in the Tualatin River Basin.

Purpose: To approve the NPS management plan for rural sources in the Tualatin basin developed by ODA as required by DEQ's TMDL rules.

Discussion: Mitch Wolgamott, Water Quality Division, briefed the Commission about this agenda item. He indicated that much progress had been made and that this issue would be considered by the Commission again next year. **Chuck Craig** and **Mike Wolf**, ODA, told the Commission that the ODA supported the DEQ's recommendation of the plan. **Cal Krahmer** and **Dick Kovar**, Washington County Soil and Water Conservation District (SWCD), updated the Commission on community participation to implement the water quality plans. Mr. Krahmer said a research committee had been developed to inventory the streams of Washington County. He summarized the next activities of the Washington County SWCD which will include rewriting legislation, determining boundaries and working on budget and funding issues. Commissioner Castle asked Mr. Krahmer about the study on sedimentation. Mr. Krahmer replied that the Washington County SWCD would be examining the impact of winter erosion on phosphorus in summer flows.

Director Hansen stated for the record that ODA's involvement to date has not been enough and that ODA must provide sufficient resources to this issue or allow the DEQ to assume full control of this activity so that required results can be achieved. He said he was troubled by the funding level being requested by ODA and that this issue needed to be addressed more aggressively. Director Hansen indicated that a paper would be written to Governor Roberts who will look into this matter.

Action: Commissioner Castle moved approval of ODA's plan for rural NPS pollution control in the Tualatin River Basin; Commissioner Whipple seconded the motion. The motion passed unanimously.

F. Work Session--Discussion on Water Quality Status Report [305(b) Report].

Purpose: To discuss the report developed by the Water Quality Division on the water quality conditions in the state and the activities and accomplishments for the previous two years. This report is a requirement of Section 305(b) of the federal Clean Water Act.

Discussion: Elizabeth Thomason and Neil Mullane, Water Quality Division, presented a brief overview to the Commission about this report.
Commissioner Castle asked if the report had been discussed and disseminated at the local level. Mr. Mullane responded that the 305(b) report had been given to natural resource agencies and libraries. He said that the agencies would be using the report during their internal planning process. Chair Wessinger indicated he would like to have more time to discuss the report and asked that this item be added to a future EQC agenda. Mr. Mullane also indicated that the Department would be holding seminars on the report and that the Commission would be invited to attend.

Regular Meeting
July 24

G. Approval of the Minutes.

Discussion: Commissioner Whipple indicated that a correction was needed to her report about the Governor's Watershed Enhancement Group. The correction should be as follows:

> *...She said the group would meet this month to allocate funds available now for enhancement projects...*

Action: Commissioner Castle moved to approval of the corrected minutes of the June 1, 1992, Regular EQC meeting; Commissioner Lorenzen seconded the motion. The corrected minutes were unanimously approved.

H. Approval of Tax Credit Applications.

The Department recommended approval of the following tax credit applications.

Application Number	Applicant	Description
TC-2502	Lorten's Sanitation Service, Inc.	Pole-type building, overhead doors and hoists for recycling.
TC-2923	Newberg Garbage Service	One-ton truck; shipping area and collection equipment.
TC-2927	A. E. Staley Manufacturing, Inc.	Air filter equipment for dust control.
TC-3514	Robert D. MacPherson	80-acre drainage tile installation.
TC-3643	Thomas Lundberg	Wastewater pretreatment system.
TC-3691	Innovation Auto	Auto air conditioner coolant recycling machine.
TC-3698	ACP Enterprises	Auto air conditioner coolant recycling machine.
TC-3755	Precision Motor Car, Limited	Auto air conditioner coolant recycling machine.
TC-3756	Ryder Truck Rental	Auto air conditioner coolant recycling machine.
TC-3760	Oak Park Automotive, Inc.	Auto air conditioner coolant recycling machine.
TC-3765	Leavy Farms, Inc.	23- and 18-acre drainage tile installation.
TC-3767	Thomas Motors, Inc.	Installation of an underground storage tank with fiberglass piping, spill containment system, overflow protection and leak detection.

Application Number	Applicant	Description
TC-3768	Texaco Refining & Marketing, Inc.	Installation of four fiberglass underground storage tanks with fiberglass piping, line leak detectors, spill containment basins, monitoring wells, in-tank gauges and Stage I and II vapor recovery equipment.
TC-3774	Gary Smerdon Automotive	Auto air conditioner coolant recycling machine.
TC-3776	Willamette Industries, Inc.	Auto air conditioner coolant recycling machine.
TC-3777	Davidson Farms, Inc.	Underground drain tiling of 62.2 acres.
TC-3779	MJC Enterprises	Auto air conditioning recycling machine.
TC-3781	B & G Quality Auto & Electric, Inc.	Auto air conditioning recycling machine.
TC-3783	David Doerfler	Auto air conditioning recycling machine.
TC-3785	Allen's Automotive & Towing, Inc.	Auto air conditioning recycling machine.
TC-3789	Texaco Refining & Marketing, Inc.	Installation of five double-wall fiberglass underground storage tanks with fiberglass piping, line leak detectors, spill containment basins, ball float valves, monitoring wells, in tank gauges and Stage I and II vapor recovery equipment.
TC-3791	Oregon Metallurgical Corp.	Dual scrubber and associated support equipment.

Application Number	Applicant	Description
TC-3795	Sheppard Motors, Ltd.	Auto air conditioning recycling machine.
TC-3797	Robert A. and Gregg Ditchen	Straw storage shed.
TC-3798	DeLon Motor Company	Auto air conditioner coolant recycling machine.
TC-3800	Shropes Chevron, Inc.	Auto air conditioner coolant recycling machine.
TC-2884	Oregon Waste Systems, Inc.	Landfill liner and leachate collection system.
TC-3750	Willamette Industries, Inc.	EFB electrostatic precipitator.
TC-3788	Oregon Waste Systems, Inc.	Landfill liner and leachate collection system.
TC-3802	Oregon Waste Systems, Inc.	Landfill liner and leachate collection system.

Discussion: The Commission split the tax credit applications into two groups: H-1 included all applications except TC-2884, -3788 and -3802; H-2 included TC-2884, -3788 and -3802. TC-1978, Klamath Veneer, was pulled from the report.

- H-1. Commissioner Whipple moved approval of all tax credit applications excluding TC-2884, -3788 and -3802 and Klamath Veneer, TC-1978; Commissioner Castle seconded the motion. The motion was unanimously approved.

- H-2. TC-2884, -3788, and -3802, Oregon Waste Systems, Inc. Roberta Young, Management Services Division, and Mike Downs, Administrator of the Environmental Cleanup Division, were present to answer questions.

The Commission and staff discussed return on investment (ROI) and previous EQC decisions about appropriate ROI. They also talked about income generated from the landfill and how that related to the liners and right to use real estate. **Quincy Sugarman**, Oregon State Public Interest Research Group (OSPIRG), read a statement to the Commission. Her written statement is made a part of the meeting record. Ms. Sugarman said the tax credits applied for by Oregon Waste Systems, Inc. amount to a subsidy to large businesses for complying with environmental laws. She said the state should develop a priority of programs that proactively protects the environment and prevents pollution. Ms. Sugarman asked the Commission to review the tax credit program and help develop a proposal to the 1993 legislature that will eliminate the excess in the tax credit relief system.

Commissioner Lorenzen stated he had struggled with these applications. He noted that the claimed pollution control facility is a major portion of the entire facility cost. He stated the landfill is selling pollution control, therefore, a ROI analysis is appropriate. He recommended the applications be returned to staff for a ROI investment analysis.

Commissioner Castle stated that when the last application was considered, he voted in favor because he believed the Commission had no option but was not comfortable with the result. He indicated agreement with Commissioner Lorenzen. Further discussion by staff and Commission continued about ROI analysis and selling landfill liner use.

Action: Commissioner Lorenzen moved to remand staff to analyze cost eligibility for tax credits based upon an annual ROI analysis with direction that the facility in this instance consider all equipment necessary to operate and maintain the landfill including the liners.

Director Hansen, Mr. Knudsen and the Commission discussed liners and ROI. Mr. Knudsen suggested the EQC may want to convene in executive session to consider the ramifications of alternatives.

Commissioner Castle seconded the motion. The motion was approved with Chair Wessinger, Commissioners Castle, Whipple and Lorenzen voting yes; Commissioner McMahan abstained stating she was not fully familiar with the issue.

RULE ADOPTIONS

I. Proposed Adoption of Amendments to Crematory Incineration Rules.

Purpose: To adopt rule amendments that would tighten opacity limits from 10 percent to a "no visible emissions" limit.

Action: Commissioner Castle moved adoption of the amendments to the crematory incineration rules; Commissioner Lorenzen seconded the motion. The motion was unanimously approved.

J. Proposed Adoption of Revision to the Clean Air Act (CAA) Implementation Plan: Lane Regional Air Pollution Authority (LRAPA) Rule Amendments for Kraft Pulp Mills and Excess Emissions.

Purpose: To adopt LRAPA regulations as a revision to Oregon's CAA Implementation Plan.

Action: Commissioner Castle moved adoption of the LRAPA regulations as a revision to Oregon's CAA Implementation Plan; Commissioner Lorenzen seconded the motion. The motion was unanimously approved.

K-1. Amendments to the Oregon Visibility Protection Plan for Class I areas as a revision to the Oregon State Implementation Plan (SIP).

Purpose: To adopt amendments to the Oregon Visibility Protection Plan for Class I areas. The amendments included extending burning restrictions by approximately 15 days, incorporating field burning ordinances into the visibility protection provisions of Union and Jefferson Counties, extending review of the program from three to five years, reducing the annual acreage allowed for research and hardwood conversion burning from 1,200 to 60 acres a year and revising the Willamette Valley field burning rules to allow hardship requests beyond August 10 for exemptions from weekend visibility restrictions.

Discussion: John Kowalczyk and Brian Finneran, Air Quality Division, provided a brief summary of this agenda item. **Larry Tuttle**, The Wilderness Society, told the Commission he believed the amendments do not meet the requirements of the SIP and does not cover enough areas of concern such as the coast, eastern Oregon and the southern Cascades. Mr. Tuttle suggested the Commission return the amendments and ask staff to set a standard that makes reasonable progress toward the CAA.

Mr. Kowalczyk responded that 65 to 75 percent improvement had been achieved in impaired areas. He said the new provisions should improve another 5 to 10 percent. He added that more progress can be made but the Department is hampered by budget limitations. The U. S. Forest Service has indicated a willingness to provide monitoring assistance. Mr. Kowalczyk added the Department will continue monitoring activities but with limited or discontinued sampling. He said more monitoring should be done.

Action: Commissioner Lorenzen moved adoption of the amendments to the Oregon Visibility Protection Plan for Class I areas as a revision to the Oregon SIP; Commissioner Whipple seconded the motion. The motion was unanimously approved.

K-2. Amendments to the Slash Burning Smoke Management Plan.

Purpose: To adopt amendments to the Smoke Management Plan. The amendments included expanding zones to include sources of slash burning causing the impact, expanding the period of burning restrictions by 30 days, prohibiting all slash burning within a zone in December and January if smoke impact exceeds 5 to 10 $\mu g/m^3$ (24-hour average), prohibiting all slash burning within a zone from November 1 to March 1 if an impact greater than 10 $\mu g/m^3$ occurs and establishing mandatory smoke management plans near LaGrande and Klamath Falls.

Discussion: **Fred Robinson**, Assistant State Forester, and **Don Matlick**, Smoke Management Coordinator, Oregon Department of Forestry, spoke to the Commission about the conflicts between two "goods" involved in forestry issues: 1) increased public support for more forest burning; and 2) increased support for particulate control. He said the Department of Forestry participated in and supported the plan. Commissioner Whipple asked about the trend of less slash burning. Mr. Robinson responded that the trend was less acres burned. Commissioner Whipple asked the reason for this trend, and Mr. Robinson stated that slash use had increased, harvest levels have been reduced and fall burning had been shifted to spring burning.

Action: Commissioner Castle moved that adoption of the amendments to the Slash Burning Smoke Management Plan; Commissioner Whipple seconded the motion. The motion was unanimously approved.

L. Proposed Adoption of Amendments to Rules for Enforcement Procedures and Civil Penalties.

Purpose: To modify and enhance the Department's enforcement capabilities. Changes involved three areas: 1) the requirement for advance warning prior to assessing a penalty; 2) the establishment of a Notice of Permit Violation; and 3) the authority to increase civil penalties to $100,000 for intentional or reckless violations.

Discussion: A brief presentation and civil penalty example was presented by Tom Bispham, Administrator of the Regional Operations Divisions, members of the Enforcement Section and **Lauri Aunan**, representing Craig Johnson, chair of the Enforcement Advisory Committee, and OSPIRG.

Ms. Aunan stated, on behalf of the advisory committee, that the direction to the hearings officer in the current rules was ambiguous. The advisory committee supported proposed language which they believed was consistent with current administrative law. They regretted the language had been removed from the rule. As representing OSPIRG, she said OSPIRG did support the rules but had some concerns about magnitude classification. Additionally, she said the statute was not clear in regard to the $100,000 fines in terms of when the intent was to violate the law compared to when the intent was to cause damage.

Director Hansen replied that the issue centered around the standard of review for the hearings officer. He noted that he decided to remove the section about the hearings officer from the rules because he believed the hearings officer needed broader authority to properly represent the Commission. Director Hansen noted that the Commission can review the decisions of the hearings officer and can provide direction as needed.

Action: Commissioner Castle moved adoption of amendments to rules for enforcement procedures and civil penalties; Commissioner Lorenzen seconded the motion. The motion was unanimously approved.

M. Proposed Rules for Implementation of Oil Spill Prevention and Emergency Response Planning Required by Senate Bill 242, the Oil Spill Prevention Act.

Purpose: To implement rules which will establish standards for development of oil spill prevention and emergency response plans for certain facilities and vessels that handle oil in or near navigable waters of the state.

Discussion: Ms. Taylor and Rebecca DeMoss, Water Quality Division, briefly described this agenda item. Ms. DeMoss indicated the advisory committee decided to postpone some of the provisions until the fall and return to the Commission in the spring. **Sue Knight**, Oregon Environmental Council, and **Mary Kearns-Kaplan**, N. W. Environmental Advocates, spoke to the Commission. Ms. Knight and Ms. Kearns-Kaplan's written testimony has been made a part of this meeting record. Ms. Knight indicated the rules were lacking in several areas. She said the rules lacked direction and foresight. Ms. Knight said that mandatory booming and prevention needed to be included in the rules. She further suggested that the Commission not adopt the rules until improvements could be made. Ms. Kearns-Kaplan said the rules fell short of what was needed and that they refer to response not prevention. She, too, asked the Commission to direct staff to rewrite the rules and include those provisions she believed were missing.

Ms. Taylor said the Department had coordinated this rule making effort with the Washington State Department of Ecology. She added that the Department is understaffed and lacked adequate resources to thoroughly address all issues. Ms. Taylor indicated that staff will continue to meet with the advisory committee. Ms. Kearns-Kaplan said that advisory committee representatives from the shipping industry removed provisions concerning prevention during the last hour of meetings.

Director Hansen suggested the Commission direct the advisory committee to aggressively address the concerns presented, adopt the rules and require full participation of all committee members.

Commissioner Castle said he could accept the rules but indicated the Commission was concerned about the cost of oil spills. He supported instructing the advisory committee to bring back supportive rules to give protection consistent with the requirements of the best of the states. Commissioner Castle said he would like to see Oregon as a national leader and have the rules reflect state-of-the-art technology and requirements.

Action: Commissioner Castle moved adoption of the rules for implementation of oil spill prevention and emergency response planning required by Senate Bill 242, the Oil Spill Prevention Act. The motion was seconded by Commissioner Lorenzen and unanimously approved.

By consensus, the Commission also expressed concern regarding oil spills and emergency response planning and directed the Department to seek full participation of the advisory committee to bring back state-of-the-art rules.

Note: Agenda Item O was considered before Agenda Item N.

O. Request by Unified Sewerage Agency (USA) for an Exception to the Receiving Stream Dilution Requirement for the Durham and Rock Creek Wastewater Treatment Facilities.

Purpose: To allow USA to waive the water quality dilution requirement for discharges to the Tualatin River from the Durham and Rock Creek wastewater treatment facilities.

Discussion: Ms. Burton and Judy Johndohl, Water Quality Division, gave a brief summary of this agenda item. **Gary Krahmer**, USA, told the Commission that USA was committed to maintaining flow requirements.

Action: Commissioner Lorenzen moved approval of the request by USA for an exception to the receiving stream dilution requirement for the Durham and Rock Creek wastewater treatment facilities; Commissioner Castle seconded the motion. The motion was unanimously approved.

N. Request by the City of Prineville for an Exception to the Receiving Stream Dilution Requirement.

Purpose: To allow the City of Prineville to waive the dilution requirement during the winter months subject to the condition that no discharge to the Crooked River occur when the daily average flow is less than 15 cubic feet per second (cfs) and the quantity of effluent discharged not exceed 1/15 of the flow of the river at the point of discharge when the average flow of the river is 15 cfs or greater but less than 25 cfs.

Discussion: Dick Nichols, Water Quality Division, provided a brief summary of this agenda item.

Action: Commissioner Lorenzen moved approval of the request by the City of Prineville for an exception to the receiving stream dilution requirement; Commissioner Whipple seconded the motion. The motion was unanimously approved.

PUBLIC FORUM

John Russell, Russell Development Company, requested adoption of a proposed temporary rule that he had drafted. He told the Commission the rule was necessary to protect the air quality of Portland's Central Business District. The temporary rule would have extended current parking regulations to developments east of the Willamette River. He added that the rule would close a loophole that currently allows unlimited parking for new developments in the Lloyd District. **Keith Bartholomew**, staff attorney for 1000 Friends of Oregon, and **John Charles**, Executive Director of the Oregon Environmental Council, also spoke to the Commission about the need for this proposed temporary rule.

Steve Pfeiffer, representing the 600 Holladay project in the Lloyd District, said the development had received a conditional use permit from the City and that they had considered air quality and transportation issues. He said the project could revisit the number of parking spaces if transit ridership improved. **Bill Scott**, Pacific Development, Inc., told the Commission he was outraged by the proposed temporary rule. He said the issue was simply competition for space. Mr. Scott said that economics will drive the parking spaces/square foot ratio down which will eventually reduce the number of parking structures required to meet needs.

Commissioner Lorenzen asked Mr. Scott if his development had worked with Tri-Met. Mr. Scott said they were encouraged with the information Tri-Met had provided when the project was being developed; however, over the last five years not much had occurred. He said a new strategic planning process was being developed.

Director Hansen distributed a letter from Robert Stacey, Jr., Chairperson, CCTMP, City of Portland, asking the Commission not to approve the temporary rule. Mr. Stacey indicated that the temporary rule could circumvent a costly and important process by a diverse constituency in the Central City. He said the Department had approached the developer and offered a strategy to address the broader issues. Director Hansen recommended the Commission not accept the petition.

Mr. Knudsen told the Commission that a formal response in writing to the petition was required within 30 days. He said that if the temporary rule was adopted, findings would be needed. He said that if the temporary rule was rejected, a motion to deny the petition must be made and an order prepared.

Commissioner Whipple said the petition did not provide a comprehensive approach and that the temporary rule should be rejected. Commission Lorenzen suggested not adopting the rule at this meeting but that he would like to consider the rule further. Commissioner Castle agreed with Commissioner Whipple.

Action: Commissioner Castle moved to deny the proposed temporary rule; Commissioner Whipple seconded the motion. The temporary rule was denied with Chair Wessinger, Commissioners Castle, Whipple and McMahan voting yes; Commissioner Lorenzen voted no. Chair Wessinger directed Mr. Knudsen to prepare an order for the Director's signature denying the proposed temporary rule.

INFORMATIONAL ITEMS

Q. Commission Member Reports: No report was presented.

Note: The Director's Report was given after Agenda Item T.

S. Status Report by City of Portland on Progress in Implementation of Combined Sewer Overflow Order.

Mary Nolan, Director, City of Portland Bureau of Environmental Services, provided the Department and Commission with a status report of the City's Combined Sewer Overflow Management Program. She said the City is committed to meeting the Department's goals. Ms. Nolan added that the City has acquired the tools, talents and resources necessary to meet the goals and believes that success will be sustained by a good working partnership between the City and Department. **Dave Kliewer**, City of Portland, gave a slide presentation. He indicated the City is on schedule and will present the Commission with the draft facilities planning document by July 1993.

T. Status Report on Bi-State Study on the Columbia River and the Tillamook National Estuary Program (NEP) Designation.

Ms. Taylor and Cordy Shea, Water Quality Division, presented a status report on the on this item. That report has been made a part of this meeting record. Ms. Shea discussed the purpose of the bi-state program and reconnaissance study. She also discussed the reconnaissance results. Ms. Shea concluded by talking about the next steps to be conducted.

Nina Bell, N. W. Environmental Advocates, spoke to the Commission about her resignation from the Bi-State Committee. Chair Wessinger expressed regret, and Director Hansen added that Ms. Bell had been his appointment to the Committee. He said he appreciated her commitment and that the committee's process had been enhanced by Ms. Bell.

R. Director's Report:

Director Hansen reported on the following items:

- Bond Sale: Bonds to support the cleanup of orphan sites and mid-county sewers were sold on July 21, 1992. The bonds provide $7.3 million for six orphan sites. The cleanup bonds were sold at an interest rate of 5.7 percent. Bonds totaling $1,395,000 were sold for Gresham and mid-Multnomah County sewer projects at an interest rate of 6.1 percent.

- Drought Update: The Department is participating in the Drought Council with other natural resource agencies to stay informed about drought conditions statewide. The Water Quality Division met with industry association representatives to describe drought conditions and outline potential actions. In some cases, facilities may be asked to remain on summer discharge limits into the fall.

- Out-of-State Wastes: The Oregon Appeals Court upheld DEQ's out-of-state waste fee. The Commission had imposed a fee of $2.25 on solid waste from out of state. The Court also ruled that the fee was properly set by the EQC and that the Legislative Emergency Board did not have authority to set a different fee.

- Governor's Task Force on Motor Vehicle Emissions: The task force is reviewing options to decrease motor vehicle emissions in the Portland-Metropolitan area. Task force members appear to be most interested in market-based incentives rather than more government regulation. The task force will forward recommendations to the Governor.

- Hearing authorizations:

  1. Small Business Assistance Program: required under the Clean Air Act to help small business stationary sources understand and comply with air quality regulations, particularly new air toxics emissions standards. The proposed program designates an ombudsman to represent the interests of small business in implementing air quality regulations.

  2. New Source Review Rules: needed to meet requirements of the new Clean Air Act. The proposed rule package would incorporate new Clean Air Act provisions into existing rules for new sources. The new rules primarily relate to offset requirements.

The Commission discussed the August 7 special meeting in Portland at 9:30 to discuss mining rules and the September 11 meeting to be held in Eugene. There was no further business, and the meeting was adjourned at 3:07 p.m.

Environmental Quality Commission

☐ Rule Adoption Item
X Action Item
☐ Information Item

Agenda Item D
September 11, 1992 Meeting

Title:

Approval of Tax Credit Applications

Summary:

Attachment A of the staff report presents the Department's evaluation and recommendation for certification of 32 tax credit applications with a total facility cost of $1,944,542 as follows:

- 3 Air Quality facilities with a total facility cost of $242,074.
- 14 Auto air conditioner coolant recycling machines with a total facility cost of $35,818.
- 1 Water Quality facility with a total facility cost of $954,686.
- 14 Underground storage tank related facilities with a total cost of $711,964.

One application has a facility cost exceeding $250,000 (Water Quality) and has been reviewed by a Contractor selected by the Department. The Contractor review statement is provided with the application review report.

One existing tax credit certificate is proposed for transfer from Gregory Affiliates, Inc. to Klamath Veneer, Inc.

One application, TC 3385 for Wettstein Farms, is recommended for denial.

Department Recommendation:

1) Approve issuance of tax credit certificates for 32 applications as presented in Attachment A of the staff report.

2) Approve transfer of certificate 1978 from Gregory Affiliates, Inc. to Klamath Veneer, Inc.

3) Deny issuance of TC 3385 to Wettstein Farms.

Report Author	Division Administrator	Director

August 17, 1992

Oregon

ENVIRONMENTAL
QUALITY
COMMISSION

REQUEST FOR EQC ACTION

Meeting Date: September 11, 1992
Agenda Item: D
Division: MSD
Section: Administration

SUBJECT:

Approval of Tax Credit Applications; approve transfer of Tax Credit Certificate.

ACTION REQUESTED:

__ Work Session Discussion
- __ General Program Background
- __ Potential Strategy, Policy, or Rules
- __ Agenda Item __ for Current Meeting
- __ Other: (specify)

__ Authorize Rulemaking Hearing
__ Adopt Rules
- Proposed Rules — Attachment ___
- Rulemaking Statements — Attachment ___
- Fiscal and Economic Impact Statement — Attachment ___
- Public Notice — Attachment ___

__ Issue a Contested Case Order
__ Approve a Stipulated Order
__ Enter an Order
- Proposed Order — Attachment ___

_X_ Approve Department Recommendation
- __ Variance Request — Attachment ___
- __ Exception to Rule — Attachment ___
- __ Informational Report — Attachment ___
- _A_ Other: (specify) — Attachment _A_

Request for transfer of tax credit certificate from Gregory Affiliates, Inc. to Klamath Veneer, Inc.

811 SW Sixth Avenue
Portland, OR 97204-1390
(503) 229-5696

Tax Credit Application Review Reports:

TC-2916 Ostrander Resources Co.	Wellons W35 Multiclone Collector.
TC-3385 Wettstein Farms	Straw mulching machine.
TC-3692 K-G's One Stop Market Keith and Glenda Cummings	Installation of three fiberglass tanks and piping, spill containment basins, tank monitor, line leak detectors and automatic shutoff valves.
TC-3712 Peter's Auto Works	Auto CFC recovery and recycling unit.
TC-3725 Bill Olinger Lincoln Mercury, Inc.	Auto CFC recovery and recycling unit.
TC-3731 H & S Thompson Enterprises, Inc.	Installation of impressed current cathodic protection around four steel tank and piping systems, tank monitor, line leak detectors and spill containment basins.
TC-3738 Gerald G. Stutzman Jerry's Milwaukie BP	Installation of four fiberglass tanks and piping, spill containment basins, tank monitor, line leak detectors, overfill alarm, monitoring wells, sumps and automatic shutoff valves.
TC-3739 Sheldon Oil Company	Installation of tank monitoring system with overfill alarm.
TC-3740 Sheldon Oil Company	Installation of tank monitor with overfill alarm and spill containment basins.
TC-3741 Eurotech	Auto CFC recovery and recycling unit.
TC-3746 Truax Corporation	Installation of spill containment basins and automatic float vent valves.

TC-3747 Truax Corporation	Installation of a tank monitor and overfill alarm.
TC-3753 Sam's Service Samuel & Patricia Glerup	Installation of a secondary containment vault for two steel storage tanks and a tank monitor.
TC-3754 T & C Wash Systems, Inc.	New installation of three STI-P3 tanks and fiberglass piping, spill containment basins, tank monitor, turbine leak detectors, Stage I & Stage II vapor recovery and automatic shutoff valves.
TC-3757 Courtesy Corner & Albany Heating Oils, Inc.	Installation of epoxy tank lining in six underground storage tanks, spill containment basins, line leak detectors and risers for a tank monitor system yet to be installed.
TC-3769 Lou Dobbins, Inc.	New installation of one STI-P3 tank, spill containment basins, line leak detectors, monitoring wells and automatic shutoff valves.
TC-3770 Broadmill Co.	Auto CFC recovery and recycling unit.
TC-3772 Western Stations Co.	Installation of three composite tanks and double wall fiberglass piping, spill containment basins, tank monitor, overfill alarm, monitoring wells, sumps, Stage II vapor recovery and automatic shutoff valves.
TC-3775 Siskiyou Import Services	Auto CFC recovery and recycling unit.
TC-3782 Z's Car Care, Inc.	Auto CFC recovery and recycling unit.
TC-3792 Oregon Metallurgical Corp.	Chlorine liquification system.
TC-3794 Stein Oil Co., Inc.	Stage II vapor recovery system.

TC-3796 K-Fall's Auto Service	Auto CFC recovery and recycling unit.
TC-3804 Old Fashion Body Works	Auto CFC recovery and recycling unit.
TC-3805 Hance Oil Company	Installation of impressed current cathodic protection on four steel tank and piping systems, spill containment basins, tank monitor, line and turbine leak detectors and automatic shutoff valves.
TC-3809 Langdon Implement Co.	Auto CFC recovery and recycling unit.
TC-3812 Tuttle's Quality Auto Service	Auto CFC recovery and recycling unit.
TC-3813 Weyerhaeuser Co.	Auto CFC recovery and recycling unit.
TC-3815 Texaco Refining & Marketing, Inc.	Installation of four double wall fiberglass tanks and piping, overfill prevention, automatic tank gauges, automatic line leak detectors, monitoring wells, spill prevention and Stage I and Stage II vapor recovery equipment.
TC-3816 Pro Auto Tech, Inc.	Auto CFC recovery and recycling unit.
TC-3818 Hall's Automotive	Auto CFC recovery and recycling unit.
TC-3820 Beaverton Auto Rebuilders	Auto CFC recovery and recycling unit.

Tax Credit Application Review Reports with Facility costs at or above $250,000:

TC-3801 Tillamook County Creamery Assoc.	Wastewater treatment plant improvements.

DESCRIPTION OF REQUESTED ACTION:

Issue Tax Credit Certificates for Pollution Control Facilities; approve transfer of tax credit certificate 1978.

Background Information on Application No. T-3385:

At the December 13, 1991 EQC meeting, the Commission discussed the issue of tax credit eligibility for nonpoint source facilities. As an example, the Department submitted the Wettstein Farm, Inc. application for a straw mulching machine (TC 3385). Based on current rule and statutory provisions, the Department's position was that the machine did not meet either the sole purpose or principal purpose criteria. In order for this application to be eligible, the EQC would have to expand the interpretation of the eligibility criteria by rule. The EQC decided to address the issue of nonpoint source eligibility at a future work session.

Mr. Hobson, Wettstein Farm representative, was urged to consider facts that could allow the Department to further evaluate the equipment under the sole purpose criterion, and give the Department assurance that reduction in pollution would continue to occur over time. The Department has not received any further information to date.

As follow up, the Department requested advice from the Attorney General (AG) on the nonpoint source eligibility issues. The AG responded that the Commission has authority to further define "sole purpose" as long as the definition was consistent with the statutory scheme. The AG noted that the current rule provision, "exclusive purpose" is consistent with the statute. The AG also concluded that the EQC has some latitude in determining the eligibility of nonpoint sources under the "principal purpose" criterion. On April 23, the Commission in a work session, concluded that a legislative remedy rather than rulemaking was required to address this as well as other tax credit issues.

Since the Commission did not choose to consider any rule changes that could potentially change the Department's recommendation on TC-3385, it is necessary to bring closure to this application. Mr. Wettstein has requested that the EQC make a determination on the application.

In consideration of the fact that there have been no rule or policy changes regarding eligibility of nonpoint source facilities, such as the straw mulching machine, the Department maintains its recommendation that the application be denied.

AUTHORITY/NEED FOR ACTION:

X	Required by Statute: ORS 468.150-468.190	Attachment ___
	Enactment Date: _____	
___	Statutory Authority: _____	Attachment ___
X	Pursuant to Rule: OAR 340 Division 16	Attachment ___
___	Pursuant to Federal Law/Rule: _____	Attachment ___
___	Other:	Attachment ___
___	Time Constraints:	

DEVELOPMENTAL BACKGROUND:

___	Advisory Committee Report/Recommendation	Attachment ___
___	Hearing Officer's Report/Recommendations	Attachment ___
___	Response to Testimony/Comments	Attachment ___
___	Prior EQC Agenda Items: (list)	Attachment ___
___	Other Related Reports/Rules/Statutes:	Attachment ___
___	Supplemental Background Information	Attachment ___

REGULATED/AFFECTED COMMUNITY CONSTRAINTS/CONSIDERATIONS:

None.

PROGRAM CONSIDERATIONS:

None.

ALTERNATIVES CONSIDERED BY THE DEPARTMENT:

None.

DEPARTMENT RECOMMENDATION FOR ACTION, WITH RATIONALE:

The Department recommends the Environmental Quality Commission approve certification for the above identified tax credit applications. The Department recommends the Commission deny tax credit certification for TC-3385, Wettstein Farms. Approval is also recommended for the transfer of tax credit certificate 1978.

CONSISTENCY WITH STRATEGIC PLAN, AGENCY POLICY, LEGISLATIVE POLICY:

Yes.

Note - Pollution Tax Credit Totals:

Proposed September 11, 1992 Totals

	Certified Costs*	# of Certificates
Air Quality	$ 242,074	3
CFC	35,818	14
Field Burning	0	0
Hazardous Waste	0	0
Noise	0	0
Plastics	0	0
Solid Waste, Recycling	0	0
Water Quality	954,686	1
Underground Storage Tanks	711,964	14
Solid Waste Landfills	0	0
TOTAL	$ 1,944,542	32

1992 Calendar Year Totals through July 24, 1992

	Certified Costs*	# of Certificates
Air Quality	$ 860,579	4
CFC	144,639	54
Field Burning	666,411	16
Hazardous Waste	10,119,299	1
Noise	0	0
Plastics	24,648	2
Solid Waste, Recycling	95,041	3
Water Quality	258,187	11
Underground Storage Tanks	610,194	12
Solid Waste Landfills	0	0
TOTAL	$12,778,998	103

* These amounts represent the total facility costs. To calculate the actual dollars that can be applied as credit, the total facility cost is multiplied by the determined percent allocable of which the net credit is 50 percent of that amount.

INTENDED FOLLOWUP ACTIONS:

Notify applicants of Environmental Quality Commission actions.

Approved:

Section: Roberta Young

Division: Neil A. Mullane

Director: Fred Hansen

Report Prepared By: Roberta Young
Phone: 229-6408
Date Prepared: August 19, 1992

RY:y
MY104070
August 19, 1992

ATTACHMENT A

State of Oregon
Department of Environmental Quality

Transfer of Pollution Control Facility Certificate

1. Certificate to be transferred from:

Gregory Affiliates, Inc.
Gregory Forest Products, Inc.
4800 S.W. Griffith Dr.
Beaverton, OR 97005

Certificate to be transferred to:

Klamath Veneer, Inc.
P.O. Box 910
Canyonville, OR 97417

2. Transfer Request

Gregory Affiliates, Inc. requests that the Environmental Quality Commission approve the transfer of the certificate identified below from Gregory Affiliates, Inc. to Klamath Veneer, Inc. The transfer is necessary because Klamath Veneer, Inc. purchased Gregory Affiliates, Inc., Klamath Falls facility on May 15, 1992.

3. Description of Certificate

Certificate	Issuance Date	Actual Cost
1978	3-11-88	$ 160,714.40

4. Summation

Due to the sale of its Klamath Falls facility, Gregory Affiliates, Inc. requests that the Environmental Quality Commission transfer tax credit Certificate 1978 and 2431 to Klamath Veneer, Inc. On July 24, 1992, the transfer of Certificate 2431 was approved by the Commission. Certificate 1978 was referred to legal counsel for review. Legal counsel has since concurred with the Department's recommendation to approve the transfer of this certificate.

5. Director's Recommendation

The Director recommends that the Environmental Quality Commission approve the transfer of the above identified certificate. The transfer is valid only for the remaining available tax credit for the certificate.

Roberta Young
MY103806
(503) 229-6408

Certificate No. 1978

State of Oregon
DEPARTMENT OF ENVIRONMENTAL QUALITY

Date of Issue March 11, 1988

Application No. T-2392

POLLUTION CONTROL FACILITY CERTIFICATE

Issued To: Gregory Affiliates, Inc. Gregory Forest Products, Inc. 4800 SW Griffith Drive Beaverton, OR 97005	Location of Pollution Control Facility: Klamath Falls, Oregon
As: ☐ Lessee ☒ Owner	
Description of Pollution Control Facility: Keeler Boiler s/n 14356 Bigelow-Liptak dutch oven Particulate collector	
Type of Pollution Control Facility: ☐ Air ☐ Noise ☐ Water ☒ Solid Waste ☐ Hazardous Waste ☐ Used Oil	
Date Pollution Control Facility was completed: December 31, 1986	Placed into operation: December 31, 1986
Actual Cost of Pollution Control Facility: $ 160,717.40	
Percent of actual cost properly allocable to pollution control: 100%	

Based upon the information contained in the application referenced above, the Environmental Quality Commission certifies that the facility described herein was erected, constructed or installed in accordance with the requirements of ORS 468.175 and subsection (1) of ORS 468.165, and is designed for, and is being operated or will operate to a substantial extent for the purpose of preventing, controlling or reducing air, water or noise pollution or solid waste, hazardous wastes or used oil, and that it is necessary to satisfy the intents and purposes of ORS Chapters 454, 459, 467 and 468 and rules adopted thereunder.

Therefore, this Pollution Control Facility Certificate is issued this date subject to compliance with the statutes of the State of Oregon, the regulations of the Department of Environmental Quality and the following special conditions:

1. The facility shall be continuously operated at maximum efficiency for the designed purpose of preventing, controlling, and reducing the type of pollution as indicated above.
2. The Department of Environmental Quality shall be immediately notified of any proposed change in use or method of operation of the facility and if, for any reason, the facility ceases to operate for its intended pollution control purpose.
3. Any reports or monitoring data requested by the Department of Environmental Quality shall be promptly provided.

NOTE — The facility described herein is not eligible to receive tax credit certification as an Energy Conservation Facility under the provisions of Chapter 512, Oregon Law 1979, if the person issued the Certificate elects to take the tax credit relief under ORS 316.097 or 317.072.

Signed James E. Petersen

Title James E. Petersen, Chairman

Approved by the Environmental Quality Commission on the 11th day of March, 1988.

GREGORY AFFILIATES, INC.

State of Oregon
DEPARTMENT OF ENVIRONMENTAL QUALITY
RECEIVED
MAY 19 1992
AIR QUALITY DIVISION

May 18, 1992

Mr. Brian Fagot
Department of Environmental Quality
811 S. W. Sixth
Portland, OR 97204

Dear Mr. Fagot:

This is to inform you that on May 15, 1992, Gregory Affiliates, Inc. sold its Gregory Forest Products, Inc.--Klamath Falls operation to Klamath Veneer, Inc.

Accordingly, would you please transfer the existing Pollution Control Facility Certificates (Nos. 2431 and 1978) to Klamath Veneer. Copies of Certificates are enclosed for your information. Verification that the sale did take place can be made by contacting Mr. David Miller of Stoel Rives (294-9202) or Glenda Sibbald of Umpqua Title (1-800-847-0844).

Your contact at Klamath Veneer, Inc. should be Greg Gaston (839-4251). His address is P. O. Box 910, Canyonville, Oregon 97417.

Please let me know if I need to provide you with any additional information. My phone number is 526-5610.

Sincerely,

Richard Snyder

Richard D. Snyder

RDS/ns
Enclosures

cc: Mr. Greg Gaston
with enclosures

4800 S.W. GRIFFITH DRIVE BEAVERTON, OREGON 97005-2987 (503) 526-5619

KLAMATH VENEER, INC.
P. O. BOX 910
CANYONVILLE, OREGON 97417
(503) 839-4251

May 27, 1992

Roberta Young, Management Services Division
Department of Environmental Quality
811 S. W. Sixth
Portland, Oregon 97204

Dear Roberta:

This is to inform you that on May 15, 1992, Klamath Veneer, Inc. purchased from Gregory Forest Products, Inc. its facility at 4605 Lakeport Blvd, Klamath Falls, Oregon.

Accordingly, we would like to have the existing Pollution Control Facility Certificates (Nos. 2431 and 1978) transferred to Klamath Veneer, Inc. Copies of Certificates are enclosed for your information.

Please give me a call if additional information is required.

Sincerely,

Gregory A. Gaston

Gregory A. Gaston
Controller
Klamath Veneer, Inc.

GG/gw
Enclosures

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Ostrander Resources Company
Fremont Sawmill Division
1618 SW First Avenue, Suite 300
Portland, OR 97201

The applicant owns and operates a lumber mill in Lakeview, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility consists of a Wellons #W35 multicone collector. The multicone collector uses 35 eight inch diameter cyclones to remove particulates from the exhaust gas of the applicant's Wellons wood fired boiler. The facility prevents a substantial quantity of particulates from being released into the atmosphere.

Claimed Facility Cost: $22,695.00

Accountant's certification of cost was provided.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

a. The request for preliminary certification was filed May 22, 1989 more than 30 days before construction commenced.

b. The request for preliminary certification was approved before application for final certification was made.

c. Construction and installation of the facility was substantially completed on March 31, 1990 and placed into operation on June 12, 1990. The application for final certification was submitted to the Department on February 21, 1992, within two years of substantial completion of the facility. The application was found to be complete on June 21, 1992.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to prevent air pollution. This is in accordance with OAR 340-21-225. The air contaminant discharge permit for this source, 19-0002, item two through seven requires the permittee to control particulate emissions. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility is a Wellons #W35 multicone collector that controls particulate emissions from the applicant's Wellons wood fired boiler. The particulates are ash with small quantities of unburned wood waste and dirt. The multicone collector uses 35 eight inch diameter cyclones to remove particulates from the exhaust gas stream. The cyclones remove entrained particulates through the use of centrifugal force. The particulates fall from the bottom of individual cyclones into the hopper bin of the multicone collector. The particulates are moved from the hopper to a storage bin through a rotary air lock. The particulates are manually removed every other day, on average, and yield two to three wheel barrows of ash which are used as fill dirt on site.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the facility, so there is no return on the investment.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

There is no alternative because the multicone collector is part of a boiler system purchased from and installed by Wellons.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant was unable to separate the operating cost of the multicone collector from the boiler because the multicone collector is integrated into the boiler process.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution. The principal purpose of the facility is to prevent a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by Department to prevent air pollution.

c. The facility complies with DEQ rules and permit conditions.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $22,695.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-2916.

BKF:aq
2916.RPT
(503) 229-5365
July 28, 1992

Application No. T-3385

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

---

1. Applicant

Wettstein Farms, Inc.
Farm Division
3689 Alameda Dr.
Ontario, OR 97914

The applicant owns and operates a diversified farm in Ontario, Oregon.

Application was made for tax credit for an air and water pollution control facility.

2. Description of Facility

The facility consists of a baled straw mulch applicator which is known also as the Hobson Mulching System.

Claimed Facility Cost: $12,738
(Cost documentation was provided)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadlines in that the assembly of the machine was substantially completed on June 1, 1990. The application for certification was filed March 11, 1991 and found to be complete on November 6, 1991, within 2 years of substantial completion of the facility.

4. Evaluation of Application

This application was submitted with the applicant's understanding that a straw mulch machine or related equipment has not previously been certified by the Commission. The applicant believes that equipment for nonpoint related pollution benefit should be eligible for tax relief, and requests Commission consideration of the application. Therefore, Department staff has processed the application using existing eligibility criteria. Staff has also used this evaluation opportunity to provide additional data for the Commission's discussion of the broader question of eligibility of nonpoint source related facilities that are required or recommended through management planning.

a. It is the Department's position that the facility is not eligible because it fails to meet the principal purpose or sole purpose eligibility criteria per OAR 340-16-025:

On March 11, 1991, the Department received tax credit application TC 3385 for a facility which was claimed as providing a sole purpose of both air and water pollution control benefit. The facility does not qualify as an air pollution control facility as defined under OAR 340-16-025 (2)(f)(A)... "Equipment, facilities, and land for gathering, densifying, processing, handling, storing, transporting and incorporating grass straw or straw based products which will result in reduction of open field burning", in that the applicant did not show that a substantial amount of air quality benefit from reduced open field burning.

The straw mulching machine does not meet the current DEQ interpretation of principal purpose eligibility for tax credit certification because there no requirements imposed on the applicant to comply with EPA or DEQ regulations.

A water pollution control facility can either be for the prevention of groundwater contamination or surface water pollution. Groundwater protection can be achieved by preventing or minimizing the migration or introduction of pollutants through the soil profile and eventually into the groundwater. Surface water pollution control is the prevention, reduction or elimination of direct discharges of pollutants to surface waters.

The mulching machine applies baled straw to furrows between row crops. When the field is flood irrigated, erosion of the sides of the furrows is minimized by the decreased velocity of irrigation waters due to the straw mulch. Water borne sediments can settle and would not be transported off site. The mulching machine does not prevent movement of pollutants from land surface to the groundwater. There is no substantiation of groundwater pollution control benefits because water and chemical application rates were not proposed to be reduced in conjunction with mulching.

The Wettstein Farm is located on the west side of Ontario and the area is relatively flat. Irrigation tailwaters are either used by a field downgradient of

Wettstein's farm or discharged to a drainage ditch which eventually flows into the Snake River. The applicant claims that the reduction of sediment losses due to the use of the mulching machine is from 4,000 tons to 10,000 tons annually from his 100 acre farm.

In addition to the reduction of sediment loss, the applicant claims also that phosphorus loss reduction ranges from 8,000 to 20,000 lbs per year. Phosphorus comes from the nutrients applied to the field to enhance crop growth. Phosphorus is not particularly mobile in the soil. Loss of phosphorus is associated with the loss of sediments or other particulate matter.

In August 1988, the Department published the 1988 Oregon Statewide Assessment of Nonpoint Sources of Water Pollution. The assessment is a compilation of information gathered in late 1987. Information was provided by citizens and resource management professionals representing various land and water use interests. The Malheur River Basin which includes the Ontario area was identified as having streams with beneficial use impairment. Streams in the vicinity of Ontario were classified as having severe water quality problems due to nonpoint sources, including agricultural activities. However, no specific planning has been undertaken to identify appropriate actions and/or practices to address water quality concerns in the Malheur River Basin.

The U. S. Department of Agriculture Soil Conservation Service (SCS) and the Oregon State University Agricultural Experiment Station in Ontario have been conducting research studies on agricultural best management practices (BMP). The SCS has identified mulching as a recognized BMP for soil and water conservation. According to the SCS, the main purposes of mulching are to conserve moisture, prevent surface compaction or crusting, reduce runoff and erosion, control weeds and help establish plant cover.

Based on the above discussion it is the Department's opinion that the claimed facility does not meet the sole purpose eligibility criterion. There are other potential economic benefits inherent to the practice other than water pollution benefit. The Department supports straw mulching as a beneficial and desirable practice but concludes that it does not qualify for tax credit certification under current laws, rules and rule interpretation for this specific situation.

This application and the broader issue of tax credit eligibility of nonpoint source-related facilities was previously presented to the Commission. The Department concluded that, through evaluation of the application and supplemental information, the mulching machine was not eligible. Mr. Hobson, Wettstein Farm representative, was urged to consider facts that could allow the Department to further evaluate the equipment under the sole purpose criterion, and give the Department assurance that reduction in pollution would continue to occur over time. The Department has not received any further information to date.

b. Eligible Cost Findings

Since the Department's position is that the claimed facility does not satisfy the principal purpose or sole purpose criteria, the eligible cost findings are not applicable. However, for the benefit of having estimated cost data for the general discussion of nonpoint source related eligibility, and due to the lack of findings provided by the applicant, staff prepared estimated costs which are included as Attachment A.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using the above assumptions is 0%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is not subject to any DEQ statutes and rules.

c. The facility is ineligible for tax credit certification in that:

1) The facility does not meet the principal purpose criteria in that it was not required by the EPA, DEQ or Regional Air Authority. (OAR 340-16-025)

2) The applicant has not demonstrated that the sole purpose or function of the facility is for the reduction of a substantial amount of air quality, groundwater or surface water pollution. (OAR 340-16-025)

6. Director's Recommendation

Based upon these findings, it is recommended that the Environmental Quality Commission deny tax credit application No. T-3385.

MY104072
(8/19/92)

Research studies submitted with T-3385 application shows that potential benefits can be derived from straw mulching. One major benefit is the reduction of nutrient losses, especially phosphorus. As claimed by the applicant about 4 to 10 tons of phosphorus can be saved annually from his 100 acre farm or equivalent to an average of 140 lb per acre. Another major benefit is that crop yield can be increased. Research studies showed that crop yield increases ranging from $383.00 per acre for potato to $1,270.75 per acre for onions can be realized.

Department staff has attempted to quantify the economic benefits that potentially could be realized from mulching and applied the return on investment calculation. Economic benefits can be realized from phosphorus usage reduction and crop yield increase as follows:

Assumptions[1]:

a. Crop yield increases ranges from $383.00 per acre for potato to $1,270.75 per acre for onions.

b. Phosphate usage can be reduced ranging from 80 lbs. per acre to 200 lbs. per acre or an average of 140 lbs. per acre. Price of phosphate is $225.00 per ton.

c. Annual operating cost for the mulching machine is $49.00 per acre for a total of $4,900.

Situation No. 1 - Economic benefit that could be realized for the 100 acre Wettstein farm due to potato crop yield increase.

Crop yield increases x acreage = estimated economic benefit

$383 x 100 = $38,300 per year

Gross economic benefit - operating expenses = annual income

$38,300 - $4,900 = $33,400

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1 These assumptions are based on the application and research studies information provided by the applicant and Mr. Joe Hobson.

Cost of claimed facility: $12,738
Year construction completed: 1990
Useful life of claimed facility: 7 years

Facility cost ÷ income = return on investment factor

$$\frac{12,738}{33,400} = 0.381$$

Annual return on investment = 262% (Table 1, OAR 340-16-030)

Reference annual percent return on investment = 18.3% (Table 2 OAR 340-16-030)

Portion of costs allocable to pollution control

$$\frac{(18.3 - 262)}{262} \times 100 = 0$$

Situation No. 2 - Economic benefit that could be realized from the 100 acre farm due to onion crop yield increase.

Calculations are similar to Situation No. 1. (see table on next page for summary results)

Situation No. 3 - Economic benefit that could be realized from the 100 acre farm due to reduced phosphate usage.

Estimated economic benefit

$$= \frac{225 \times 140 \times 100}{2,000}$$

$$= \$1,575 \text{ per year}$$

Net estimated average annual income

$$= 1,575 - 4,900 = 0$$

There is no return on investment and therefore no economic benefit can be realized from reduced usage of phosphate.

Summary of Results

	Potato Crop Yield Increase	Onion Crop Yield Increase	Reduced Phosphate Usage
Estimated gross annual income	$38,300	$127,075	$1,575
Estimated net annual income	$33,400	$122,175	0
Annual return on investment	262%	962%	0
Portion of costs that may be allocable to pollution control	0	0	100%

As shown above the unrelated economic benefits that could be derived from straw mulching ranges from 0 return on investment (ROI) for reduced nutrient usage to 962% ROI due to onion crop yield increase.

These results are illustrative only, and are based on research study results rather than on actual farm operation. the Department recognizes that establishing a reasonable estimate of the increased yield in an actual farm operation will be difficult.

MY104077

Application No. TC-3692

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

K-G's One Stop Market
Keith and Glenda Cummings
85039 Hwy. 101 South
Florence, OR 97439

The applicant owns and operates a grocery store/gas station at 85039 Hwy. 101 South, Florence OR, facility no. 4089.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of three fiberglass tanks and piping, spill containment basins, tank monitor, line leak detectors and automatic shutoff valves.

Claimed facility cost (Accountant's certification was provided)	$ 64,333
Percent allocable to pollution control	100%

The Department concludes that the eligible facility cost for the project is $51,775. This represents a difference of $12,558 from the applicant's claimed cost of $64,333 due to a determination by the Department that the cost of a site assessment ($2,744), three turbines ($2,061), loan fees and related costs ($7,345) and a math error ($408) are not eligible pursuant to the definition of a pollution control facility in ORS 468.155. The applicant has been advised of this adjustment.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on March 7, 1991 and placed into operation March 22, 1991. The application for certification was submitted to the Department on December 19, 1991, within two years of the completion date. The application was determined complete and filed on July 21, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of five steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Fiberglass tanks and piping.

2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.

3) For leak detection - Tank monitor and line leak detectors.

The applicant reported that soil testing was performed at the time of tank removal and no contamination was found.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method chosen to be the most economical. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Fiberglass tanks & piping	$13,086	35%(1)	$ 4,580
Spill & Overfill Prevention:			
Spill containment basins	588	100	588
Automatic shutoff valves	1,487	100	1,487
Leak Detection:			
Tank monitor	5,630	90 (2)	5,067
Line leak detectors	732	100	732
Labor & materials	30,252	100	30,252
Total	$51,775	82%	$42,706

(1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is $13,086 and the bare steel system is $8,473, the resulting portion of the eligible tank and piping cost allocable to pollution control is 35%.

(2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 82%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $51,775 with 82% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3692.

Barbara J. Anderson:ew
(503) 229-5870
July 21, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Peter's Auto Works, Inc
15787A SW 72nd
Tigard, OR 97224

The applicant owns and operates a automotive service and repair establishment in Tigard, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: $2,861.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on August 27, 1991. The facility was placed into operation on August 27, 1991. The application for final certification was submitted to the Department on January 2, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 22, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $3.95/pound. The applicant estimated an annual coolant recovery rate of 300 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,861.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3712.

Brian Fagot:BKF
(503) 229-5365
July 30, 1992

Application No. TC-3725

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Bill Olinger Lincoln Mercury, Inc.
9350 SW Canyon Road
Portland, OR 97225

The applicant owns and operates an automotive sales, service and parts establishment in Portland, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $1,980.00.
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on October 1, 1990. The facility was placed into operation on October 1, 1990. The application for final certification was submitted to the Department on February 4, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 16, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $3.53/pound. The applicant estimated an annual coolant recovery rate of 250 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $1,980.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3725.

Brian Fagot:BKF
(503) 229-5365
July 16, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

H & S Thompson Enterprises, Inc.
PO Box 773
Seaside, OR 97138

The applicant owns and operates a grocery store/gas station at 1575 S. Holladay, Seaside OR, facility no. 6572.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of impressed current cathodic protection around four steel tank and piping systems, tank monitor, line leak detectors and spill containment basins.

Claimed facility cost (Accountant's certification was provided)	$ 25,120
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on April 19, 1991 and placed into operation April 19, 1991. The application for certification was submitted to the Department on February 18, 1992 within two years of the completion date. The application was determined complete and filed on July 23, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Impressed current cathodic protection around tanks and piping.

2) For spill and overfill prevention - Spill containment basins.

3) For leak detection - Tank monitor and line leak detectors.

The applicant reported that the soil was inspected during construction of the project and no evidence of contamination was found.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($25,120) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

   The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

   There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

   The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

   The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

   There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Cathodic protection	$ 1,615	100%	$ 1,615
Spill & Overfill Prevention:			
Spill containment basins	1,600	100	1,600
Leak Detection:			
Tank monitor	5,715	90 (1)	5,144
Line leak detectors	2,780	100	2,780
Labor & materials	13,410	100	13,410
Total	$25,120	98%	$24,549

(1) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 98%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $25,120 with 98% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3731.

Barbara J. Anderson:ew
(503) 229-5870
July 23, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Gerald G. Stutzman
Jerry's Milwaukie BP
5925 Sky High Ct.
Milwaukie, OR 97222

The applicant owns and operates a service station at 6140 SE King Rd., Milwaukie OR 97222, facility no. 678.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of four fiberglass tanks and piping, spill containment basins, tank monitor, line leak detectors, overfill alarm, monitoring wells, sumps and automatic shutoff valves.

Claimed facility cost (Accountant's certification was provided)	$ 134,121
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on September 12, 1991 and placed into operation in September, 1991. The application for certification was submitted to the Department on February 26, 1992, within two years of the completion date. The application was determined complete and filed on July 21, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Fiberglass tanks and piping.

2) For spill and overfill prevention - Spill containment basins, overfill alarm, sumps and automatic shutoff valves.

3) For leak detection - Tank monitor, line leak detectors and monitoring wells.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($134,121) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Fiberglass tanks & piping	$18,569	44%(1)	$ 8,170
Spill & Overfill Prevention:			
Spill containment basins	1,645	100	1,645
Overfill alarm	398	100	398
Sumps	2,895	100	2,895
Automatic shutoff valves	1,759	100	1,759
Leak Detection:			
Tank monitor	5,485	90 (2	4,937
Line leak detectors	987	100	987
Monitoring wells	221	100	221
Labor & materials	102,162	100	102,162
Total	$134,121	92%	$123,174

(1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is $18,569 and the bare steel system is $10,398, the resulting portion of the eligible tank and piping cost allocable to pollution control is 44%.

(2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 92%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $134,121 with 92% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3738.

Barbara J. Anderson:ew
(503) 229-5870
July 23, 1992

Application No. TC-3739

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sheldon Oil Company
PO Box 776
Tillamook, OR 97141

The applicant owns and operates a service station at 15 Main Avenue, Tillamook OR, facility no. 1507.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of tank monitoring system with overfill alarm.

Claimed facility cost (Documentation of cost was provided)	$ 8,089
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on December 1, 1991 and placed into operation December 3, 1991. The application for certification was submitted to the Department on February 26, 1992, within two years of the completion date. The application was determined complete and filed on July 27, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four tanks and piping with corrosion protection and spill and overfill prevention, but no leak detection equipment except monitoring wells.

To respond to requirements established 12-22-88, the applicant installed:

1) For leak detection - Tank monitoring system with overfill alarm.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($8,089) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant also considered manual tank monitoring. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Leak Detection: Tank monitor with overfill alarm	$ 5,902	90%(1)	$ 5,312
Labor & materials	2,187	100	2,187
Total	$ 8,089	93%	$ 7,499

(1) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 93%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $8,089 with 93% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3739.

Barbara J. Anderson:ew
(503) 229-5870
July 27, 1992

Application No. TC-3740

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sheldon Oil Company
PO Box 776
Tillamook, OR 97141

The applicant owns and operates a service station at 701 Garibaldi Ave., Garibaldi OR, facility no. 1510.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of tank monitor with overfill alarm and spill containment basins.

Claimed facility cost (Documentation of cost was provided)	$ 9,556
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed in August, 1991 and placed into operation in August, 1991. The application for certification was submitted to the Department on February 26, 1992, within two years of the completion date. The application was determined complete and filed on July 27, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four tanks and piping with corrosion protection, but no spill and overfill prevention or leak detection equipment except monitoring wells.

To respond to requirements established 12-22-88, the applicant installed:

1) For spill and overfill prevention - Spill containment basins and an overfill alarm on the tank monitor.

2) For leak detection - Tank monitoring with an overfill alarm.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($9,556) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant also considered manual tank monitoring. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Spill & Overfill Prevention:			
Spill containment basins	$ 760	100	$ 760
Leak Detection:			
Tank monitor with overfill alarm	6,367	90%(1)	$ 5,730
Labor & materials	2,429	100	2,429
Total	$ 9,556	93%	$ 8,919

(1) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 93%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $9,556 with 93% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3740.

Barbara J. Anderson:ew
(503) 229-5870
July 27, 1992

Application No. 3741

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Eurotech
10625 #C SW Canyon Rd.
Beaverton, OR 97005

The applicant owns and operates a general automotive repair garage in Beaverton, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be eight years.

Claimed Facility Cost: $3,200.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility has met all statutory deadlines in that the facility was substantially completed on October 9, 1991. The facility was placed into operation on October 15,1991 The application for certification was filed on February 27, 1992, within two years of substantial completion. The application was determined to be complete on July 2, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $4.00/pound. The applicant estimated an annual coolant recovery rate of forty-five pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $3,200.00 with 100% allocated to pollution control, be issued for the facility claimed in Application No. TC-3741.

Brian Fagot: BKF
(503) 229-5365
July 28, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Truax Corporation
PO Box 3002
Corvallis, OR 97339

The applicant owns and operates a retail service station at 820 NW Kings Blvd., Corvallis OR, facility no. 7837.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of spill containment basins and automatic float vent valves.

Claimed facility cost (Documentation of cost was provided)	$ 4,330
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on March 1, 1992 and placed into operation March 1, 1992. The application for certification was submitted to the Department on March 5, 1992, within two years of the completion date. The application was determined complete and filed on July 27, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of fiberglass piping on three tanks, one lined tank and two tanks with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For spill and overfill prevention - Spill containment basins and automatic float vent valves.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($4,330) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant did not indicate if any alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Spill & Overfill Prevention:			
Spill containment basins	$ 340	100%	$ 340
Float vent valves	528	100	528
Labor & materials	3,462	100	3,462
Total	$ 4,330	100%	$ 4,330

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $4,330 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3746.

Barbara J. Anderson:ew
(503) 229-5870
July 27, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Truax Corporation
PO Box 3002
Corvallis, OR 97339

The applicant owns and operates a retail service station at 1128 Pacific Blvd., Albany OR, facility no. 6103.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of a tank monitor and overfill alarm.

Claimed facility cost (Documentation of cost was provided)	$ 6,179
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on February 28, 1992 and placed into operation February 28, 1992. The application for certification was submitted to the Department on March 5, 1992, within two years of the completion date. The application was determined complete and filed on July 27, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three tanks and piping with corrosion protection and spill and overfill prevention and line leak detectors.

To respond to requirements established 12-22-88, the applicant installed:

1) For spill and overfill prevention - Overfill alarm.

2) For leak detection - Tank monitor.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($6,179) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Spill & Overfill Prevention:			
Overfill alarm	$ 158	100%	$ 158
Leak Detection:			
Tank monitor	6,021	90	5,419
Total	$ 6,179	90%	$ 5,577

(1) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 90%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $6,179 with 90% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3747.

Barbara J. Anderson:ew
(503) 229-5870
July 27, 1992

Application No. TC-3753

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Sam's Service
Samuel M. & Patricia A. Glerup
596 N. Broadway
Burns, OR 97720

The applicant owns and operates a gas station at 596 N. Broadway, Burns OR, formerly facility no. 10049 (now closed).

Application was made for a tax credit for a water pollution control facility.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of a secondary containment vault for two steel storage tanks and a tank monitor.

Claimed facility cost (Accountant's certification was provided)	$ 23,960
Percent allocable to pollution control	100%

The Department concludes that the eligible facility cost for the project is $18,855. This represents a difference of $5,105 from the applicant's claimed cost of $23,960 due to a determination by the Department that the cost of the bare steel storage tanks ($2,745) and the suction pumps ($2,360) are not eligible pursuant to the definition of a pollution control facility in ORS 468.155. The applicant was informed of this adjustment.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed in September, 1991 and placed into operation in September, 1991. The application for certification was submitted to the Department on March 13, 1992, within two years of the completion date. The application was determined complete and filed on July 27, 1992.

4. Evaluation of Application

a. The facility is eligible because the sole purpose of the facility is to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

In accordance with federal law, the applicant installed secondary containment. The applicant also installed a tank monitor system.

Based on information currently available, the applicant is in compliance with federal law, in that a Spill Prevention Control and Countermeasure (SPCC) plan is on file at the facility.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant considered the method chosen to be the most effective. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Fiberglass piping	$ 1,618	80%(1)	$ 1,294
Secondary Containment:			
Tank Vault	4,620	100	4,620
Leak Detection:			
Tank monitor	2,417	90 (2)	2,175
Labor & materials	10,200	100	10,200
Total	$18,855	97%	$18,289

(1) The Department has determined the percent allocable on the cost of a corrosion protected piping system by using a formula based on the difference in cost between the protected piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is $1,618 and the bare steel system is $323, the resulting portion of the eligible piping cost allocable to pollution control is 80%.

(2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the sole purpose of the claimed facility is to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 97%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $18,855 with 97% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3753.

Barbara J. Anderson:ew
(503) 229-5870
July 29, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

T & C Wash Systems, Inc.
22301 NE Fryer Rd.
Dundee, OR 97115

The applicant owns and operates a service station & car wash at 701 Deborah, Newberg OR, facility no. 10275.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the new installation of three STI-P3 tanks and fiberglass piping, spill containment basins, tank monitor, turbine leak detectors, Stage I & Stage II vapor recovery and automatic shutoff valves.

Claimed facility cost (Accountant's certification was provided)	$ 94,163
Percent allocable to pollution control	100%

The Department concludes that the eligible facility cost for the project is $62,019. This represents a difference of $32,144 from the applicant's claimed cost of $94,163 due to a determination by the Department that the cost of installing tanks and piping at a new facility which is not a replacement is not eligible pursuant to the definition of a pollution control facility in ORS 468.155. The applicant was informed of this adjustment.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed in April, 1990 and placed into operation May 1, 1990. The application for certification was submitted to the Department on March 16, 1992, within two years of the completion date. The application was determined complete and filed on July 28, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

This is a newly constructed facility.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - STI-P3 tanks and fiberglass piping.

2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.

3) For leak detection - Tank monitor and turbine leak detectors.

The applicant also installed Stage I & Stage II vapor recovery.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
STI-P3 tanks and fiberglass piping	$18,976	36%(1)	$ 6,831
Spill & Overfill Prevention:			
Spill containment basins	2,142	100	2,142
Leak Detection:			
Tank monitor	5,180	90 (2)	4,662
Turbine leak detectors	3,577	100	3,577
Labor & materials (includes Stage I & Stage II vapor recovery & automatic shutoff valves	32,144	100	32,144
Total	$62,019	80%	$49,356

(1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is $18,976 and the bare steel system is $12,156, the resulting portion of the eligible tank and piping cost allocable to pollution control is 36%.

(2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 80%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $62,019 with 80% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3754.

Barbara J. Anderson:ew
(503) 229-5870
July 28, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Courtesy Corner & Albany Heating Oils, Inc.
1515 SW Calapooia
Albany, OR 97321

The applicant owns and operates a service station and home heating oil delivery service at 1515 SW Calapooia, Albany OR, facility no. 775.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of epoxy tank lining in six underground storage tanks, spill containment basins, line leak detectors and risers for a tank monitor system yet to be installed.

Claimed facility cost (Accountant's certification was provided)	$ 62,980
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on April 20, 1990 and placed into operation April 20, 1990. The application for certification was submitted to the Department on March 18, 1992, within two years of the completion date. The application was determined complete and filed on July 28, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of eight tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Epoxy tank lining.

2) For spill and overfill prevention - Spill containment basins.

3) For leak detection - Line leak detectors and risers for a tank monitor to be installed later.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($62,980) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

   The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

   There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

   The applicant also considered replacing tanks. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

   The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

   There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Epoxy tank lining	$47,672	100%	$47,672
Spill & Overfill Prevention:			
Spill containment basins	7,500	100	7,500
Leak Detection:			
Line leak detectors	1,107	100	1,107
Risers for tank monitor	2,100	100	2,100
Labor & materials	4,601	100	4,601
Total	$62,980	100%	$62,980

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $62,980 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3757.

Barbara J. Anderson:ew
(503) 229-5870
July 28, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Lou Dobbins, Inc.
PO Box 590
Madras, OR 97741

The applicant owns and operates a card lock station at NW Hess and Hwy. 26, Madras OR, facility no. 5565.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the new installation of one STI-P3 tank, spill containment basins, line leak detectors, monitoring wells and automatic shutoff valves.

Claimed facility cost (Accountant's certification was provided)	$ 21,802
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on May 1, 1990 and placed into operation May 1, 1990. The application for certification was submitted to the Department on April 6, 1992, within two years of the completion date. The application was determined complete and filed on July 28, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - One STI-P3 tank.

2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.

3) For leak detection - Line leak detectors and monitoring wells.

The applicant reported that the soil was inspected during construction of the project and no evidence of contamination was found.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($21,802) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

   The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

   There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

   The applicant indicated that no alternative methods were available. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

   The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

   There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
STI-P3 tank	$ 2,604	35%(1)	$ 911
Spill & Overfill Prevention:			
Spill containment basins	782	100	782
Automatic shutoff valves	645	100	645
Leak Detection:			
Line leak detectors	170	100	170
Monitoring wells	320	100	320
Labor & materials	17,281	100	17,281
Total	$21,802	92%	$20,109

(1) The Department has determined the percent allocable on the cost of a corrosion protected tank by using a formula based on the difference in cost between the protected tank and an equivalent bare steel tank as a percent of the protected tank. Applying this formula to the costs presented by the applicant, where the protected tank cost is $2,604 and the bare steel tank is $1,693, the resulting portion of the eligible tank cost allocable to pollution control is 35%.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 92%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $21,802 with 92% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3769.

Barbara J. Anderson:ew
(503) 229-5870
July 28, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Broad-Mill Co.
PO Box 187
Odell, OR 97044

The applicant owns and operates a truck repair garage in Odell, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be five years.

Claimed Facility Cost: $2,706.18
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility has met all statutory deadlines in that the facility was substantially completed on December 30, 1991. The facility was placed into operation on December 30, 1991. The application for certification was filed on April 6, 1992, within two years of substantial completion. The application was found to be complete on July 20, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415.

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $7.00/pound. The applicant estimated an annual coolant recovery rate of 18 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,706.18 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No.TC-3770.

Brian Fagot:BKF
(503) 229-5365
July 20, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Western Stations Co.
PO Box 5969
Portland, OR 97228-5969

The applicant owns and operates a retail gasoline outlet at 2100 W. 6th St., The Dalles OR, facility no. 2796.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of three composite tanks and double wall fiberglass piping, spill containment basins, tank monitor, overfill alarm, monitoring wells, sumps, Stage II vapor recovery and automatic shutoff valves.

Claimed facility cost (Accountant's certification was provided)	$ 86,217
Percent allocable to pollution control	86.66%

The Department concludes that the eligible facility cost for the project is $99,488. This represents a difference of $13,271 from the applicant's claimed cost of $86,217 due to a determination by the Department that the eligible facility cost should reflect the total cost of the equipment rather than the amount allocable to pollution control as the applicant provided. The applicant was informed of the adjustment.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on October 9, 1991 and placed into operation October 12, 1991. The application for certification was submitted to the Department on April 8, 1992, within two years of the completion date. The application was determined complete and filed on July 27, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of three tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Composite tanks and fiberglass piping.

2) For spill and overfill prevention - Spill containment basins, overfill alarm, sumps and automatic shutoff valves.

3) For leak detection - Tank monitor and monitoring wells.

The applicant also installed Stage II vapor recovery.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

The applicant estimated that 86.66% of the total facility cost of $99,488 is allocable to pollution control. The applicant arrived at this estimate by reducing the total cost to the amount allocable to pollution control according to the applicant's estimates.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Composite tanks and fiberglass piping	$30,197	40%(1)	$12,079
Spill & Overfill Prevention:			
Spill containment basins	603	100	603
Overfill alarm	195	100	195
Sumps	3,118	100	3,118
Automatic shutoff valves	1,679	100	1,679
Leak Detection:			
Tank monitor	6,088	90 (2)	5,479
Monitoring wells	3,575	100	3,575
Stage II Vapor recovery	3,250	100	3,250
Labor & material	50,783	100	50,783
Total	$99,488	81%	$80,761

(1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is $30,197 and the bare steel system is $18,231, the resulting portion of the eligible tank and piping cost allocable to pollution control is 40%.

(2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 81%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $99,488 with 81% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3772.

Barbara J. Anderson:ew
(503) 229-5870
August 4, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Siskiyou Import Services, Inc.
1713 Siskiyou Boulevard
Ashland, OR 97520

The applicant owns and operates an Auto service and Repair Garage in Ashland, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is leased by the applicant. Lessor has agreed that the applicant (lessee) receive the tax credit.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be seven years.

Claimed Facility Cost: $2,227.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility has met all statutory deadlines in that the facility was determined substantially completed on October 1, 1991, and the application for certification was filed on April 13, 1992, within two years of substantial completion.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $4.16/pound. The applicant estimated an annual coolant recovery rate of 100 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,227.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3775.

Brian Fagot:BKF
(503) 229-5365
May 12, 1992

Application No. TC-3782

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Z's Car Care, Inc.
402 SW Walnut St.
Hillsboro, OR 97123

The applicant owns and operates an automobile repair establishment in Hillsboro, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $2,300.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on April 10, 1992. The facility was placed into operation on April 10, 1992. The application for final certification was submitted to the Department on April 23,1992, within two years of substantial completion of the facility. The application was found to be complete on July 16, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $3.50/pound. The applicant estimated an annual coolant recovery rate of 100 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,300.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3782.

Brian Fagot:BKF
(503) 229-5365
July 16, 1992

Application No. TC-3792

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Oregon Metallurgical Corporation
PO Box 580
Albany, OR 97321

The applicant owns and operates a Titanium manufacturing plant in Albany, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility is a first stage chlorine liquefaction system. The facility allows for increased production with less waste chlorine generated. The facility consists of two refrigeration systems, a compressor, a liquid gas separator, and support equipment. The facility accomplishes the prevention of air and water pollution through waste reduction.

Expenses were attributed to the following categories:

Electrical equipment.	$46,520.00
Concrete foundation,and structure.	$10,000.00
Pumps, valves, and piping.	$37,698.00
Refrigeration systems.	$24,456.00
Liquid separator.	$59,575.00
Controls for flow and temperature regulation.	$21,775.00
Claimed Facility Cost:	$200,024.00

Accountant's certification of costs was provided.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction and installation of the facility was substantially completed on August 15, 1990. The facility was placed into operation on September 30, 1990. The application for final certification was submitted to the Department on May 8, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 27, 1992.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution. This is in accordance with ORS 468A.025 and ORS 468A.040. The air contaminant discharge permit for this source, 22-0328, items five and eight require the permittee to limit emission of gaseous Chlorine. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The claimed facility provides additional capacity to an existing chlorine liquefaction system. The components of the claimed facility consist of a liquefier and a liquid-gas separator. The first stage liquefier is a heat exchange unit which cools the chlorine stream and liquifies a portion of it. The first stage liquefier is supported by a compressor and heat exchange unit. These units serve the freon which is used in the heat exchange unit that draws heat from the chlorine stream. The first stage separator removes the liquified chlorine from the chlorine stream and sends it to storage. The separator consists of a chamber capped with a mist pad that the chlorine gas passes through and which coalesces liquid chlorine. The liquid chlorine drains through the bottom of the chamber. The portion of the chlorine stream which remains in a gaseous state continues to the next two stages of the liquefaction system.

The additional chlorine captured reduces both air and water emissions of chlorine. The addition of the first stage liquefaction system makes the applicant's chlorine liquefaction system a tertiary liquefaction system. This results in less waste chlorine gas the scrubbing system to treat. The effluent resulting from the two scrubbers is treated by the plants waste water system.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

A portion of the waste product is converted into a salable or usable commodity consisting of liquid chlorine. The applicant indicates that the average annual operating cost of the facility is $45,422.80. The Department, with the applicants concurrence, estimates the facility generates an income of approximately $37,500.

2) The estimated annual percent return on the investment in the facility.

The applicant indicates the cost of operating the facility is greater than the income generated by the facility. There is no net income generated by the facility, so there is no return on the investment.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

This method has the advantage of converting waste chlorine into a saleable commodity. Alternative methods would create increased waste water by scrubbers and a higher level of both air and water pollution.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The annual cost of maintaining and operating the facility is approximately $8,000.00 greater than the income realized.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to control of pollution. The principal purpose of the facility is to reduce a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control air pollution.

c. The facility complies with Oregon statutes, DEQ rules, and permit conditions.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $200,024.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3792.

BKF:aq
3792.REV
(503) 229-5365
July 27, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Stein Oil Company, Inc.
19805 Mcloughlin Blvd.
Gladstone, OR 97027

The applicant owns and operates a gasoline sales and service station in Clackamas, Oregon.

Application was made for tax credit for an air pollution control facility.

2. Description of Facility

The claimed facility is an above ground stage II vapor recovery balance type system. The system is composed of OPW nozzles, Dayco hoses, BXM adapters, Husky breakaway safety valves, piping and additional miscellaneous equipment. Installation of the facility prevents the escape of gasoline vapors into the atmosphere.

Claimed Facility Cost: $19,355.00

The applicant documented the facility costs.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility met all statutory deadlines in that:

Construction and installation of the facility was substantially completed on March 20, 1992. The facility was placed into operation on on March 20, 1992. The application for final certification was submitted to the Department on May 13, 1992, within two years of substantial completion of the facility. The application was found to be complete on June 8, 1992.

4. Evaluation of Application

a. Rationale For Eligibility

The facility is eligible because the principal purpose of the facility is to comply with a

requirement imposed by the Department to prevent the escape of gasoline vapors into the atmosphere. This is in accordance with OAR Chapter 340-22-110. The emission reduction is accomplished by the elimination of air contaminants as defined in ORS 468A.005.

The facility prevents gasoline vapors from escaping into the atmosphere. The face plate on the nozzle delivering the gasoline forms a tight seal on the fill pipe of the automobile gas tank. As the spout dispenses gasoline there is a small pressure increase created in the automobile gasoline tank due to the additional volume of the added fuel. This pressure increase drives the gasoline vapor from the automobile fuel tank through a secondary line in the nozzle back into the underground storage tank. The gasoline vapor travels through a secondary containment pipe surrounding the pipe the gasoline is dispensed through. The underground tank receives the additional volume in the form of gasoline vapors. There is no net pressure increase in the underground tank because the tank has already dispensed an equivalent volume of liquid gasoline. The vapor recovered is vapor that would otherwise escape from the automobile tank and the gasoline dispensing nozzle into the atmosphere.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

A portion of the waste product is converted into a salable or usable commodity consisting of recovered gasoline. It is the position of the Department that the volume of gasoline recovered is of an insignificant economic benefit.

2) The estimated annual percent return on the investment in the facility.

The applicant indicates in the application there is no income or savings from the

facility, so there is no return on the investment.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated no alternative.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant indicated there were no savings or increase in costs as a result of the facility modification.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air pollution.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to reduction of pollution. The principal purpose of the facility is to prevent a substantial quantity of air pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for final tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to reduce air pollution.

c. The facility complies with Department rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $19,355.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3794.

BKF:aq
3794.rpt
(503) 229-5365
July 29, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

K-Falls Auto Service
3000 Pershing Way
Klamath Falls, OR 97603

The applicant owns and operates a general auto and light truck repair establishment in Klamath Falls, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be five years.

Claimed Facility Cost: $2,995.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on May 21, 1991. The facility was placed into operation on May 21, 1991. The application for final certification was submitted to the Department on May 26, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 16, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $6.20/pound. The applicant estimated an annual coolant recovery rate of 150 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,995.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3796.

Brian Fagot:BKF
(503) 229-5365
July 16, 1992

Application No. TC-3804

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Old Fashion Body Works
825 Vilias Road
Central Point, OR 97502

The applicant owns and operates an automotive body repair and paint shop in Central Point, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $2200.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on July 12, 1991. The facility was placed into operation on July 12, 1991. The application for final certification was submitted to the Department on June 8, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 16, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $8.00/pound. The applicant estimated an annual coolant recovery rate of 10 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,200.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3804.

BKF:
(503) 229-5365
July 16, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Hance Oil Company
PO Box 310
Stayton, OR 97383

The applicant owns and operates a card lock station at Hwy. 22, Idanha OR, facility no. 3088.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of impressed current cathodic protection on four steel tank and piping systems, spill containment basins, tank monitor, line and turbine leak detectors and automatic shutoff valves.

Claimed facility cost (Accountant's certification was provided)	$ 31,450
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on August 26, 1991 and placed into operation in August, 1991. The application for certification was submitted to the Department on June 10, 1992, within two years of the completion date. The application was determined complete and filed on July 28, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four steel tanks and piping with no corrosion protection and no spill and overfill prevention or leak detection equipment.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Impressed current cathodic protection on tanks and piping.

2) For spill and overfill prevention - Spill containment basins and automatic shutoff valves.

3) For leak detection - Tank monitor, line and turbine leak detectors.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($31,450) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Cathodic protection	$ 4,500	100%	$ 4,500
Spill & Overfill Prevention:			
Spill containment basins	821	100	821
Automatic shutoff valves	419	100	419
Leak Detection:			
Tank monitor	6,621	90 (1)	5,959
Line/Turbine leak detectors	558	100	558
Labor & materials	18,531	100	18,531
Total	$31,450	98%	$30,788

(1) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 98%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $31,450 with 98% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3805.

Barbara J. Anderson:ew
(503) 229-5870
July 28, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Langdon Implement Company
30600 Diamond Hill Drive
Harrisburg, OR 97446

The applicant owns and operates a farm machinery and truck repair establishment in Harrisburg, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $2,306.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on April 9, 1992. The facility was placed into operation on April 9, 1992. The application for final certification was submitted to the Department on June 22, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 16, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $5.00/pound. The applicant estimated an annual coolant recovery rate of 50 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,306.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3809.

Brian Fagot:BKF
(503) 229-5365
July 16, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Tuttles Quality Auto Service
4865 Highway 234
White City, OR 97503

The applicant owns and operates an automobile repair and service establishment in White City, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $2,250.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on May 28, 1992. The facility was placed into operation on May 28, 1992. The application for final certification was submitted to the Department on June 29, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 16, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $4.77/pound. The applicant estimated an annual coolant recovery rate of 105 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,250.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3812.

Brian Fagot:BKF
(503) 229-5365
July 16, 1992

Application No. TC-3813

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Weyerhaeuser Company
785 N. 42nd Street
Springfield, OR 97477

The applicant owns and operates a pulp and paper manufacturing plant in Springfield, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be four years.

Claimed Facility Cost: $2,306.32
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on June 16, 1992. The facility was placed into operation on June 16, 1992. The application for final certification was submitted to the Department on July 6, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 15, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant virgin coolant at $5.00/pound. The applicant estimated an annual coolant recovery rate of 30 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in its own vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $2,306.32 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3813.

Brian Fagot:BKF
(503) 229-5365
July 15, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Texaco Refining & Marketing, Inc.
1800 SW First Suite 180
Portland, OR 97201

The applicant owns and operates a gasoline dispensing station at 10120 SW Capitol Highway, Portland OR, facility no. 851.

Application was made for a tax credit for a water pollution control facility involving underground storage tanks. The application also included related air quality Stage I and Stage II vapor recovery equipment.

2. Description of Claimed Facility

The claimed pollution control facilities described in this application are the installation of four double wall fiberglass tanks and piping, overfill prevention, automatic tank gauges, automatic line leak detectors, monitoring wells, spill prevention and Stage I and Stage II vapor recovery equipment.

Claimed facility cost (Accountant's certification was provided)	$ 176,200
Percent allocable to pollution control	100%

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

The facility was substantially completed on September 7, 1990 and placed into operation September 7, 1990. The application for certification was submitted to the Department on July 8, 1992, within two years of the completion date. The application was determined complete and filed on July 24, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with underground storage tank requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases into soil or water. The facility qualifies as a "pollution control facility", defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

Prior to the installation of pollution control, the facility consisted of four bare steel tanks and piping, which have been removed.

To respond to requirements established 12-22-88, the applicant installed:

1) For corrosion protection - Fiberglass tanks and piping.

2) For spill and overfill prevention - Ball float valves and spill containment basins.

3) For leak detection - Monitoring wells, automatic tank gauges and automatic line leak detectors.

The applicant also installed Stage I and Stage II vapor recovery equipment.

The applicant reported that soil testing was performed at the time of tank removal and contamination was found. The site clean-up was completed to the Department's satisfaction.

Based on information currently available, the applicant is in compliance with all applicable DEQ regulations in that these tanks are permitted and fee payments are current.

The Department concludes that all of the costs claimed by the applicant ($176,200) are eligible pursuant to the definition of a pollution control facility in ORS 468.155.

b. Eligible Cost Findings

In determining the percent of the eligible pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The equipment does not recover or convert waste products into a salable or usable commodity.

2) The estimated annual percent return on the investment in the facility.

There is no annual percent return on investment as the applicant claims no gross annual income from the facility.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant indicated that no alternative methods were considered. The methods chosen are acceptable for meeting the requirements of federal regulations.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

The applicant claims no savings or increase in costs as a result of the installation.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to pollution control.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control is determined by using these factors as displayed in the following table.

	Eligible Facility Cost	Percent Allocable	Amount Allocable
Corrosion Protection:			
Fiberglass tanks & piping	$ 59,061	63%(1)	$ 37,213
Flex boots	1,600	100	1,600
Spill & Overfill Prevention:			
Spill containment basins	998	100	998
Ball float valves	1,483	100	1,483
Overfill alarm	380	100	380
Leak Detection:			
In tank gauges	5,240	90 (2)	4,716
Line leak detectors	7,242	100	7,242
Turbine leak detectors	553	100	553
Monitoring wells	503	100	503
Labor & materials	99,140	100	99,140
Total	$176,200	87%	$153,828

(1) The Department has determined the percent allocable on the cost of a corrosion protected tank and piping system by using a formula based on the difference in cost between the protected tank and piping system and an equivalent bare steel system as a percent of the protected system. Applying this formula to the costs presented by the applicant, where the protected system cost is $59,061 and the bare steel system is $21,848, the resulting portion of the eligible tank and piping cost allocable to pollution control is 63%.

(2) The applicant's cost for a tank monitor is reduced to 90% of cost based on a determination by the Department that this is the portion properly allocable to pollution control since the device can serve other purposes, for example, inventory control.

5. Summation

a. The facility was constructed in accordance with all regulatory requirements.

b. The facility is eligible for tax credit certification in that the principal purpose of the claimed facility is to comply with requirements imposed by the federal Environmental Protection Agency to prevent pollution of soil and water. This is accomplished by preventing releases in soil or water. The facility qualifies as a "pollution control facility" defined in OAR 340-16-025(2)(g): "Installation or construction of facilities which will be used to detect, deter or prevent spills or unauthorized releases."

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 87%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $176,200 with 87% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3815.

Mary Lou Perry:ew
(503) 229-5731
July 27, 1992

Application No. TC-3816

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Pro AutoTech, Inc.
16285 S.W. 85th #308
Tigard, OR 97224

The applicant owns and operates a general automotive repair establishment in Tigard, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be three years.

Claimed Facility Cost: $3,400.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on April 21, 1992 The facility was placed into operation on April 22, 1992. The application for final certification was submitted to the Department on July 13, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 15, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by

capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $5.00/pound. The applicant estimated an annual coolant recovery rate of 120 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $3,400.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3816.

Brian Fagot:BKF
(503) 229-5365
July 15, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Hall's Automotive
6800 Crater Lake Highway
White City, OR 97503

The applicant owns and operates a automotive service and repair establishment in White City, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $3,450.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on May 5, 1992. The facility was placed into operation on May 7, 1992. The application for final certification was submitted to the Department on July 13, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 29, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as

defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $4.20/pound. The applicant estimated an annual coolant recovery rate of 90 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $3,450.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3818.

Brian Fagot:BKF
(503) 229-5365
July 30, 1992

Application No. TC-3820

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Beaverton Auto Rebuilders, Inc.
4150 SW 141st Avenue
Beaverton, OR 97005

The applicant owns and operates an autobody repair and painting establishment in Beaverton, Oregon and does its own vehicle maintenance.

Application was made for tax credit for an air pollution control facility which is owned by the applicant.

2. Description of Facility

Facility is a machine which removes and cleans auto air conditioner coolant. The machine is self contained and includes pumps, tubing, valves and filters which rid the spent coolant of oil, excess air, water, acids and contaminant particles.

The applicant has identified the useful life of the equipment to be ten years.

Claimed Facility Cost: $1,637.00
(Costs have been documented)

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190, and by OAR Chapter 340, Division 16.

Installation of the facility was substantially completed on August 8, 1991. The facility was placed into operation on August 8, 1991. The application for final certification was submitted to the Department on July 24, 1992, within two years of substantial completion of the facility. The application was found to be complete on July 29, 1992.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air

pollution. This reduction is accomplished by capturing and/or recycling air contaminants, as defined in ORS 468.275. The requirement is to comply with ORS 468.612-621 and OAR 340-22-410 to 415

Eligible equipment must be certified by Underwriters Laboratory (UL) as meeting the requirements and specifications of UL1963 and the Society of Automotive Engineers (SAE) standards, J1990 and J1991, or other requirements and specifications determined by the Department as being equivalent. The facility meets these requirements.

b. Eligible Cost Findings

In determining the percent of the facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The recovery and recycling machine serves two purposes. It prevents the release of spent auto A/C coolant to the environment, thereby meeting Department regulations requiring capture of this air contaminant. Second, it provides a means to recover and clean waste coolant for reuse as an auto A/C coolant.

2) The estimated annual percent return on the investment in the facility.

The percent return on investment from facility use was calculated using coolant cost and retrieval rate data from the applicant and generic cost of facility operations estimated by the Department.

Specifically, the applicant estimated the cost to applicant of virgin coolant at $4.00/pound. The applicant estimated an annual coolant recovery rate of 120 pounds.

In estimating the operating costs for use of the recovery and recycling machine, the Department developed a standardized methodology which considers the following factors:

- o Electricity consumption of machine
- o Additional labor to operate machine
- o Machine maintenance costs
- o Depreciation of machine

Based on these considerations, the applicant estimated the return on investment to be less than zero, in that machine operating costs exceeded income from the use of the machine.

3) The alternative methods, equipment and costs for achieving the same pollution control objective.

The applicant has identified no alternatives.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are savings from the facility to recover and reuse coolant. The applicant may use the recycled coolant in customer vehicles. In this case the savings are tied to the displaced cost of virgin coolant. Alternately, the applicant could sell the coolant to a second shop where the coolant is used. In this case the savings to the applicant are tied to the sales price of recycled coolant.

However, for this applicant increases in business operations and maintenance costs exceeded facility savings. These cost estimates are discussed in 2) above.

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

There are no other factors to consider in establishing the actual cost of the facility properly allocable to prevention, control or reduction of pollution.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 100%.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department, to reduce air pollution.

c. The facility complies with DEQ statutes and rules.

d. The portion of the facility cost that is properly allocable to pollution control is 100%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $1,637.00 with 100% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3820.

Brian Fagot:BKF
(503) 229-5365
July 30, 1992

State of Oregon
Department of Environmental Quality

TAX RELIEF APPLICATION REVIEW REPORT

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1. Applicant

Tillamook County Creamery Association
Wastewater Treatment Plant
4175 Highway 101 N.
P.O. Box 313
Tillamook, Oregon 97141

The applicant owns and operates a dairy products plant in Tillamook, Oregon.

Application was made for tax credit for a water pollution control facility.

2. Description of Facility

Milk is converted to cheese, whey, butter and ice cream at the applicant's dairy products plant. A visitor's center is also operated at the same site. Wastewater from the dairy products plant, and sanitary wastes from the plant and the visitor's center, are treated in a wastewater treatment plant located on site. The applicant holds an NPDES permit which permits them to discharge treated effluent from the wastewater treatment plant to the Wilson River at River Mile 1.7.

The applicant is requesting a tax credit for the wastewater treatment plant improvements that were constructed beginning in January, 1989, and completed in July, 1990. The facility improvements include:

laboratory building
belt press and lime stabilization unit
belt press building
lime storage silo
sludge hauling truck (for land application/
  beneficial reuse of sludge)
intermediate clarifier
primary clarifier
modification of existing Smith and Loveless
  package treatment plant to form aeration basin
site paving

Compliance inspections conducted in October, 1991, and April, 1992, confirmed that the above-listed facilities were in use.

Claimed Facility Cost: $ 954,686.79
(Accountant's Certification was provided).

Costs for the above improvements are broken down as follows:

Primary and intermediate clarifiers and piping	$344,500.16
Belt press	$185,148.75
Lime silo	$ 87,253.43
Laboratory	$ 21,535.75
Electrical parts/labor	$175,045.00
Consulting/engineering fees	$ 20,919.17
Sitework/preparation	$ 87,456.21
Miscellaneous equipment	$ 890.30
Aeration basin/surge tank	$ 9,768.02
Sludge truck	$ 22,170.00
Total	$954,686.79

The applicant states that the actual cost of the above improvements was $ 1,079,703, but after removal of ineligible costs such as capitalized interest, they request a tax credit on the amount of $ 954,686.79.

3. Procedural Requirements

The facility is governed by ORS 468.150 through 468.190 and by OAR Chapter 340, Division 16.

The facility met statutory deadlines in that construction of the facility was substantially completed in July, 1990 and the application for certification was submitted on June 2, 1992 and found to be complete on June 26, 1992, within 2 years of substantial completion of the facility.

4. Evaluation of Application

a. The facility is eligible because the principal purpose of the facility is to comply with a requirement imposed by the Department to control water pollution. The requirement is to comply with an NPDES permit issued by the Department. This control is accomplished by the use of treatment works for industrial waste as defined in ORS 468.700. The applicant's pollution control facility is required to meet both the Federal effluent limits for the Dairy Products source category, and to comply with Oregon's permitting requirements and water quality standards.

Prior to constructing the wastewater treatment facility described herein, the applicant operated a smaller treatment plant consisting of a Smith and Loveless package treatment plant, an aerated surge tank, a blower building, and a sludge storage tank. A number of permit violations occurred while this treatment system was in use.

In 1988, the applicant proposed treatment plant improvements, but the performance of the existing treatment plant worsened and more permit violations occurred, in part due to increased production of dairy products.

In January, 1989, construction of the treatment plant improvements described herein commenced. Construction was completed in July, 1990. Since October, 1990, the applicant has been able to substantially comply with its NPDES permit limits, with only minor permit violations occurring in November, 1990.

In February, 1991, the U.S. Environmental Protection Agency filed a lawsuit against the applicant for the permit violations that occurred in 1989 and 1990. The lawsuit was settled in June, 1992 with a Consent Decree. The Consent Decree requires the applicant to further improve the wastewater treatment system in two phases, both to be completed by December 31, 1993.

In June, 1992, the applicant's NPDES permit was renewed by the Department. The current permit number is 100919.

b. Eligible Cost Findings

In determining the percent of the pollution control facility cost allocable to pollution control, the following factors from ORS 468.190 have been considered and analyzed as indicated:

1) The extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

The facility does not recover or convert waste products into a salable commodity. The facility does convert waste products into a usable commodity, that commodity being the sludge produced in the treatment facility. The sludge is reusable as an agricultural soil supplement/fertilizer, and is

disposed of in this manner. However, no income is derived from this source, since users of the sludge do not pay for the material and the applicant pays all expenses associated with the application of the sludge to agricultural lands.

The percent allocable determined by using this factor would be 100%.

2) The estimated annual percent return on the investment in the facility.

As noted above, the facility does not recover or convert waste products into a salable commodity, and no income is derived from the operation of the wastewater treatment plant or the land application of sludge produced in the treatment plant. Therefore, the estimated annual percent return on the investment is zero.

3) The alternative methods, equipment and costs for achieving the same pollution control objective. There are no known alternatives. The applicant's dairy products plant produces a large, high-strength waste load that must be treated prior to discharge to state waters. Discharge to a municipal sewerage works is impractical because the nearest sewerage works, operated by the City of Tillamook, would be severely overloaded by the applicant's waste load.

4) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

There are no savings from the facility. The cost of maintaining and operating the facility is over $500,000 annually (not counting depreciation).

The applicant provided the following information on annual operating expenses for the wastewater treatment plant for the years 1988 through 1991 (again, depreciation is not counted):

1988 - $ 217,870.74
1989 - $ 275,673.88
1990 - $ 516,685.05
1991 - $ 598,564.63

5) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

(A) The claimed facility treats wastewater that originates from three sources: production of dairy products; the retail deli on site; and human wastes from employees. ORS 468.155(2)(b) states that a "Pollution control facility" does not include septic tanks or other facilities for human waste. The Department believes that the portion of the claimed facility that is used for the treatment of human waste is ineligible, and that the tax credit should be reduced by an appropriate amount. Human wastes are contributed by employees and the retail deli; the contribution is estimated below. The estimation is based on the portion of the total flow to the wastewater treatment system coming from human sources.

OAR 340-71-Table 2, from the Department's On-Site Sewage Disposal Rules, gives the following quantities of sewage flow for various types of operation, including:

Factories (exclusive of industrial wastes, without shower facilities): 15 gal/day/person

The applicant provided the following average water usage information for the period July 10 through August 5, 1992:
Water usage by the retail deli: 7,979 gal/day
Total flow to the treatment plant: 125,708 gal/day.

Since actual water usage data is available for the deli, the applicant's flow figure of 7,979 gal/day is used.

The applicant currently employs 341 staff, approximately 100 of whom are seasonal employees who work in the deli. The flow contribution from the extra seasonal employees would reasonably be accounted for in the deli water usage figure of 7,979 gal/day.

After subtracting the seasonal employees, the flow contribution from approximately 240 employees remains to be accounted for. The applicant stated that showers are available in some areas of the production facility, but are not regularly used.

Therefore, the Department used the figure of 15 gal/day/person from OAR 340-71-Table 2 to estimate the human waste contribution by employees:

240 x 15 = 3,600 gal/day.

The percentage of the facility used to treat human waste is then estimated to be:

(7,979 + 3,600)/125,708 x 100 = 9.2% (based on flow); this figure rounds off to 9%.

Thus, the Department estimates that 9% of the claimed cost is not eligible. The eligible portion (91%) of the claimed cost is:

91/100 x $ 954,686.79 = $ 868,764.98.

The actual cost of the facility properly allocable to pollution control as determined by using these factors is 91%.

(B) In accordance with the Commission's directive, The Department has contracted with a private accounting service to evaluate the facility costs of pollution control facilities with costs at or exceeding $250,000. The evaluation of this application has been provided by Symonds, Evans & Larson certified public accountants (see attached report). Through this evaluation, the contractor has concluded that no irregularities were identified that would necessitate adjustment of the cost allocation.

5. Summation

a. The facility was constructed in accordance with all regulatory deadlines.

b. The facility is eligible for tax credit certification in that the principal purpose of the facility is to comply with a requirement imposed by the Department to control water pollution and accomplishes this purpose by the use of treatment works for industrial waste as defined in ORS 468.700.

c. The facility complies with DEQ statutes, rules and permit conditions.

d. The portion of the facility cost that is properly allocable to pollution control is 91%.

6. Director's Recommendation

Based upon these findings, it is recommended that a Pollution Control Facility Certificate bearing the cost of $954,686.79 with 91% allocated to pollution control, be issued for the facility claimed in Tax Credit Application No. TC-3801.

George F. Davis:GFD
TC-3801
(503) 229-5263
August 6, 1992

SYMONDS, EVANS & LARSON
CERTIFIED PUBLIC ACCOUNTANTS

Environmental Quality Commission
811 S.W. Sixth Avenue
Portland, Oregon 97204

At your request, we have performed certain agreed-upon procedures with respect to Tillamook County Creamery Association's (the Company's) Pollution Control Tax Credit Application No. 3801 (the Application) filed with the State of Oregon, Department of Environmental Quality (DEQ) for the Water Pollution Control Facility (the Facility) in Tillamook, Oregon. The Application has a claimed Facility cost of $954,687 with $868,765 allocable to pollution control. Our procedures, findings and conclusion are as follows:

Procedures:

1. We read the Application, the Oregon Revised Statutes on Pollution Control Facilities Tax Credits – Sections 468.150 through 468.190 (Statutes), and the Oregon Administrative Rules on Pollution Control Tax Credits - Sections 340-16-005 through 340-16-050 (OAR's).

2. We reviewed certain documents which supported the Application.

3. We discussed the Application, Statutes and OAR's with certain DEQ personnel, including John Fink and George Davis.

4. We also discussed the Application with Bruce Lundquist and Shawn Reiersgaard of the Company.

5. We toured the Facility with Mr. Reiersgaard.

6. We requested that Mr. Lundquist and Mr. Reiersgaard confirm the following:

   a) There were no related parties or affiliates of the Company which had billings which were included in the Application.

   b) There were no internal costs of the Company included in the Application.

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Portland, Oregon 97223

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c) The capacity of the Facility is adequate for the Company's present operations and does not include significant capacity for potential future operations.

d) The costs of the Facility related to safety requirements, landscaping, road improvements, etc. (ORS - Section 468.155(2)(d)) were excluded from the Application.

e) The pollution control tax credit will be used to reduce property taxes which have been assessed on all of the Company's property, including the Visitor's Center.

f) The treated water from the Facility is not directly reused by the Company.

g) The recent reduction in the amount of fresh water being purchased by the Company is primarily the result of improvements in the Company's underground water system and is not directly related to the construction of the Facility.

h) The sludge hauling truck included in the cost of the Application is used 100% for the transportation and application of sludge from the Facility to agricultural lands.

Findings:

1. through 5.

No matters came to our attention that caused us to believe that the Application should be adjusted.

6. a) through h)

Mr. Lundquist and Mr. Reiersgaard confirmed in writing that such assertions were true and correct.

SYMONDS, EVANS & LARSON

CERTIFIED PUBLIC ACCOUNTANTS

Conclusion:

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified items should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements of the Company in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

This report is solely for the use of the State of Oregon Environmental Quality Commission and Department of Environmental Quality in evaluating the Company's Pollution Control Tax Credit Application with respect to its Water Pollution Control Facility in Tillamook, Oregon, and should not be used for any other purpose.

Symonds, Evans + Larson

August 17, 1992

Environmental Quality Commission

☐ Rule Adoption Item
☑ Action Item
☐ Information Item

Agenda Item F
September 11, 1992 Meeting

Title:

Proposal to Revise Pollution Control Tax Credit Program

Summary:

The Department formed and coordinated a tax credit task force to review the program as requested by the Commission. The task force met between June 1 and July 21 to discuss the program and possible legislative changes. The views of the task force members were many, and often divergent. The reports of the three committees formed within the task force - Agriculture; Business and Industry; and Economic and Environment - are included in this report along with the Department's analysis and own recommendations.

The Department's goals are to narrow the focus of the program and simplify program administration. These goals are reflected in the Department's recommendations for program changes. The Commission's review and consideration of the recommendations will be used to finalize program changes to be pursued in the upcoming Legislative session.

Department Recommendation:

The recommendation covers seven aspects of the pollution control tax credit program:

1. Eliminate the sole purpose criteria.
2. Waste disposal facilities would not be eligible for tax credits.
3. Provide eligibility criteria based on three categories: general industrial, agricultural and material recovery/recycling facilities.
4. Eliminate the return on investment and percent allocable requirements.
5. Provide the Commission the ability to establish by rule a schedule of flat rates or fixed percentages to be used in calculating tax credits for facilities.
6. Allow a maximum tax credit of 25 percent of certified cost, claimable at 5 percent per year over 5 years.
7. Provide for approval of tax credit applications by the Director with right of appeal of the Director's decision to the Commission.

Report Author	Division Administrator	Director
John Fink	Peter A. Dalke	Fred Hansen

August 19, 1992

State of Oregon
Department of Environmental Quality **Memorandum**

Date: August 19, 1992

To: Environmental Quality Commission

From: Fred Hansen, Director

Subject: Proposal to Revise Pollution Control Tax Credit Program
September 11, 1992 Commission Meeting, Agenda Item F

Introduction

At the April 23 Commission meeting work session, the Department presented a number of issues related to the pollution control facilities tax credit program. As directed by the Commission, the Department formed a task force to thoroughly review the program and propose legislative changes. This report will discuss the work of the task force and the Department's recommendation for changes to the program. The Department has included many of the task force's suggestions in its recommendation and we recognize the importance of their contribution to this effort. A number of individuals volunteered considerable time and they should be commended for the assistance they provided under very tight time constraints.

The recommendations that are contained in this document would, if adopted, narrow the focus of and dramatically simplify the pollution control facilities tax credit program. In order to meet the deadline for pre-session bill filing, the Department was required to submit a detailed legislative concept by August 3. Staff has prepared and submitted a Legislative Proposal (Attachment A) which incorporates this report's recommendations.

We are prepared to discuss the information contained in this report at greater length. Our goal in this discussion is to obtain direction from the Commission regarding the specific program changes to be pursued in the upcoming legislative session. Based on the direction received from the Commission, we will have the opportunity to modify the Legislative Proposal.

Approach

Twenty-four individuals agreed to serve on the Department's tax credit task force and represented business associations, environmental groups, trade associations, industrial users of the program, small businesses, economists, the Economic Development Department, and the Departments of Revenue and Agriculture. Mike Downs chaired the task force for the Department. A list of the task force members and committees is attached (Attachment B).

The first meeting of the task force was held on June 11. Prior to this meeting, the task force members were provided with substantial background information on the program. At the first meeting, the task force discussed its role, the time frame for completing the project, and formed the following three committees:

- Agriculture: Individuals and organizations representing the agricultural community.
- Business & Industry: Individuals and organizations representing specific industries, industrial users of the program, and small businesses.
- Economic & Environmental: Individuals and organizations with specific expertise relating to economic and environmental issues associated with the program.

Each committee scheduled two meetings and the full task force scheduled a final meeting on July 21 to review and discuss the committee recommendations.

Department staff was also actively involved in this process. A number participated in the task force meetings and several provided comments on the committee recommendations and opinions regarding possible program changes.

Issues Considered by the Task Force Committees

Prior to the first task force meeting, staff developed lists of issues that the committees might consider. The issues posed to the committees are included as Attachment C. These issues generally fell into four categories:

1) What is the purpose of program and does the program fulfill this purpose?
2) How can administration of the program be simplified for the Department?
3) How can application procedures be simplified for applicants?
4) What other programmatic changes should be considered?

The committees were not constrained by the issues posed by the Department and many other issues were discussed. On the other hand, there were issues identified by the Department which some of the committees chose not to address. For example, the Business & Industry Committee has noted several issues in their report which they considered inappropriate for the Department to consider in recommending legislative changes.

A significant amount of each committee's time was devoted to a discussion of program purpose. From these discussions, it is apparent that the tax credit program has multiple purposes including:

- Encouraging voluntary compliance with environmental regulations.
- Easing the burden of complying with environmental regulations.
- Encouraging new businesses to locate in the state and existing businesses to expand.
- Reducing enforcement costs for the Department.

The committees generally agreed that simplifying program administration and application procedures were priorities for revising the program. A number of procedural and program changes were suggested to allow the Department to administer the program more effectively. Generally, changes which simplify program administration will also simplify application procedures. In addition, the committees identified existing application procedures and program requirements which tend to discourage small businesses from using the program. This generated several suggestions which will allow small businesses to readily access the tax credit program.

The committees prepared written reports and copies of these reports are attached (Attachment D).

Task Force Recommendations

Each of the committees' recommendations were presented to and discussed by the full task force on July 21. The task force was unable to reach consensus on the purpose of the program or potential changes to the program and no set of recommendations was prepared by the task force. The lack of a task force recommendation does not limit the Department's ability to move forward with a proposal.

Department's Recommendation

The Department's position is that legislative changes to the tax credit program should narrow the focus of the existing program and simplify program administration. Based on input received from the task force, our internal review of the program, and previous discussions with the Commission, the Department has developed a set of recommendations which are consistent with these goals. We recommend that the following changes to the tax credit statute be pursued in the upcoming legislative session:

Recommendations to Narrow Program Focus

1) Elimination of the sole purpose criterion.

Rationale: The sole purpose criterion is very restrictive and is rarely used by tax credit applicants except to establish the eligibility of material recovery and recycling facilities. Program clarity and focus can be improved by eliminating the sole purpose criterion. The eligibility of material recovery and recycling facilities will be retained by creating new statutory language and exempting these facilities from the principal purpose criterion (Recommendation 3 below). This recommendation is consistent with recent interpretations by the Attorney General that the sole purpose criterion has been used unnecessarily to establish the eligibility of recycling facilities. Consequently, there has been little practical benefit derived from the sole purpose criterion.

2) Waste disposal facilities would not be eligible for tax credits.

Rationale: The Department's view is that businesses which derive economic benefit from regulations imposed by the Department should not be eligible for economic incentives. Solid and hazardous waste disposal facilities are the most obvious examples of this and since it is difficult to identify all situations where this might occur, the simplest solution appears to be eliminating eligibility for these types of facilities. Since we do not wish to create inequities in administration and in the interest of simplifying procedures, the Department would extend ineligibility to all solid and hazardous waste disposal facilities, including those which are only incidental to an applicant's business.

Note: Based on definitions in ORS 459 and 466, this change would make facilities utilizing landfills or incineration to dispose of solid and hazardous waste ineligible.

3) Create new sections within the existing statute to provide eligibility criteria for general industrial facilities, agricultural production facilities, and material recovery or recycling facilities.

The specific eligibility criteria that would apply for these three sections are:

General industrial facilities--This section would include the basic provisions of the existing statute except that provisions pertaining to the sole purpose criterion and material recovery or recycling facilities would be removed (and transferred to a new section), and rolling stock would be ineligible.

Agricultural production facilities--This section would apply only to agricultural production facilities, e.g., operating farms. Other agriculture-related businesses (such as agricultural services, food processors, etc.) might be eligible as general industrial facilities. Specific provisions that would be added are:

- Linking claimed reductions in acres burned to actual reductions in acres burned.
- Extending tax credits to facilities consistent with Best Management Practices for air and water pollution prevention, control, and reduction.
- Rolling stock would be eligible.

Material recovery or recycling facilities--This section would contain the existing statutory language for these types of facilities. Neither the principal nor sole purpose criteria would be relevant for these facilities. Since vehicles are an intrinsic part of recycling businesses, rolling stock would be eligible.

Rationale: The existing statute provides general guidelines across the spectrum of industries. It is the Department's position that further definition by industry will lead to less confusion and allow the Commission to adopt rules which are more useful, both to Department staff and applicants. In addition, this recommendation recognizes that distinctions exist among industries.

Recommendations to Simplify Program Administration

4) Elimination of the return on investment and percent allocable requirements.

Rationale: There is general agreement that the return on investment and percent allocable requirements are burdensome for applicants and complicate Department staff review of applications. It is also felt that these procedures place a larger burden on small businesses and limit their access to the program. In addition, the existing reference return on investment is based on an average annual return for all manufacturing industries. It has been pointed out that rates of return in many industries may diverge from this reference and, as a result, the calculation may overstate the percent allocable to pollution control.

In exchange for establishing flat tax credit rates (Recommendation 5) and reducing the amount of tax credit claimable (Recommendation 6), the Department believes it is appropriate to drop the return on investment and percent allocable requirements.

5) The Commission should have the ability to establish by rule a schedule of flat rate or fixed percentage tax credits for facilities.

Rationale: Under the existing statute, the Department does not have the ability to reduce the certified cost of facilities which have less costly alternatives. The Department believes that adoption of a schedule of fixed tax credit percentages and rates would simplify application processing. As an example, for alternatives to field burning tax credits, the Commission could set a fixed tax credit per acre and the applicant would decide which approved alternative to use. The applicant could choose between purchasing a large and costly tractor or pursuing a less costly alternative. Either way, the tax credit would be identical. The Department will identify types of facilities where this is feasible and will determine the allowable rates. These rates would be adopted by rule.

6) Reduce the amount of tax credit claimable to a maximum of 25 percent of certified cost, claimable at five percent per year over five years.

Rationale: Since the Department would no longer have the ability to reduce the percent allocable through the return on investment calculation and with other changes to simplify the program, the Department believes that a reduction in program benefits is appropriate. For most applicants, this change would result in the loss of approximately 35 to 40 percent of the economic benefits, assuming that the applicant can take full advantage of the tax credit.

Though the Department has made a specific recommendation for the percent claimable and the period for claiming benefits, other percentages and time frames could be recommended.

7) Approval of tax credit applications by the Director or designee with right of appeal of the Director's decision to the Commission.

Rationale: Some delays currently occur between the time when the application review is completed by staff and the tax credit application can be acted upon by the Commission. By narrowing the program's focus and simplifying application review, the Department believes that it would be unnecessary for individual tax credit applications to be considered and approved by the Commission. The Commission would, of course, continue to adopt administrative rules for the program and may, from time to time, be called upon to make policy decisions that cannot be made by staff.

In addition, the Department would provide the Commission with periodic reports of applications acted upon and make all applications available for public inspection.

Other Changes Suggested by Task Force

A number of suggestions from the task force committees were not included in the Department's recommendation. These suggestions were thoroughly considered; however, the Department's conclusion is that these suggestions are not necessarily consistent with achieving the goals of narrowing the program's focus and simplifying the program. Some of the most significant of these suggestions were:

1) The task force committees generally agreed that preliminary certification of tax credit applications was desirable. A preliminary certification procedure was a part of the tax credit program from 1973 until 1989. At that time, it was determined that preliminary certification was an additional administrative burden both for the agency and for applicants and the preliminary certification requirement was dropped. Since the Department's recommendation will dramatically simplify administration of the program, we believe that processing times will improve to such an extent that preliminary certification of tax credits applications is unnecessary.

2) At least two of the task force committees recommended pursuing grant or loan programs as either an add-on or an alternative to the tax credit program. The Department's feeling is that additional programs would present additional administrative requirements. There is also disagreement whether these types of programs would be more or less effective than the current tax credit program in encouraging pollution prevention, control and reduction.

3) A possible extension of the program sunset date of 12/31/95 was discussed. It is not the Department's view that it is necessary to propose an extension of the sunset date during the upcoming legislative session. Opportunities will exist to address the sunset date in the 1995 session.

4) The possibility of imposing a program cap was discussed. The Department believes that capping the program may create additional administrative requirements, complicate decision making, and possibly require the use of more discretion on the agency's part. This is not consistent with our goal of simplifying program administration. On the other hand, the Legislature could decide that the potential impact of tax credits on the general fund should be limited and impose a program cap.

5) The possibility of transferring the program to another agency (such as the Economic Development Department or the Department of Agriculture) was considered by the committees. While the Department is not necessarily opposed to this since there is sentiment that the program is an economic development tool, to remain a pollution control tax credit program would require the continued involvement of Department staff.

Attachments:

A. Legislative Proposal submitted to Legislative Counsel Committee on August 3, 1992.

B. List of Tax Credit Task Force members and committees.

C. Issues posed to Tax Credit Task Force committees.

D. Reports of the Agriculture, Business & Industry, and Economic & Environment committees of the Task Force.

E. Existing Pollution Control Facilities Tax Credit Statute, ORS 468.150 to 468.190.

LEGISLATIVE PROPOSAL

Send **the original and four copies** to Trish Mecalis, Budget and Management Division, 155 Cottage Street NE, Salem, OR 97310 **on or before May 1, 1992.**

Agency Department of Environmental Quality Proposal No. 340-01 LC # 848

Subject/Title Amendments to the Pollution Control Facilities Tax Credit Law

Is the proposal related to the Oregon Benchmarks? No
If yes, identify category and number(s) _____

Contact Person John Fink Phone No. 229-6149

Alternate Contact Mike Downs Phone No. 229-5254

Attach a completed Fiscal Impact Estimate for each Legislative Proposal

---

Approved For Drafting? Yes No _____ ____
Budget and Management Division Date

Yes __Governor's Bill No. _____ ____
__Agency Bill Governor's Office Date

PROBLEM/ISSUE STATEMENT:

The existing pollution control tax credit program is widely viewed as being an administrative burden both for the Department and for applicants. At the direction of the Environmental Quality Commission (EQC), the Department formed a task force to review the purposes of the tax credit program and provide guidance on the development of legislative solutions to this issue. Based on input from the task force and DEQ staff, this legislative concept to simplify program administration was developed.

PROPOSAL SPECIFICS:

_X_ Amend current law? Please cite existing chapter and section number(s) ORS 468.150 to 468.190
___ Introduce new statutory language? Discuss content needed to accomplish purpose.

The Department proposes that the current law be amended as follows:

1) Tax credit applications to be approved by the Department Director or his/her designee with right of appeal of the Director's decision to the EQC.

2) Elimination of the sole purpose criteria.

3) Elimination of the return on investment and percent properly allocable requirements.

4) Reduction in the amount of tax credit which can be claimed to a maximum of 25 percent of certified cost, claimable at five percent per year over five years.

5) Authority to the EQC to establish by rule and where appropriate, a schedule of flat or fixed percentage tax credit rates for facilities.

6) Add waste disposal facilities to list of facilities which are ineligible for tax credits.

7) Three separate sections in the statute would be developed to establish eligibility and specific provisions for: a) general industrial applicants, except agricultural production businesses and material recovery or recycling facilities; b) agricultural production businesses; and, c) material recovery or recycling facilities. The following would apply to each section:

a) General applications:
- Rolling stock would be excluded from eligibility.
- Provisions in current statute relating to material recovery or recycling facilities would be eliminated.

b) Agricultural production businesses:
- This section would apply only to businesses directly involved in agricultural production (crops and livestock).
- Rolling stock would be eligible.
- The EQC would have the authority to designate which alternatives to open field burning would be eligible for tax credits.
- Applicants for tax credits for alternatives to open field burning would have to demonstrate to the satisfaction of the Department that actual reductions in acres burned will be achieved.
- The EQC would have the authority to extend tax credits to facilities consistent with Best Management Practices (BMPs) for air and water pollution control and reduction.

c) Material recovery or recycling facilities:
- The principal purpose and sole purpose criteria would not be applicable.
- Rolling stock would be eligible.
- Provisions of current statute relating to material recovery or recycling facilities would be included in this section.

The Department does not propose an extension of the current December 31, 1995 program sunset in the 1993 Session.

POLICY IMPLICATIONS:

This proposal will narrow the focus of the existing tax credit program and simplify administration of the program. In addition, the impact on the state's general fund may be reduced by limiting the eligibility of certain types of facilities and by reducing the percent of tax credit claimable. A decision to retain the pollution control tax credit program will be an affirmation by the Legislature that it is the policy of the state to continue to subsidize the cost of construction of pollution control facilities.

AGENCIES AFFECTED:

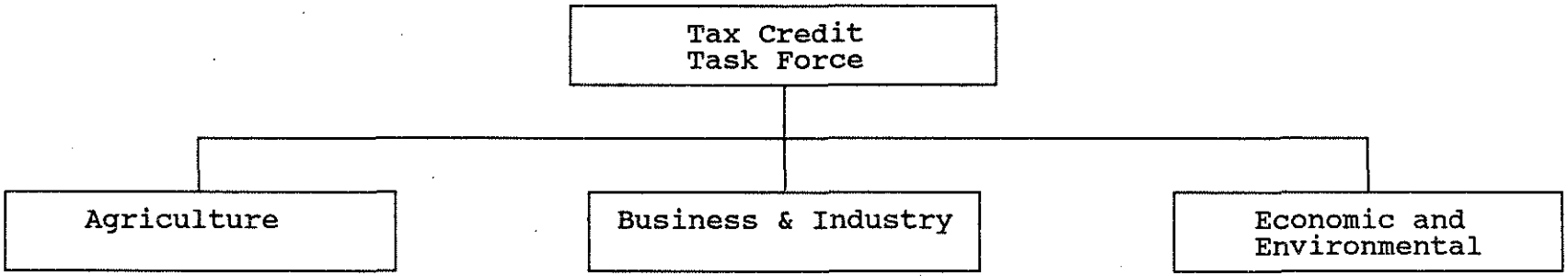
The Department of Revenue processes tax claims submitted by businesses who have received a tax credit certificate from DEQ. The proposed changes will not affect this process. The Oregon Economic Development Department (OEDD) uses the tax credit program in promoting the state for business relocations and in their business retention activities. The DEQ believes that the proposed changes retain the incentive nature of the program and that simplification of the program may increase its usefulness in this regard.

PUBLICS AFFECTED:

Oregon businesses will be affected by this proposal to varying degrees. Small businesses, which indicate that the application procedures are burdensome, will presumably benefit from simplification of the program. Businesses which rely on the program to subsidize the cost of complying with environmental regulations will likely see a decline in the amount of this subsidy and consequently, may oppose changing the amount claimable.

ATTACHMENT B

POLLUTION CONTROL TAX CREDIT TASK FORCE COMMITTEES



Agriculture

- Scott Ashcom, Ted Hughes & Associates
- Chuck Craig, Department of Agriculture (Chair)
- Jim Krahn, Oregon Dairy Farmers Association
- Dave Nelson, Oregon Seed Council
- Don Schellenberg, Oregon Farm Bureau

Business & Industry

- Jim Benedict, Cable Huston Benedict
- Max Brittingham, Oregon Sanitary Service Institute
- Brian Doherty, Miller Nash
- Jerry Fisher, Hewlett Packard
- John Loewy, Dotten & Associates
- Duane Sorenson, Waste Control Systems, Inc.
- Bob Westcott, Wesco Parts Cleaners
- Jim Whitty, Associated Oregon Industries (Chair)
- Allen Willis, Boise Cascade

Economic and Environmental

- Jean Cameron, Oregon Environmental Council (Chair)
- Cindi Chinnock, Dept. of Revenue
- Jerry Herman, Env. Learning Center
- Jon Jaqua, Economic Development Department
- Skip Laitner, Economic Research Associates
- Tom Lindley, Miller Nash
- G. H. Mattersdorff, Lewis & Clark College
- Dara O'Rourke, Pollution Prevention Research Center
- Rick Paul, Rick Paul & Associates
- Quincy Sugarman, OSPIRG

POLLUTION CONTROL TAX CREDIT TASK FORCE
COMMITTEE ISSUES AND RECOMMENDATIONS

Agriculture Committee Issues

Some of the issues that this committee may address include:

- Is the tax credit program as currently structured an incentive for agricultural businesses to install pollution control facilities? An incentive to follow environmentally acceptable agricultural practices?

- Are the tax credit rules appropriate for farming enterprises (i.e., eligibility criteria, ROI process, etc.)?

- Are tax credits the most appropriate incentive for agricultural enterprises or would grants or loans be preferable?

- Does the existence of a state statute limiting open field burning indicate a need for state involvement to reduce the impact of this statute on farming enterprises or should this be viewed as a cost of operating a farming business?

- How can we make the program more self-policing?

- How can administration of the program be simplified, both for the agricultural community and the Department?

- Should administration of the tax credit program be shifted to the Department of Agriculture or the Economic Development Department?

- What changes should be made to the current program to improve it?

- What changes should be made to the current program to increase its effectiveness in bringing about pollution reduction?

- What agricultural activities not covered by the current program should be?

- What agricultural activities covered by the existing program shouldn't be?

- Should we identify specific agricultural activities that would be eligible under the program and exclude the rest?

- Should financial incentives be provided for farmers that use best management practices in their operations?

- How can we be sure that farmers who receive tax relief for alternatives to field burning really do reduce the number of acres open burned?

CONCLUSIONS AND RECOMMENDATIONS OF THE
POLLUTION CONTROL TAX CREDIT TASK FORCE
AGRICULTURE COMMITTEE

ONE: The committee concludes that tax credits for agriculture are both an incentive and a method of cushioning the cost of compliance with environmental regulations. However, because tax credits can only be used when a business generates a profit sufficient to claim the credit, the narrow profit margins in agriculture suggest the incentive component plays a lesser role than that of softening the cost of compliance.

TWO: Agriculture is distinct from other forms of business in its inability to establish a selling price for its commodities. Because agriculture producers are "price takers," they have no way to pass on the cost of environmental compliance to consumers as do other businesses (price setters).

Agriculture is also a very cyclical industry. Because of the swings in the agricultural economy, tax credits may only be effective in stimulating compliance during certain periods.

Because agriculture cannot pass on the cost of compliance, and due to the cyclical swings in profitability, the committee believes tax credits should be viewed as only one of several methods for encouraging and assisting agriculture in reducing pollution and complying with environmental regulations. The committee recommends further discussion about establishing additional tools to help agriculture adjust to the cost of compliance, including a low- or no-interest revolving loan fund, grants, and/or cost sharing.

THREE: The committee recommends that DEQ form a task force or technical advisory committee (TAC) comprised of individuals from the agricultural community, Extension Services, industry and others with knowledge of agricultural costs and practices, to develop concise guidelines identifying the types of agricultural facilities which meet the principal and/or sole purposes of air and water pollution prevention, control and reduction.

FOUR: The committee recommends that DEQ staff be provided broader authority to determine which applications meet the guidelines developed by the TAC and adopted by administrative rule, and to recommend approval or denial on that basis. Applicants could appeal a denial to the Commission.

The committee further recommends that all applications over a set dollar threshold automatically be referred to the Commission for approval after DEQ staff's review and recommendation.

The committee further recommends that DEQ periodically publish notice of those applications which fall under the established threshold to enable public access to this information.

FIVE: The committee recommends that DEQ, through the assistance of the TAC, develop a procedure for monitoring compliance with tax credit facilities. The task force would recommend the types of projects/facilities which require only a periodic affidavit from the producer verifying that the equipment/facility continues to be used for the intended purpose. The task force would also recommend those types of projects/facilities which might require a field inspection or written verification of compliance once every 3-5 years. DEQ would keep a record of compliance data.

SIX: The committee recommends that DEQ develop some methodology for establishing a measure between agricultural pollution control tax credits and pollution reduction. The agency's efforts in better monitoring compliance could provide data for this initiative. Additionally, DEQ may need to revise its application form for agricultural tax credits to obtain needed data.

SEVEN: The committee feels the ROI calculation is not appropriate for use with respect to agricultural pollution control tax credits. Agriculture rarely shows any return on investment from compliance with environmental regulation, making the ROI measure of little value in most instances. Additionally, the RROI is calculated from a five-year average of all manufacturing industries (17-18% range) while agriculture rarely shows more than a 3-5% ROI.

To streamline the application process and lessen the workload for DEQ staff, the committee recommends eliminating the ROI computation for agriculture, and replacing it with a flat rate tax credit, varied for specific facilities, as recommended by the TAC and adopted in administrative rules.

Business and Industry Committee Issues

Some of the issues that this committee may address include:

- Is the tax credit program a state economic development tool? Is the program used to market the state?

- Does the tax credit program offset any competitive disadvantage to Oregon businesses where Oregon's environmental requirements are more stringent than neighboring states?

- Which states can be viewed as Oregon's competitors and what types of environmental incentives, if any, do they offer?

- Do businesses locating in the state cite the tax credit program as influencing their decision?

- Do businesses which have chosen to leave the state cite environmental regulation as influencing their decision?

- Does the tax credit program enhance Oregon's business climate or keep the state's business climate on equal footing with other states that provide pollution control incentives?

- Is the program's scope too broad and should uses of the program be narrowed?

- Should the tax credit program be available to businesses newly locating in Oregon or should it only be available to existing Oregon businesses?

- Should the program be available only to certain types of businesses such as businesses in targeted industries or small businesses?

- Would it be feasible to link the program to job creation?

- How can administration of the program be simplified?

- Should administration of the tax credit program be shifted to the Economic Development Department?

- Should tax credits be available to businesses that exist as the result of state or federal regulations (such as tax credits to waste disposal businesses)?

- Should the program be discontinued for uses which have had only limited activity (i.e., hazardous waste, plastics recycling, used oil)? Or has the way the program is structured discouraged such uses and if so, how should the program be changed?

- What would be a reasonable extension of the program sunset date (currently 12/31/95)?

Issues that may be addressed by the industrial users of the program:

- Is the tax credit program an incentive for businesses to install pollution control facilities?

- Are Oregon's environmental laws viewed as stricter than other states?

- Would businesses install pollution control facilities voluntarily?

- Does the program encourage businesses to install state-of-the-art pollution control equipment?

- Do businesses view the tax credit program as a "partnership" with environmental regulators?

- Does the tax credit program help businesses compete with businesses located in other states that have incentives or are less stringent?

- Are there other incentives (other than tax credits, i.e., grants, loans, loan guarantees, etc.) that would encourage the installation of pollution control facilities and that would be preferable to tax credits?

- Do businesses use their environmental policies as a marketing tool?

- Should there be a program to assist businesses that suffer an economic hardship as the result of environmental regulation? How could we determine which businesses are adversely affected?

- Are the application procedures burdensome, particularly for small businesses or for low value facilities?

- Is the program too complex? If so, what changes should be made?

- Is the certification process too lengthy? If so, what changes should be made?

Final Report

Business and Industry Committee of the DEQ Pollution Control Tax Credit Task Force

July 27, 1992

Background

In 1967 Oregon adopted the Pollution Control Tax Credit program to ease the financial burden of complying with the first round of major environmental laws and regulations. The program seemingly was not intended, at that time, to be permanent. Since 1967 the law has been amended many times and the sunset date extended appropriately. Although not originally intended to be permanent, no one at that time envisioned the scope of regulatory activity in subsequent years at yet higher costs of compliance.

Purpose

The Business and Industry Committee finds it time to review the purpose and scope of the pollution control tax credit law. The Business and Industry Committee interprets the purpose of the law as stated in ORS 468.160 to be twofold:

1. To ease the financial burden of environmental compliance for operating businesses competing in a national and international marketplace; and

2. To act as an economic development tool to encourage new business to locate in Oregon and existing businesses to expand.

The Business and Industry Committee believes the program is successful in these areas, but does not possess resources necessary to quantify, or in some way measure, this conclusion. The Oregon Economic Development Department (OEDD), having the requisite experience in business recruitment into Oregon, agrees with our conclusion (see Appendix A).

Collateral Benefits

The program has important collateral benefits:

1. Encouraging the Oregon business community to exceed minimum environmental requirements through use of state of the art technology even though more expensive;

2. Encouraging the Oregon business community to comply with new environmental requirements in a timely manner;

3. Fostering cooperation between DEQ and industry in implementation and compliance with environmental laws; and

4. Fostering cooperation between DEQ and environmental groups in developing consensus on environmental policy for Oregon.

Quantifying the program's collateral benefits is difficult as necessary records are not kept. The committee uncovered numerous examples of an applicant exceeding minimum requirements with resultant benefit to the environment. Cooperation as a collateral benefit is also impossible to measure but is nonetheless real.

There are other collateral benefits to the program that are beyond the scope of this report.

Areas of Concern

Since inception the program has undergone numerous changes to make improvements or address political needs. The Business and Industry Committee believes changes are again needed to improve the program for the 1990s by reducing administrative complexity and cost to the applicant. The committee identifies two primary areas of concern to be addressed.

1. Inadequate access to program for small business.

   a. The application process is complex and small business does not have the resources to apply for the pollution control tax credit in a cost effective way.

   b. The "return on investment" (ROI) analysis is often times too expensive for small pollution control projects; cost of obtaining and proving ROI often exceeds prospective program benefit.

2. Long delays in application processing by DEQ staff. DEQ staff members complain about vagueness in statutory terminology. Industry notes a lack of enthusiasm and support for the program among DEQ staffers. Most staffers involved with the program process applications as only a small part of their overall duties. The "return on investment" analysis slows down processing.

Recommendations

The Business and Industry Committee proposes five recommendations for improvements to the program.

1. Streamline the process for receiving project certification. The committee believes streamlining includes pre-certification and standardizing the application and approval process for similarly situated categories of pollution control facilitates. Approval of pre-certification should not be tied to approval of Notice of Intent to Construct.

2. Establish staff commitment to the program by either (1) DEQ dedication of more staff members full time to the program (the committee's preference), or (2) transferring the program to another state agency (Economic Development Department expresses an interest).

3. Eliminate the need for EQC approval of individual applications; approval should be given at the director level with a right of appeal to the EQC.

4. Improve the process for small business by establishing a more streamlined program for small pollution control investments. Small pollution control investments should be defined in statute. The small investment program should not have the "return on investment" analysis required of the current program. Ideally, the small PCTC program would have a simplified application with a pre-qualification approval process. A small project should have the option of which arm of the program to access.

5. The sunset date of December 31, 1995 should be extended to December 31, 1999. Periodic review by the Legislative Assembly is appropriate to update the pollution control tax credit law and its administration.

There are several topics of concern to some that the Business and Industry Committee believes appropriate only for the Legislative Assembly to address in the context of broad state budget and tax policy. The Business and Industry Committee believes it is not appropriate for any agency of limited scope and responsibility to examine these topics. These include the following:

1. A change in the credit rate.

2. A cap on total program dollars spent each year.

3. A cap on the amount each company/facility can spend in the program.

4. Downsizing the program to eliminate certain categories of users.

5. Once only tax credit program to comply with new environmental laws or regulations.

6. Eliminating or replacing the pollution control tax credits program.

Conclusion

Oregon's Pollution Control Tax Credit program is achieving its intended purpose and should be continued albeit with certain administrative efficiency improvements and enhancements for small business pollution control investments.

Oregon

ECONOMIC DEVELOPMENT DEPARTMENT

July 2, 1992

Jim Whitty, Chair
Business & Industries Committee
Associated Oregon Industries
1149 Court St. NE
Salem, OR 97301

Dear Jim:

Please accept this initial response to the Tax Credit Task Force questions posed to OEDD. Admittedly, the responses were a bit hastily compiled, but we are available to further respond or clarify the responses as needed.

TAX CREDIT TAX FORCE
Questions/Answers

1. Q. Is the tax credit program a state economic development tool? Is the program used to market the state?

   A. Yes, the tax credit program is used to market the state, packaged with other significant state incentives.

2. Q. Does the tax credit program offset any competitive disadvantage to Oregon businesses where Oregon's environmental requirements are more stringent than neighboring states?

   A. The Pollution Control Tax Credit is packaged with other incentives that, as a package, make Oregon competitive with other states in recruiting out of state companies and encouraging expansion of existing companies.

3. Q. Which states can be viewed as Oregon's competitors and what types of environmental incentives, if any, do they offer?

   A. Utah, New Mexico, Arizona, Nevada, Idaho, and Washington are major competitors in recruiting companies. All but New Mexico offer environmental incentives of some kind. On large recruitment, Texas and the southeast states are major competitors and are able to offer incentives that Oregon cannot compete with, i.e. tax forgiveness.

4. Q. Do businesses locating or expanding in the state cite the tax credit program as influencing their decision?

Barbara Roberts
Governor

775 Summer St. NE
Salem, OR 97310
(503) 373-1200
FAX (503) 581-5115

OEDD is an AA/EEOE and complies with Section 504 of the Rehab Act of 1973

4. A. OEDD packages the Pollution Control Tax Credit with other significant incentives when recruiting. Because we package "incentives", we cannot say specifically that the Pollution Control Tax Credit has been cited as influencing a decision. However, clearly, time and again, the "package" of incentives offered made the difference in influencing a decision and the Pollution Control Tax Credit is a visible part of that package.

5. Q. Do businesses which have chosen to leave the state cite environmental regulation as influencing their decision?

   A. Yes, businesses do cite environmental regulation as a reason for leaving, but the volume of those businesses is relatively small. Of equal or greater concern, are those businesses who remain, but are unable to get through the regulatory permit process and, as a result, have a very high frustration level with "government." Because of the process difficulties, Oregon is perceived to have a higher regulatory standard than other states.

6. Q. Does the tax credit program enhance Oregon's business climate or keep the state's business climate on equal footing with other states that provide pollution control incentives?

   A. The tax credit program helps to keep Oregon's business climate on equal footing with other states that provide incentives of some type. All 49 other states offer incentives of some kind.

7. Q. Is there evidence that the tax credit program creates jobs?

   A. Yes, to the extent that we package the Pollution Control Tax Credit with other incentive programs and with that package successfully recruit companies or induce companies to expand, the Pollution Control Tax Credit does create jobs.

Please feel free to call me at 373-1225 if you need further clarification.

Sincerely,

Jon Jaqua, Manager
Business Development Division

c: John Fink, DEQ
Gabriella Lang, OEDD

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Economic and Environmental Committee Issues

In addition to providing input on issues addressed by the other committees, this committee may also consider the following:

- Does the tax credit program assist in the control of existing pollution?
- Does the tax credit program assist in pollution prevention?
- Does the tax credit program reward businesses for violating environmental laws?
- Is the tax credit program a subsidy for what can be viewed as the cost of doing business?
- Are the state's enforcement costs reduced as a result of the program?
- What is the impact of the tax credit program on the state's general fund? How could we estimate the impact?
- How could we ensure that the savings to the general fund resulting from elimination or scaling back of the tax credit program would be devoted to other environmental programs?
- Should there be a limitation on the amount of tax credits available in any year (such as with the Energy Tax Credit) or to any one business or facility? Should a certain amount be reserved for a particular group of users such as small businesses, recycling enterprises, etc.?
- Are there other economic incentives which would provide a greater environmental benefit? If so, what are they?
- Who should administer the tax credit program in the future (i.e., Economic Development Department, Department of Agriculture, DEQ, or a combination)?
- Should the tax credit program be limited to only include businesses that employ innovative technologies?
- Should tax credits be based on least cost alternatives (i.e., establish a set of least cost solutions and measure all tax credits against this least cost alternative, despite the actual method used)?
- What would be a reasonable extension of the sunset date?
- Do non-point sources of pollution receive less favorable consideration because of the way that the program is structured?
- Are there other state and/or federal programs which could be accessed by businesses adversely impacted by environmental regulations?

RECOMMENDATIONS
from the Economic and Environmental Subcommittee
RE: The Pollution Control Tax Credit Program

Recommendation regarding Purpose of the Program:

The Economic and Environmental (E/E) Subcommittee recommends that the purpose of an economic incentive program should be to gain measurable environmental quality for Oregon by going beyond what is required for compliance.

The committee recommends that loan guarantees and interest rate buy-downs (like those for the underground storage tank program), grants, technical assistance (such as efficiency audits), and information transfer regarding new technologies be provided by Oregon as an appropriate package of economic incentives and assistance to achieve the recommended purpose.

Recommendations regarding Program Administration:

The E/E subcommittee recommends a pre-approval mechanism similar to that utilized by ODOE as important if loans or grants are to function as incentives.

The E/E subcommittee agreed that the Environmental Quality Commission approval could be dropped, <u>if</u> there is opportunity for public comment on program policies, both administrative policies as well as choices regarding eligible activities, as well as quarterly reports to EQC and public access to program records.

The subcommittee further recommends that any program should be monitored and reviewed regularly, probably in connection with a regular sunset review, like ODOE's five year sunset review.

They also felt that applicants for grants or loans should demonstrate current compliance with all applicable regulations and not have a history of repeated violations.

The committee recommends that any economic incentive program should be capped, with both a total program cap and other mechanisms such as capping the percentage of loans and/or a maximum amount per applicant.

The E/E subcommittee further recommends that program priorities could be set consistent with the Oregon Benchmarks, either by the Legislature or by the EQC if so authorized by the Legislature.

Submitted by Jean R. Cameron, Subcommittee Chair, July 14, 1992

POLLUTION CONTROL FACILITIES TAX CREDIT

468.150 Field sanitation and straw utilization and disposal methods as "pollution control facilities." After alternative methods for field sanitation and straw utilization and disposal are approved by the committee and the department, "pollution control facility," as defined in ORS 468.155, shall include such approved alternative methods and persons purchasing and utilizing such methods shall be eligible for the benefits allowed by ORS 468.155 to 468.190. [1975 c.559 §15]

Note: 468.150 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 468 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

468.155 Definitions for ORS 468.155 to 468.190. (1)(a) As used in ORS 468.155 to 468.190, unless the context requires otherwise, "pollution control facility" or "facility" means any land, structure, building, installation, excavation, machinery, equipment or device, or any addition to, reconstruction of or improvement of, land or an existing structure, building, installation, excavation, machinery, equipment or device reasonably used, erected, constructed or installed by any person if:

(A) The principal purpose of such use, erection, construction or installation is to comply with a requirement imposed by the department, the federal Environmental Protection Agency or regional air pollution authority to prevent, control or reduce air, water or noise pollution or solid or hazardous waste or to recycle or provide for the appropriate disposal of used oil; or

(B) The sole purpose of such use, erection, construction or installation is to prevent, control or reduce a substantial quantity of air, water or noise pollution or solid or hazardous waste or to recycle or provide for the appropriate disposal of used oil.

(b) Such prevention, control or reduction required by this subsection shall be accomplished by:

(A) The disposal or elimination of or redesign to eliminate industrial waste and the use of treatment works for industrial waste as defined in ORS 468B.005;

(B) The disposal or elimination of or redesign to eliminate air contaminants or air pollution or air contamination sources and the use of air cleaning devices as defined in ORS 468A.005;

(C) The substantial reduction or elimination of or redesign to eliminate noise pol-

lution or noise emission sources as defined by rule of the commission;

(D) The use of a material recovery process which obtains useful material from material that would otherwise be solid waste as defined in ORS 459.005, hazardous waste as defined in ORS 466.005, or used oil as defined in ORS 468.850; or

(E) The treatment, substantial reduction or elimination of or redesign to treat, substantially reduce or eliminate hazardous waste as defined in ORS 466.005.

(2) "Pollution control facility" or "facility" does not include:

(a) Air conditioners;

(b) Septic tanks or other facilities for human waste;

(c) Property installed, constructed or used for moving sewage to the collecting facilities of a public or quasi-public sewerage system;

(d) Any distinct portion of a pollution control facility that makes an insignificant contribution to the principal or sole purpose of the facility including the following specific items:

(A) Office buildings and furnishings;

(B) Parking lots and road improvements;

(C) Landscaping;

(D) External lighting;

(E) Company or related signs; and

(F) Automobiles;

(e) Replacement or reconstruction of all or a part of any facility for which a pollution control facility certificate has previously been issued under ORS 468.170, except:

(A) If the cost to replace or reconstruct the facility is greater than the like-for-like replacement cost of the original facility due to a requirement imposed by the department, the federal Environmental Protection Agency or a regional air pollution authority, then the facility may be eligible for tax credit certification up to an amount equal to the difference between the cost of the new facility and the like-for-like replacement cost of the original facility; or

(B) If a facility is replaced or reconstructed before the end of its useful life then the facility may be eligible for the remainder of the tax credit certified to the original facility;

(f) Asbestos abatement; or

(g) Property installed, constructed or used for clean up of emergency spills or unauthorized releases, as defined by the commission. [Formerly 449.605; 1975 c.496 §1; 1977 c.795 §1; 1979 c.802 §1; 1983 c.637 §1; 1987 c.596 §4; 1989 c.802 §4]

468.160 Policy. In the interest of the public peace, health and safety, it is the policy of the State of Oregon to assist in the prevention, control and reduction of air, water and noise pollution and solid waste, hazardous wastes and used oil in this state by providing tax relief with respect to Oregon facilities constructed to accomplish such prevention, control and reduction. [Formerly 449.615; 1975 c.496 §2; 1977 c.795 §2; 1979 c.802 §2]

468.165 Application for certification of pollution control facilities; fees. (1) Any person may apply to the commission for certification under ORS 468.170 of a pollution control facility or portion thereof erected, constructed or installed by the person in Oregon if:

(a) The air or water pollution control facility was erected, constructed or installed on or after January 1, 1967.

(b) The noise pollution control facility was erected, constructed or installed on or after January 1, 1977.

(c) The solid waste facility was under construction on or after January 1, 1973, the hazardous waste or used oil facility was under construction on or after October 3, 1979, and if:

(A) The facility's principal or sole purpose conforms to the requirements of ORS 468.155 (1);

(B) The facility will utilize material that would otherwise be solid waste as defined in ORS 459.005, hazardous waste as defined in ORS 466.005 or used oil as defined in ORS 468.850 by mechanical process or chemical process or through the production, processing including presegregation, or use of, materials which have useful chemical or physical properties and which may be used for the same or other purposes, or materials which may be used in the same kind of application as its prior use without change in identity;

(C) The end product of the utilization is an item of real economic value;

(D) The end product of the utilization, other than a usable source of power, is competitive with an end product produced in another state; and

(E) The Oregon law regulating solid waste imposes standards at least substantially equivalent to the federal law.

(d) The hazardous waste control facility was erected, constructed or installed on or after January 1, 1984, and if:

(A) The facility's principal or sole purpose conforms to the requirements of ORS 468.155 (1); and

(B) The facility is designed to treat, substantially reduce or eliminate hazardous waste as defined in ORS 466.005.

(2) The application shall be made in writing in a form prescribed by the department and shall contain information on the actual cost of the facility, a description of the materials incorporated therein, all machinery and equipment made a part thereof, the existing or proposed operational procedure thereof, and a statement of the purpose of prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or recycling or appropriate disposal of used oil served or to be served by the facility and the portion of the actual cost properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil as set forth in ORS 468.190 (2).

(3) The director may require any further information the director considers necessary before a certificate is issued.

(4) The application shall be accompanied by a fee established under subsection (5) of this section. The fee may be refunded if the application for certification is rejected.

(5) By rule and after hearing the commission may adopt a schedule of reasonable fees which the department may require of applicants for certificates issued under ORS 468.170. Before the adoption or revision of any such fees the commission shall estimate the total cost of the program to the department. The fees shall be based on the anticipated cost of filing, investigating, granting and rejecting the applications and shall be designed not to exceed the total cost estimated by the commission. Any excess fees shall be held by the department and shall be used by the commission to reduce any future fee increases. The fee may vary according to the size and complexity of the facility. The fees shall not be considered by the commission as part of the cost of the facility to be certified.

(6) The application shall be submitted within two years of substantial completion of construction of the facility. Failure to file a timely application shall make the facility ineligible for tax credit certification. An application shall not be considered filed until it is complete and ready for processing. The commission may grant an extension of time to file an application for circumstances beyond the control of the applicant that would make a timely filing unreasonable. If a facility is completed before January 1, 1984, the application shall be submitted within two years after January 1, 1984. [Formerly 449.625; 1974 s.s. c.37 §2; 1975 c.496 §3; 1977 c.795 §3; 1979 c.802 §3; 1981 c.359 §1; 1983 c.637 §2; 1989 c.802 §5]

468.170 Action on application; rejection; appeal; issuance of certificate; certification. (1) The commission shall act on an application for certification before the 120th day after the filing of the application under ORS 468.165. The action of the commission shall include certification of the actual cost of the facility and the portion of the actual cost properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil as set forth in ORS 468.190 (2). The actual cost or portion of the actual cost certified shall not exceed the taxpayer's own cash investment in the facility or portion of the facility. Each certificate shall bear a separate serial number for each such facility.

(2) If the commission rejects an application for certification, or certifies a lesser actual cost of the facility or a lesser portion of the actual cost properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil than was claimed in the application for certification, the commission shall cause written notice of its action, and a concise statement of the findings and reasons therefor, to be sent by registered or certified mail to the applicant before the 120th day after the filing of the application.

(3) If the application is rejected for any reason, including the information furnished by the applicant as to the cost of the facility, or if the applicant is dissatisfied with the certification of actual cost or portion of the actual cost properly allocable to prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil, the applicant may appeal from the rejection as provided in ORS 468.110. The rejection or the certification is final and conclusive on all parties unless the applicant takes an appeal therefrom as provided in ORS 468.110 before the 30th day after notice was mailed by the commission.

(4)(a) The commission shall certify a pollution control, solid waste, hazardous waste or used oil facility or portion thereof, for which an application has been made under ORS 468.165, if the commission finds that the facility:

(A) Was erected, constructed or installed in accordance with the requirements of ORS 468.165 (1);

(B) Is designed for, and is being operated or will operate in accordance with the requirements of ORS 468.155 (1) and (2); and

(C) Is necessary to satisfy the intents and purposes of ORS 454.010 to 454.040, 454.205

to 454.255, 454.405, 454.425, 454.505 to 454.535, 454.605 to 454.745, ORS chapters 459, 459A, 466 and 467 and ORS chapters 468, 468A and 468B and rules thereunder.

(b) No determination of the proportion of the actual cost of the facility to be certified shall be made until receipt of the application.

(c) If one or more facilities constitute an operational unit, the commission may certify such facilities under one certificate. A certificate under this section is effective for purposes of tax relief in accordance with ORS 307.405, 316.097 and 317.116 if erection, construction or installation of the facility was completed before December 31, 1995.

(5) A person receiving a certificate under this section may take tax relief only under ORS 316.097 or 317.116, depending upon the tax status of the person's trade or business except if the taxpayer is a corporation organized under ORS chapter 62 or 65, or any predecessor to ORS chapter 62 relating to incorporation of cooperative associations, or is a subsequent transferee of such a corporation, the tax relief may be taken only under ORS 307.405.

(6) If the person receiving the certificate is a partnership, each partner shall be entitled to take tax credit relief as provided in ORS 316.097, based on that partner's pro rata share of the certified cost of the facility.

(7) Certification under this section of a pollution control facility qualifying under ORS 468.165 (1) shall be granted for a period of 10 consecutive years which 10-year period shall begin with the tax year of the person in which the facility is certified under this section, except that if ad valorem tax relief is utilized by a corporation organized under ORS chapter 62 or 65 the facility shall be exempt from ad valorem taxation for a period of 20 consecutive years.

(8) Portions of a facility qualifying under ORS 468.165 (1)(c) may be certified separately under this section if ownership of the portions is in more than one person. Certification of such portions of a facility shall include certification of the actual cost of the portion of the facility to the person receiving the certification. The actual cost certified for all portions of a facility separately certified under this subsection shall not exceed the total cost of the facility that would have been certified under one certificate. The provisions of ORS 316.097 (8) or 317.116 (8), whichever is applicable, shall apply to any sale, exchange or other disposition of a certified portion of a facility. [Formerly 449.635; 1974 s.s. c.37 §3; 1975 c.496 §4; 1977 c.795 §4; 1979 c.531 §6; 1979 c.802 §4; 1981 c.408 §3; 1983 c.637 §3; 1987 c.596 §5; 1989 c.802 §6; 1991 c.877 §37]

468.175 [1973 c.831 §2; 1975 c.496 §5; 1977 c.795 §5; 1979 c.802 §5; repealed by 1989 c.802 §8]

468.180 Conditions for issuance of certificate under ORS 468.170. (1) No certification shall be issued by the commission pursuant to ORS 468.170 unless the facility, facilities or part thereof was erected, constructed or installed in accordance with the applicable provisions of ORS 454.010 to 454.040, 454.205 to 454.255, 454.405, 454.425, 454.505 to 454.535, 454.605 to 454.745, ORS chapters 459, 459A, 465, 466 and 467 and ORS chapters 468, 468A and 468B and the applicable rules or standards adopted pursuant thereto.

(2) Nothing in this section is intended to apply to erection, construction or installation of pollution control facilities begun before October 5, 1973. [1973 c.831 §3; 1975 c.496 §6; 1977 c.795 §6; 1979 c.802 §6; 1989 c.802 §7]

468.185 Procedure to revoke certification; reinstatement. (1) Pursuant to the procedures for a contested case under ORS 183.310 to 183.550, the commission may order the revocation of the certification issued under ORS 468.170 of any pollution control or solid waste, hazardous wastes or used oil facility, if it finds that:

(a) The certification was obtained by fraud or misrepresentation; or

(b) The holder of the certificate has failed substantially to operate the facility for the purpose of, and to the extent necessary for, preventing, controlling or reducing air, water or noise pollution or solid waste, hazardous wastes or used oil as specified in such certificate.

(2) As soon as the order of revocation under this section has become final, the commission shall notify the Department of Revenue and the county assessor of the county in which the facility is located of such order.

(3) If the certification of a pollution control or solid waste, hazardous wastes or used oil facility is ordered revoked pursuant to paragraph (a) of subsection (1) of this section, all prior tax relief provided to the holder of such certificate by virtue of such certificate shall be forfeited and the Department of Revenue or the proper county officers shall proceed to collect those taxes not paid by the certificate holder as a result of the tax relief provided to the holder under any provision of ORS 307.405, 316.097 and 317.116.

(4) Except as provided in subsection (5) of this section, if the certification of a pollution control or solid waste, hazardous wastes or used oil facility is ordered revoked pursuant to paragraph (b) of subsection (1) of this section, the certificate holder shall be denied any further relief provided under ORS 307.405, 316.097 or 317.116 in connection with

such facility, as the case may be, from and after the date that the order of revocation becomes final.

(5) The commission may reinstate a tax credit certification revoked under paragraph (b) of subsection (1) of this section if the commission finds the facility has been brought into compliance. If the commission reinstates certification under this subsection, the commission shall notify the Department of Revenue or the county assessor of the county in which the facility is located that the tax credit certification is reinstated for the remaining period of the tax credit, less the period of revocation as determined by the commission. [Formerly 449.645; 1975 c.496 §7; 1977 c.795 §7; 1979 c.802 §7; 1987 c.596 §6]

468.187 [1981 c.710 §2; repealed by 1984 s.s. c.1 §18]

468.190 Allocation of costs to pollution control. (1) In establishing the portion of costs properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil for facilities qualifying for certification under ORS 468.170, the commission shall consider the following factors:

(a) If applicable, the extent to which the facility is used to recover and convert waste products into a salable or usable commodity.

(b) The estimated annual percent return on the investment in the facility.

(c) If applicable, the alternative methods, equipment and costs for achieving the same pollution control objective.

(d) Any related savings or increase in costs which occur or may occur as a result of the installation of the facility.

(e) Any other factors which are relevant in establishing the portion of the actual cost of the facility properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil.

(2) The portion of actual costs properly allocable shall be from zero to 100 percent in increments of one percent. If zero percent the commission shall issue an order denying certification.

(3) The commission may adopt rules establishing methods to be used to determine the portion of costs properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or properly disposing of used oil. [Formerly 449.655; 1974 s.s. c.37 §4; 1977 c.795 §8; 1983 c.637 §4]

State of Oregon
Department of Environmental Quality **Memorandum**

Date: September 9, 1992

To: Environmental Quality Commission

From: Neil Mullane, Manager

Subject: Drought Response Update

Extreme drought conditions continue in Oregon and are expected to continue into the fall months. DEQ staff have developed a strategy to request permitted discharge facilities to cooperate with us to minimize the impact of the drought on water quality and aquatic resources during the coming months. This is a brief status report on our progress.

Since the EQC report was written, these steps have been taken:

1. A drought response strategy has been developed.

2. Regional staff have identified facilities that have problems with adequate dilution flows and have identified the options available for that facility.

3. The Department is sending a letter to ODFW explaining our concerns and asking for their assistance in identifying where water quality problems resulting from drought conditions may threaten particularly valuable or sensitive fish or wildlife.

4. A letter is being mailed to domestic dischargers requesting that they take the following actions as applicable:

    a. continue to meet summer discharge limits beyond November 1st,

    b. extend holding times as long as possible,

    c. continue summer irrigation program, and/or

    d. carefully manage chlorination.

5. A similar request is being drafted for targeted industries, such as pulp and hardboard mills and the few food processors that discharge.

In addition, the Department will approach facilities who may have the opportunity to land apply their waste and pursue this option to temporarily remove the effluent from the stream.

DRAFT

September 9, 1992

DROUGHT RESPONSE STRATEGY

Oregon Department of Environmental Quality, 1992

Drought Conditions

Drought conditions this summer are the worst on record for Oregon. The Water Availability Committee reported the following conditions for June (Barry Norris, Water Resources Department, July 15, 1992):

- Statewide, streamflows were only 26 percent of normal for June. The lowest streamflows were in the Owyhee Basin, 9 percent of normal, and the best flow conditions were found in the Willamette Basin and South Coast, 38 percent of normal.

- For the month of June, most of the state had record breaking low flows by large margins. For example, the previous low June flow for the Donner and Blitzen River was 68 cfs (1966). This June the flows were as low as 44 cfs.

- Statewide, reservoir content was about 31 percent of normal as of July 1st. This dropped from an average content of 49 percent on May 1st, demonstrating the high water use during May and June resulting from high temperatures and low rainfall. Eight of 28 reservoirs surveyed contain less than 10 percent of normal for this time of year.

Response Strategy

The Department has developed the following drought response strategy with the assistance of our planning, permitting and regional divisions. The approach is one of voluntary cooperation. We will request that permitted facilities cooperate with us during these extreme drought conditions to protect the water quality and aquatic resources of the State.

The following drought response strategy is described in chronological order. It is dependent on good communication and close coordination between DEQ headquarters and regions, as well as coordination with ODFW. Bruce Hammon of the Eastern Region will coordinate the regional components of this strategy. Debra Sturdevant is the coordinator for the Portland office.

1. Headquarters (HQ) - Department staff meet to gather information and discuss options.

2. HQ - Track streamflow conditions and identify where flows may

become too low to adequately assimilate permitted discharges.

a. Review Water Availability Committee Reports
b. Attend Drought Council meetings
c. Obtain average monthly streamflows for USGS indicator streams used for the Surface Water Supply Index.
d. Obtain other streamflow data as needed from USGS or WRD.

3. HQ - Communicate to NPDES permittees that drought conditions are severe and they may experience extremely low streamflows this summer. This initial communication occurred through the Association of Clean Water Agencies (ACWA) newsletter, letters to individual industrial NPDES permittees, and a meeting with ACWA and industrial representatives. The Department also asked the dischargers to schedule maintenance and take any other measure possible to ensure that their treatment facilities are operating at peak efficiency during the critical low flow period. Permittees were also asked to identify what opportunities they may have to reduce their discharge should the need arise.

4. HQ - Meet with the Army Corps of Engineers on reservoir management in the Willamette Basin. As of August 3rd, the Corps anticipated they will be able to maintain streamflows in the Willamette at 5500 cfs at Salem and 4500 cfs at Albany. If these flows are maintained, the Department does not expect water quality standards violations to occur in the Willamette.

5. HQ - Request that major domestic NPDES facilities in the Willamette Basin (from the Kellog STP to the City of Eugene) monitor instream DO, temperature and pH on a weekly basis throughout September (possibly extending into October) and report the results to DEQ.

6. Regions - Identify known or suspected facilities (domestic and industrial) in each region which are experiencing or may experience water quality problems due to low streamflows, and which have the capability to implement one or more of the following short term mitigation options:

a. land application of treated effluent,
b. discharge of treated effluent to an irrigation system (i.e. canal for use by local irrigators),
c. continue to meet summer discharge limits beyond October 31 (continue to operate at peak treatment efficiency),
d. others identified by the regions or the facilities.

Bruce Hammon will communicate this information to headquarters.

7. HQ - Request information from the Oregon Department of Fish and Wildlife (ODFW) on critical resource areas threatened by water quality impacts resulting from the drought conditions. Relay this information to the Regions.

8. HQ - A letter will be mailed to all the domestic permittees

containing requests to take the following voluntary actions:

- manage chlorination to avoid chlorine toxicity,

- continue to meet summer discharge limits beyond Nov. 1st,

- extend the non-discharge period as long as possible if your plant is not permitted to discharge during the summer (i.e. extend holding times or continue summer irrigation program),

DEQ will notify the facilities when streamflows recover to the level where it is safe to switch to winter permit conditions without posing a threat to water quality.

9. HQ - A letter will be mailed to some industrial dischargers requesting similar action to those state above except for the chlorine management. Industries targeted will include pulp mills, hardboard processors, and food processors that discharge.

10. Regions - Communicate with the identified facilities on the implementation of mitigating measures. Inform HQ as to which facilities will pursue land application of their effluent.

For the facilities willing to land apply, provide them the abbreviated paperwork for a temporary reuse permit (WPCF). Send the requested information to HQ to issue a temporary permit. Talk with local ODFW fish biologists to determine whether they feel removing the effluent from the streams will harm the biota.

Where chlorine toxicity problems are suspected, encourage facilities to use the minimal amount of chlorine necessary to achieve the bacteria standard and to not over-chlorinate their effluent. HQ will provide information on plants with high chlorine residuals in their effluent as reported on the DMRs. These plants, particularly if on a small receiving stream could be targeted for coaching by the regions on chlorine management.

11. HQ - Talk to ODFW's Habitat Conservation Division about the facilities identified for land application in order to discuss whether a reduction in stream flow will harm the fish and aquatic life more than the water quality problems resulting from inadequate dilution. Communicate to Bruce Hammon where ODFW prefers that the effluent discharge remain in the stream.

12. HQ - Issue temporary reuse permits ASAP.

13. HQ & Regions - Communicate regularly on the progress of implementation and the status of the facilities and streamflow conditions.

14. HQ - When streamflows have returned to adequate levels, inform the regions and the participating facilities that they may return to winter operation under their normal permit conditions.

Additional Background

The Department has responded to drought conditions twice in the past. The actions of the Department during the these two drought years are summarized here.

1977: In 1977, the flows and dissolved oxygen levels in the Willamette River were a concern. The Department formed a task force of dischargers and agencies to work on the problem. The pulp and paper industry was determined to be a major waste source affecting the river. The Department asked the pulp and paper facilities to investigate and prepare to land irrigate their waste as an alternative to discharge to the Willamette River. A small amount of land application actually occurred before the drought conditions were relieved.

1987: In 1987, the problem was different. Typically, permits contain reduced summer discharge limits that apply from May 1 to October 31 of each year. As October 31, 1987 approached, however, river flows were still too low to accommodate the higher winter loads. The Department modified the permits (under the authority of OAR 340-45-055), requiring facilities to maintain their summer discharge limits until notified. Shortly thereafter, the drought conditions were relieved.

Contact: Danielle Clair
378-3739, ext. 316

Oregon Water Resources Department 3850 Portland Rd. NE Salem, OR 97310

Drought Conditions Report No. 3

September 10, 1992

As we lay awake long before daybreak, listening to the rippling of the river and the rustling of the leaves,...we already suspected that there was a change in the weather, from a freshness as of autumn in these sounds.

Henry David Thoreau

Governor Roberts' Drought Declarations

On September 3, Governor Barbara Roberts issued a statewide drought declaration, an executive order declaring a drought-caused state of emergency and a proclamation of September as Water Awareness Month. The Governor said she made the decision because of well-below-average precipitation, streamflows and reservoir levels. She also noted that two years or more of normal rainfall would be needed to replenish supplies. Her Executive Order directs that state agencies employ whatever means necessary to assess, alleviate and/or mitigate damage from the drought. The proclamation of Water Awareness Month promotes water conservation and the wisest possible use of the resource.

At the same time, the Governor requested the United States Department of Agriculture (USDA) Secretary Edward Madigan issue "natural disaster declarations" for Clackamas, Crook, Lake, Lincoln, Morrow, Multnomah, Polk and Wallowa Counties. Once approved, these counties will join Harney, Jackson, Malheur, Umatilla and Wasco among those eligible for federal assistance. Counties contiguous to those receiving disaster declarations are similarly eligible for aid. The Water Resources Department (WRD) has on hand a brochure produced by the Oregon Department of Agriculture (ODA) with information about the types of assistance available. Call the WRD at 800-624-3199 to request a copy of this publication.

Counties Newly Approved for Emergency Feed Assistance

USDA Agricultural Stabilization and Conservation Service (ASCS) this month added Grant County to those eligible to participate in the Emergency Feed Assistance Program. Counties already in the program are Crook, Harney, Jackson, Lake, Lincoln, Malheur, Morrow and Wallowa. Counties contiguous to these likewise are eligible for assistance.

Fire Potential

For the week of September 7, heavy fuel moisture in Eastern Oregon was expected to be in the 9 to 12% range; in Western Oregon, heavy fuel moisture should be between 11 and 15% and up to 17% in the North Coast area. Based on these assessments, the Department of Forestry rates the current potential for fire as extreme for the entire state with the exception of the North Coast area, where fire risk is listed as high.

Conditions across the State

Northwest Region

Watermaster names, numbers and districts by county: 1 (Greg Beaman, 397-0633)–Clatsop, Columbia, Tillamook, most of Multnomah and northern parts of Clackamas; 18 (Jerry Rodgers, 681-7018)–Most of Washington; 16 (Dave Jarrett, 378-3739)–Yamhill, Polk, Lincoln, Benton, Marion, northern parts of Linn and most of Clackamas; 2 (Gene McGinnis, 687-3620)–Lane and most of Linn

The Portland Water Bureau yesterday further restricted outdoor watering. Watering of trees and shrubs, up to now permitted seven days a week between 6pm and 10am, is now limited to only Sunday and Wednesday evenings. The new restrictions will extend beyond the City of Portland to all users in the metropolitan region served by the Bull Run system.

District 18 Watermaster Jerry Rodgers reports that groundwater levels in the Tualatin area show some declines. A declining water table may be related to increased well use as the Tualatin Water District attempts to supplement supplies from the already-overtaxed Bull Run system.

ODA reports that Clackamas County range and pasture production is the worst in recent memory at 20% of normal; cattle are already being fed winter rations. While streamflows are considerably lower than normal for this time of year, they are holding relatively steady. According to the Oregon Department of Parks and Recreation (State Parks), boats can still be launched from Detroit Lake, but the water level is dropping by approximately one foot per week.

The modest rains of the last few weeks have enabled District 16 Watermaster Dave Jarrett to allow some users to use water from some of the more rain-dependent streams, notably Butte Creek, that had earlier been under regulation. ODA notes that in Polk County many deciduous trees are almost barren of leaves, at least one month earlier than in other years.

District 2 Watermaster Gene McGinnis has cut back use on Hamilton Creek in Northern Linn County to users with water right priority dates senior to the 1983 instream water right. A number of other streams in that area are measuring at levels below the minimum established as optimal for fish and recreation, but rights issued for water from those streams are senior to the instream water right and thus are not subject to regulation.

Southwest Region

Watermaster names, numbers and districts by county: 15 (Gary Ball, 440-4255)--Douglas; 14 (Bruce Sund, 474-5385)--Josephine and Jackson; 19 (John Drolet, 396-3121)--Curry and Coos

Staff in the Coquille office relates that all streams in District 19 are below the minimum flow. For the first time, flows in the Elk River have dropped below the 1980 instream right of 45 cubic feet per second (cfs); with Elk Creek flowing at 41 cfs, Assistant Watermaster Jim Simpson has shut off the 3 users with rights junior to the instream right. The North Fork Coquille flows are 5.68 cfs or 20% of normal.

In Jackson County, regulation of Evans Creek is back to a 1896 priority date. In more water-plentiful seasons, 1902 rights could still expect to be able to use their full duty of water at this time of year. Watermaster Bruce Sund reports that flows continue to drop even after users are cut back because of high temperatures and lack of rain. The Talent Irrigation District last week shut down operations because of lack of water. The City of Talent can still draw on 770 acre feet of water from Emigrant Reservoir. When and if this supply runs short, the City may attempt to use the Talent Irrigation District canal system to deliver municipal water from the Applegate River. State Parks notes that the boat ramp at Stewart State Park on Lost Creek Reservoir northeast of Medford is now above the water line; there is a usable ramp about 2 miles away.

District 15 Watermaster Gary Ball reports that the North Umpqua hydroelectric project operated by Pacific Power and Light is undertaking a flow study on that system as required by the company's relicensing process. One part of the study will involve the release of 1100 cfs of water from Lemolo Reservoir in the next few weeks. Ball notes that the North Umpqua, with a streamflow currently measuring 670 cfs, or 70% of normal, will greatly benefit from this release of stored water.

South Central Region

Watermaster names, numbers and districts by county: 11 (Bob Main, 388-6669)--Crook, most of Deschutes and Jefferson, northern portion of Klamath; 17 (Del Sparks, 883-4182)--Most of Klamath, portions of Lake; 12 (Dennis Glender, 947-6038)--Most of Lake, portions of Klamath, Deschutes and Harney

District 11 staff reports that the Little Deschutes River is measuring at an all-time low of 5.3 cfs; the last low--of 8 cfs--was in 1931. For this time of year, a flow of between 20 and 30 cfs would be normal. The Little Deschutes is normally filled by water from Crescent Reservoir, which contains no available water.

Dennis Glender, watermaster in the Lakeview office, is receiving regular reports of groundwater level declines. Many irrigators are having to lower their pumps an average of fifty feet to depths of one hundred feet or so in order to tap into water-bearing zones. Glender notes that the apparent groundwater level declines are likely drought-related; flood irrigation techniques used in more water-abundant years would afford recharge of water into the ground.

District 17 Watermaster Del Sparks notes that conditions are very dry but stable. He has not had to cut back any additional users in the last month simply because there is no water in the streams or reservoirs to regulate. The Klamath Falls area received up to an inch of rain in the

first part of last week. Most of that water is quickly absorbed into the ground to replace lost soil moisture and has no effect on streamflow or reservoir levels.

North Central Region

Watermaster names, numbers and districts by county: 3 (Larry Toll, 296-5494)–Hood River and most of Wasco, portions of Jefferson and Sherman; 4 (Kelly Rise, 575-0119)–Portions of Jefferson, Wasco, Sherman, Morrow, Umatilla, most of Gilliam and the greater parts of Wheeler and Grant; 5 (Bob Debow, 276-7111)–Part of Gilliam, most and Morrow and Umatilla

Bob Debow of the Pendleton Watermaster's Office reports that conditions are very steady. Overnight freezing has been occurring more frequently, and most irrigators have stopped applying water other than for seeded crops.

The Dalles Watermaster Larry Toll reports that cooler nighttime temperatures have helped to stabilize streamflows in his district. Still, he has had to regulate use on Badger Creek, where the senior right now dates back to 1893. Most alfalfa growers are working on the third cutting of their fields this season; some have even been able to get four. Three cuttings is the minimum number a grower would hope to be able to make in a season.

In the John Day Basin, regulation of streams has leveled off; the senior right on the Upper Mainstem John Day dates from 1909, whereas on the Upper Middle and South Forks of the John Day and on Canyon Creek, rights with 1983 priority dates are still using water. Watermaster Kelly Rise notes that recent overnight freezes will slow crop growth. The John Day River at John Day records a flow of 15 cfs, or 34% of normal flow for this time of year. Surprisingly, the North Fork of the John Day at Monument is flowing at 140 cfs, or 116% of normal for this time of year. Rise attributes this high flow to cooler evening temperatures.

Eastern Region

Watermaster districts in this region by county: 6 (Boyd Hadden, 963-1010)–Wallowa and most of Union; 8 (Vernon Church, 523-8224)–Southern border of Union and most of Baker; 10 (Bill Beal, 573-2591)–Southeastern portion of Grant, eastern section of Lake, western part of Malheur and majority of Harney; 9 (Larry Powers, 473-5130)–Small sections of Harney, Grant and Baker and the greater portion of Malheur

Conditions in the Baker County are also dry but steady. Watermaster Vernon Church reports that the attempt by the Oregon Department of Fish and Wildlife (ODFW) and the Lower Powder River Irrigation District to keep enough water in Thief Valley Reservoir to sustain a trophy trout population was unsuccessful. Conservation measures notwithstanding, the 11 cfs of water in the Powder River, compared to a more normal flow of 100 cfs for this time of year, was simply insufficient to keep water temperatures low enough and oxygen levels high enough for the fish to survive. State Parks reports that Brownlee Reservoir, on the Snake River at Farewell Bend, still has plenty of water though the level is about 10 feet lower than normal.

La Grande Watermaster Boyd Hadden reports that the Wallowa Lake municipal water supply for the City of Joseph, with a population of about 800, is very low. Some water pressure returned to the supply system after local irrigators voluntarily cut back their use. Hadden notes that the City of Joseph has no alternate water source. One of the primary concerns is that at least enough pressure be restored for adequate fire suppression.

Domestic well users have complained to Harney County Watermaster Bill Beal of declining water levels. Historically, domestic well static water levels have remained at around 20 feet, but they are down to 50 feet. Beal explained that there has been no such decline noticed in irrigation wells, which are generally much deeper than domestic wells. The average depth for an irrigation well might be 250 feet and deeper, whereas domestic wells are drilled to a depth of around 60 feet. ODA reports that most cattle will have to come off the range about one month earlier than usual because of dry conditions.

State Parks reports that while boat ramps at Owyhee Lake are now above the water line, boats can still be launched into the water with a four-wheel vehicle.

ODFW Hatcheries Update

Hatcheries around the state are suffering from the effects of drought. Low flows, warm temperatures and low levels of dissolved oxygen all contribute to fish stress and outbreaks of disease. Fisheries' efforts to mitigate fish loss are resulting in higher costs for medication, water aerating and cooling devices and other stabilizing measures.

Some hatcheries have had to release stock early because of low water supplies. For example, a netpen operation at Youngs Bay near Astoria has had to release spring chinook ahead of schedule or risk losing them. While warmer-than-usual water makes fish susceptible to disease, it also stimulates growth. That may sound good, says an ODFW report, but it is not. If the fish grow faster than anticipated, the risk of over-crowding and disease also increases.

Conservation Measures Brochures and Information Sheets

Following are a variety of water conservation pamphlets and guidesheets which the Water Resources Department has on hand. If your organization would like to publish tips on conservation as part of an article or series, we would gladly provide you with the materials. In addition, you may also want to publish our toll-free phone number (800-624-3199, ext. 316) for the public to request conservation information directly from us.

Water Conservation Series (Water Resources Department)

Indoor Water Use--A Guide to Water Conservation
Outdoor Water Use--A Guide to Water Conservation

Guidelines 1-2-3

Water Saving Guideline 1--28 Ways to reduce Water Waste
Water Saving Guideline 2--Find Out How to Save Water Indoors
Water Saving Guideline 3--Timely Tips For Saving Water Outdoors

Conserving Water in Agriculture Series (Oregon State University Extension Service)

_____Stretching Irrigation Supplies
_____Livestock Watering During a Drought

Save Some for Tomorrow Series (Water Resources Department)

Water Conservation Ideas for Agriculture
_____Stock Management During Drought

Water Conservation Ideas for Domestic Gardens
_____Planting Drought-Tolerant Flowers
_____Using Gray Water

Water Conservation Ideas for Industry and Commerce
_____Beverage Industries
_____Food Processing Industries
_____Health Care Facilities
_____Commercial Buildings
_____Laundries and Linen Suppliers
_____Restaurants
_____Golf Courses and Industrial Landscapes
_____Hotels and Motels
_____Schools and Colleges

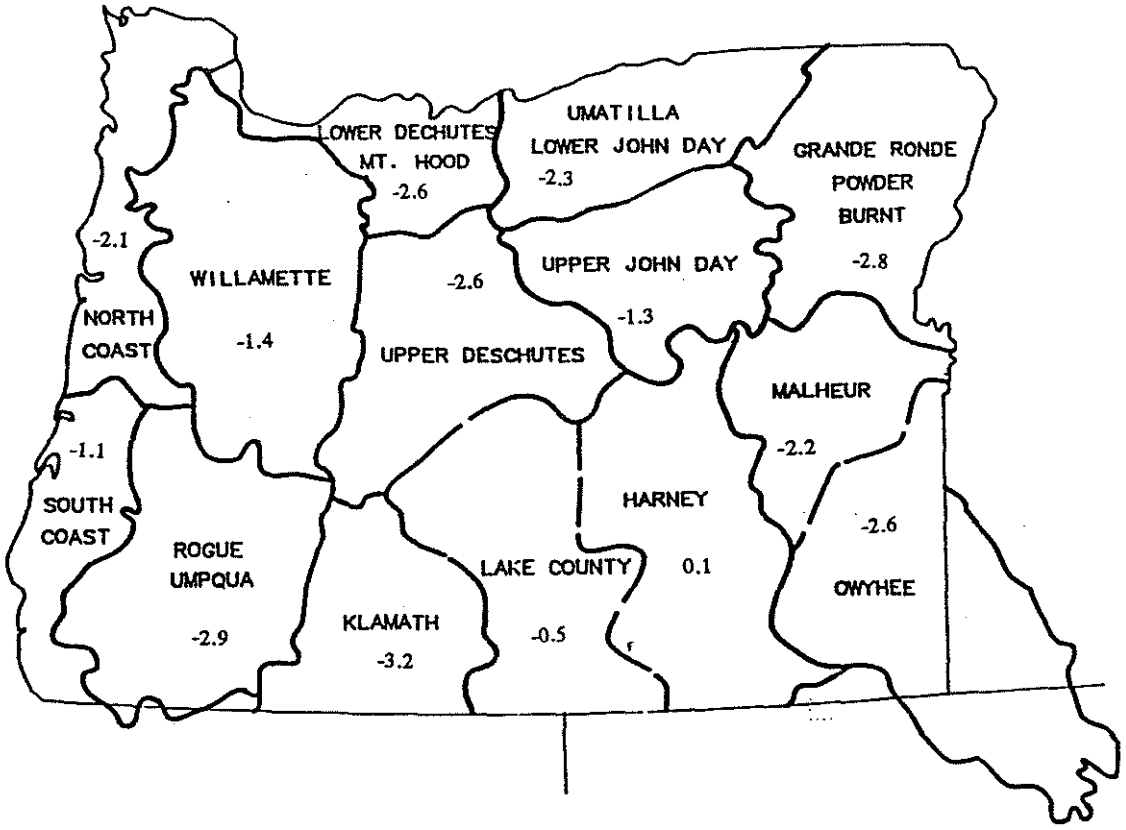
Media Contacts

Department of Agriculture	Bruce Pokarney	378-3773
Parks and Recreation Department	Monte Turner	378-2796
Department of Environmental Quality	Carolyn Young	229-6271
	Ed Sale	229-5766
Department of Forestry	Doug Decker	378-6873
Department of Fish and Wildlife	Jim Gladson	229-5400, ext. 432
Governor's Office	Steve Corson	378-3111
Water Resources Department	Bev Hayes	378-3739, ext. 233
	Danielle Clair	ext. 316

Surface Water Supply Index

(SWSI)

SEPTEMBER 1, 1992



The Surface Water Supply Index (SWSI) is an index of current water conditions throughout the state. This index utilizes snow, precipitation, reservoir, and streamflow data for key stations in each basin. However, not every basin has all four data types. The lowest SWSI value is -4.1, which indicates extreme drought conditions. The highest SWSI value is +4.1, which indicates very wet conditions. The mid-point at 0.0, represents a normal water supply. For more information please contact:

Soil Conservation Service
1220 S.W. Third Avenue, Room 1640
Portland, Oregon 97204
(503) 326-2757

All programs and services of the USDA Soil Conservation Service, are offered on a nondiscriminatory basis, without regard to race, color, national origin, religion, sex, age, marital status, or handicap.

Oregon Weather Summary

Oregon Climate Service

George H. Taylor, State Climatologist — September, 1992

Preliminary Report

August, 1992

August was a warm, dry month in most of Oregon. Only a few stations reported above-normal precipitation for the month; most of these were in the north central part of the state. The attached table lists monthly and seasonal total precipitation and percentages of normal (based on 1961-90 averages). A figure showing percentage of seasonal normal is also included.

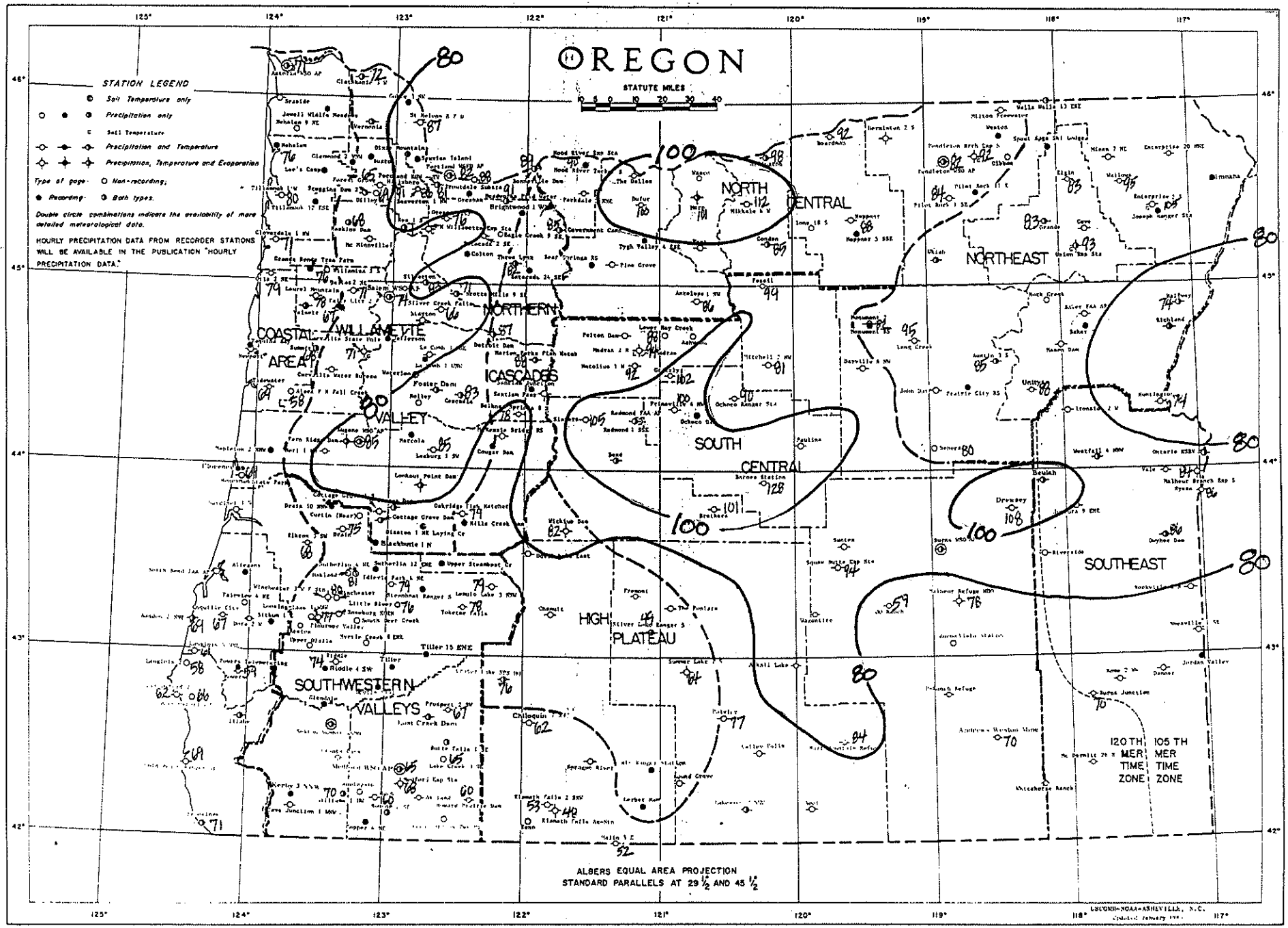
For the season, nearly all of Oregon remains below normal. Lowest seasonal percentages continue to occur along the southern tier of Oregon counties (Curry, Josephine, Jackson, Klamath, Lake, and Harney). Highest seasonal totals are found in the central, north central and northeastern areas, where some stations are above normal for the season.

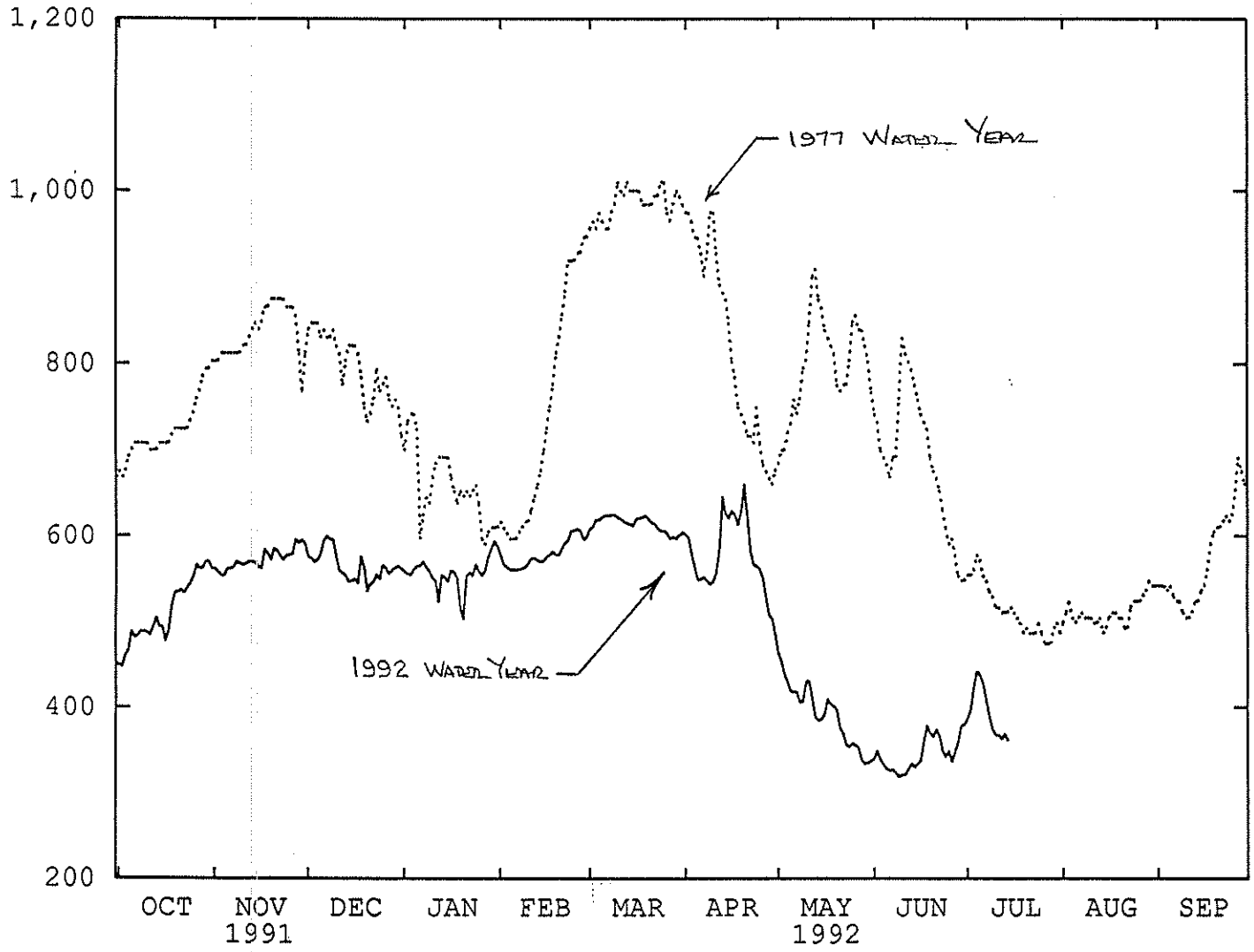
The outlook for September calls for below-normal temperatures and near normal precipitation. For the 3-month period September - November, mild and dry weather is forecast by the National Weather Service.

Oregon Climate Service
Strand 316, Oregon State University
Corvallis, Oregon 97331

Phone: (503) 737-5705
Fax: (503) 737-2540
e-mail: oregon@ats.orst.edu

Percent of Normal Seasonal Precipitation Oct 91-Aug 92



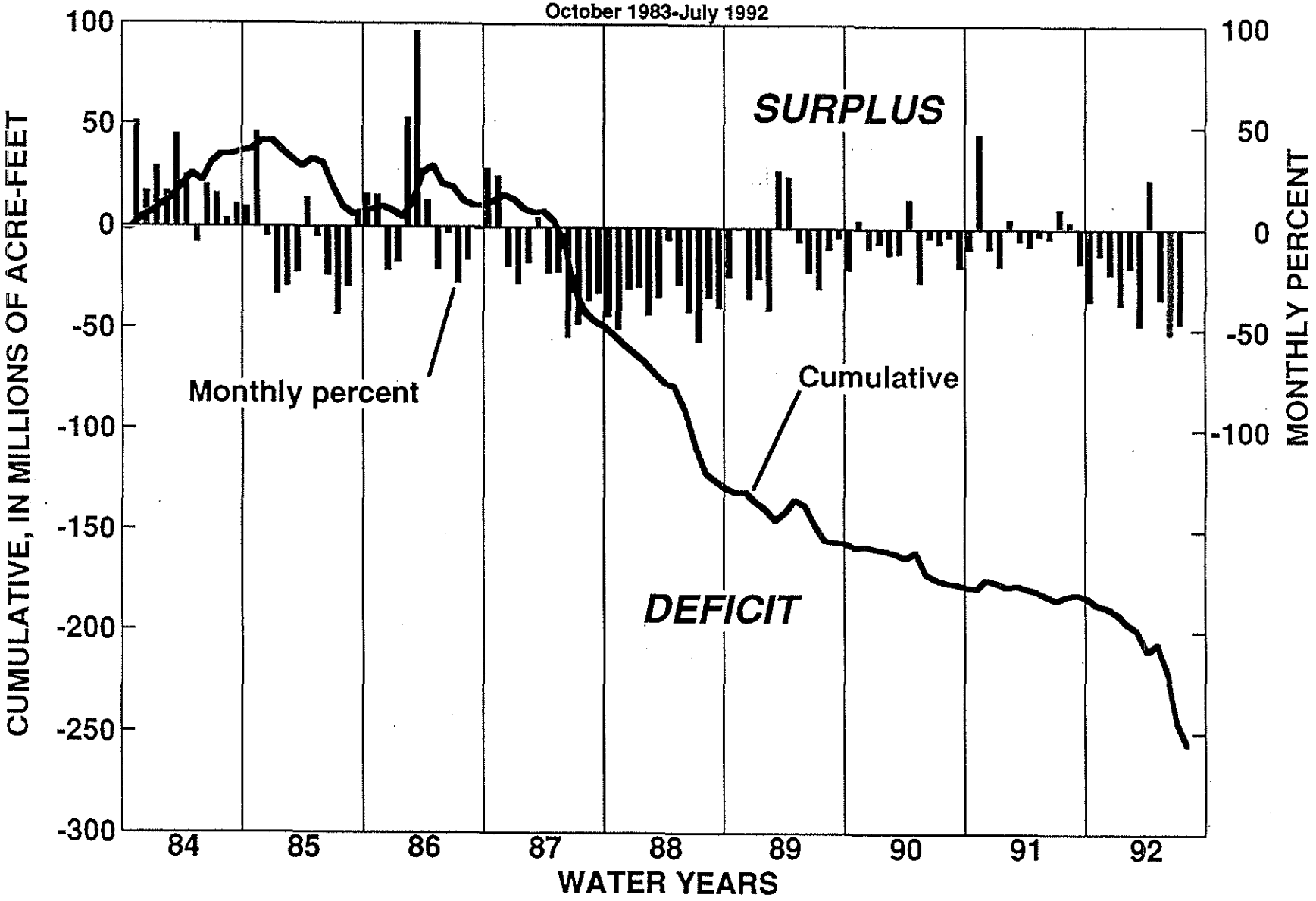


(1992) 11502500 WILLIAMSON R BL SPRAGUE R NR CHILOQUIN,OREG.
MEAN DAILY DISCHARGE (CFS)

(1977) 11502500 WILLIAMSON R BL SPRAGUE R NR CHILOQUIN,OREG.
MEAN DAILY DISCHARGE (CFS), LAGGED 15 YEARS

DEPARTURE FROM TOTAL MEDIAN MONTHLY STREAMFLOW AT 17 PACIFIC NORTHWEST INDEX STATIONS

October 1983-July 1992



U.S. Department of the Interior

U.S. Geological Survey

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TTAA00 KPDR 091606

NORTHWEST RIVER FORECAST CENTER PORTLAND, OREGON

MONTHLY SUMMARY OF PRECIPITATION FOR THE COLUMBIA BASIN.

NWS PORTLAND RIVER FORECAST CENTER
COLUMBIA BASIN DIVISION AVERAGES OF SEASONAL PRECIPITATION

DIVISION	..AUG TO DAY 31..			....OCT - AUG....		
	OBSD	DEP	PCT AV	OBSD	DEP	PCT AV
COLUMBIA ABOVE COULEE	1.11	-0.57	66.	20.75	-3.13	87.
SNAKE RV AB ICE HARBOR	0.41	-0.55	43.	12.93	-3.99	76.
COLUMBIA AB THE DALLES	0.74	-0.50	60.	18.68	-3.21	85.
COLUMBIA AB CASTLEGAR	1.57	-0.83	65.	29.17	-2.14	93.
KOOTENAI	0.92	-0.73	56.	22.20	-1.83	92.
CLARK FORK	0.95	-0.37	72.	15.08	-1.63	90.
FLATHEAD	1.33	-0.25	84.	18.79	-3.27	85.
PEND OREILLE--SPOKANE	0.92	-0.51	65.	23.94	-4.56	84.
NORTHEAST WASHINGTON	0.41	-0.74	36.	16.59	-0.72	96.
OKANOGAN	0.67	-0.49	58.	13.58	-0.86	94.
EAST SLOPES WASH CASC.	0.47	-0.49	49.	31.99	-5.20	86.
CENTRAL WASHINGTON	0.30	-0.12	71.	9.44	1.10	113.
UPPER SNAKE	0.39	-0.98	28.	13.90	-5.80	71.
SNAKE RIVER PLAIN	0.15	-0.56	20.	6.79	-4.01	63.
OWYHEE--MALHEUR	0.62	0.01	102.	8.14	-2.83	74.
SALMON/ BOISE/ PAYETTE	0.18	-0.66	21.	13.63	-5.62	71.
BURNT/ GRANDE RONDE	0.47	-0.43	52.	12.95	-2.49	84.
CLEARWATER	0.91	-0.41	69.	25.66	-3.47	88.
SOUTHEAST WASHINGTON	1.52	0.68	181.	15.75	-1.98	89.
UPPER JOHN DAY	0.35	-0.51	41.	11.98	-2.44	83.
UMATILLA LWR JOHN DAY	0.55	-0.17	77.	13.99	-1.37	91.
UPR DESCHUTES CROOKED	0.08	-0.60	12.	10.75	-3.50	75.
HOOD/ LOWER DESCHUTES	0.53	-0.23	69.	23.92	-3.55	87.
NW SLOPE WASH CASCADES	1.64	-0.78	68.	70.95	-12.06	85.
SW WA CASCADES/COWLITZ	0.84	-1.02	45.	53.78	-13.61	80.
WILLAMETTE VALLEY	0.37	-0.83	31.	45.72	-10.91	81.
ROGUE--UMPQUA	0.02	-0.74	3.	24.55	-9.97	71.
KLAMATH BASIN	0.46	-0.20	69.	9.93	-7.56	57.
LAKE COUNTY GOOSE LAKE	0.30	-0.31	49.	8.02	-4.21	66.
HARNEY--MALHEUR BASIN	0.41	-0.30	58.	8.60	-2.86	75.

DIVISION VALUES ARE COMPUTED BY UTILIZING UN-WEIGHTED
PRECIPITATION AMOUNTS FROM KEY STATIONS IN EACH AREA.
FOR FURTHER INFORMATION CONTACT: NWRFC (503) 326-2914

TRANSFERED BY G0TH7 ON 09/09/92 AT 09:02:53

Oregon

WATER
RESOURCES
DEPARTMENT

1992 STREAMFLOW AS PERCENT OF NORMAL

BASIN NAME	AUGUST	OCT 1991 TO SEPT 1, 1992
OWYHEE	35	16
MALHEUR	63	44
G. RONDE, POWDER	57	50
UPPER JOHN DAY	46	44
LOWER DESCHUTES, HOOD	52	59
WILLAMETTE	46	68
ROGUE, UMPQUA	65	51
KLAMATH	58	44
HARNEY	42	38

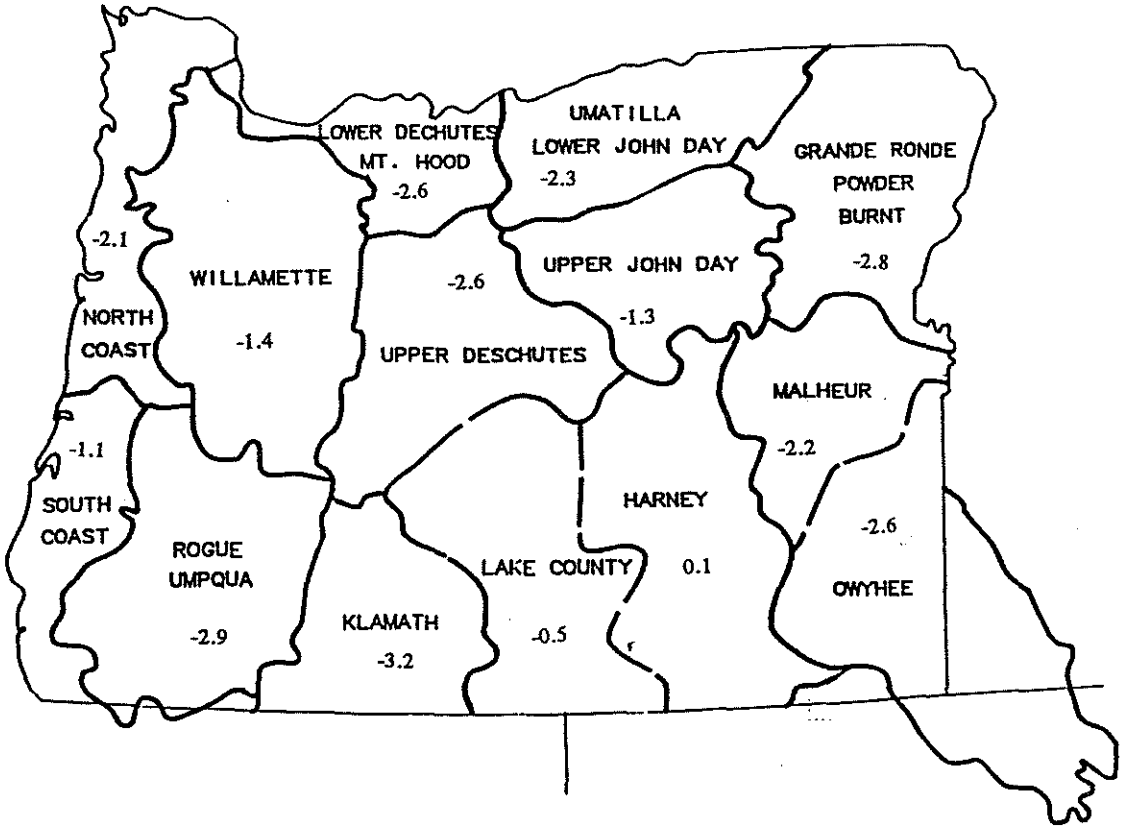
* Taken from USGS data for natural flow

3850 Portland Rd NE
Salem, OR 97310
(503) 378-3739
FAX (503) 378-8130

Surface Water Supply Index

(SWSI)

SEPTEMBER 1, 1992



The Surface Water Supply Index (SWSI) is an index of current water conditions throughout the state. This index utilizes snow, precipitation, reservoir, and streamflow data for key stations in each basin. However, not every basin has all four data types. The lowest SWSI value is -4.1, which indicates extreme drought conditions. The highest SWSI value is +4.1, which indicates very wet conditions. The mid-point at 0.0, represents a normal water supply. For more information please contact:

Soil Conservation Service
1220 S.W. Third Avenue, Room 1640
Portland, Oregon 97204
(503) 326-2757

All programs and services of the USDA Soil Conservation Service, are offered on a nondiscriminatory basis, without regard to race, color, national origin, religion, sex, age, marital status, or handicap.

Oregon Weather Summary

Oregon Climate Service

George H. Taylor, State Climatologist — September, 1992

Preliminary Report

August, 1992

August was a warm, dry month in most of Oregon. Only a few stations reported above-normal precipitation for the month; most of these were in the north central part of the state. The attached table lists monthly and seasonal total precipitation and percentages of normal (based on 1961-90 averages). A figure showing percentage of seasonal normal is also included.

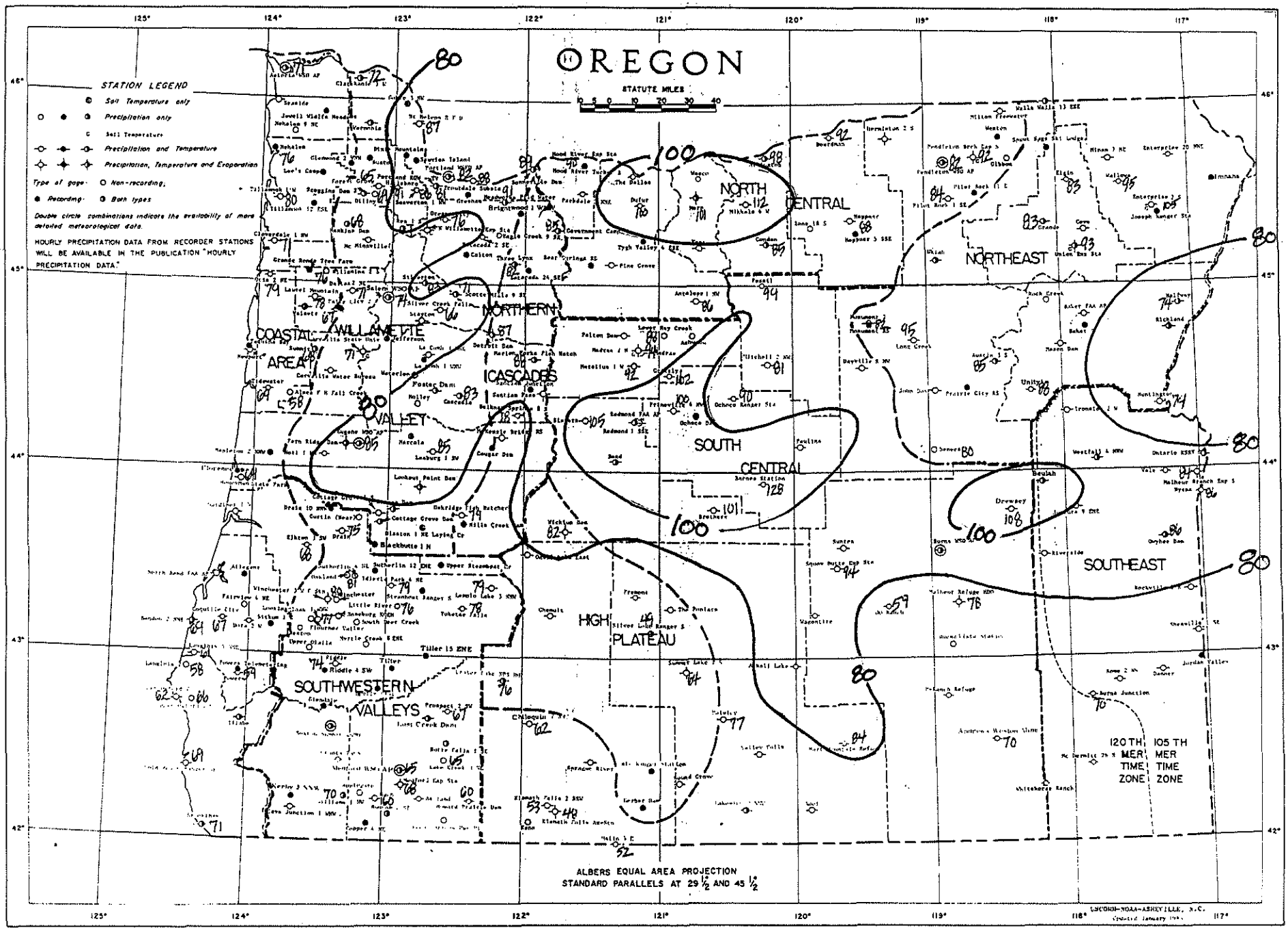
For the season, nearly all of Oregon remains below normal. Lowest seasonal percentages continue to occur along the southern tier of Oregon counties (Curry, Josephine, Jackson, Klamath, Lake, and Harney). Highest seasonal totals are found in the central, north central and northeastern areas, where some stations are above normal for the season.

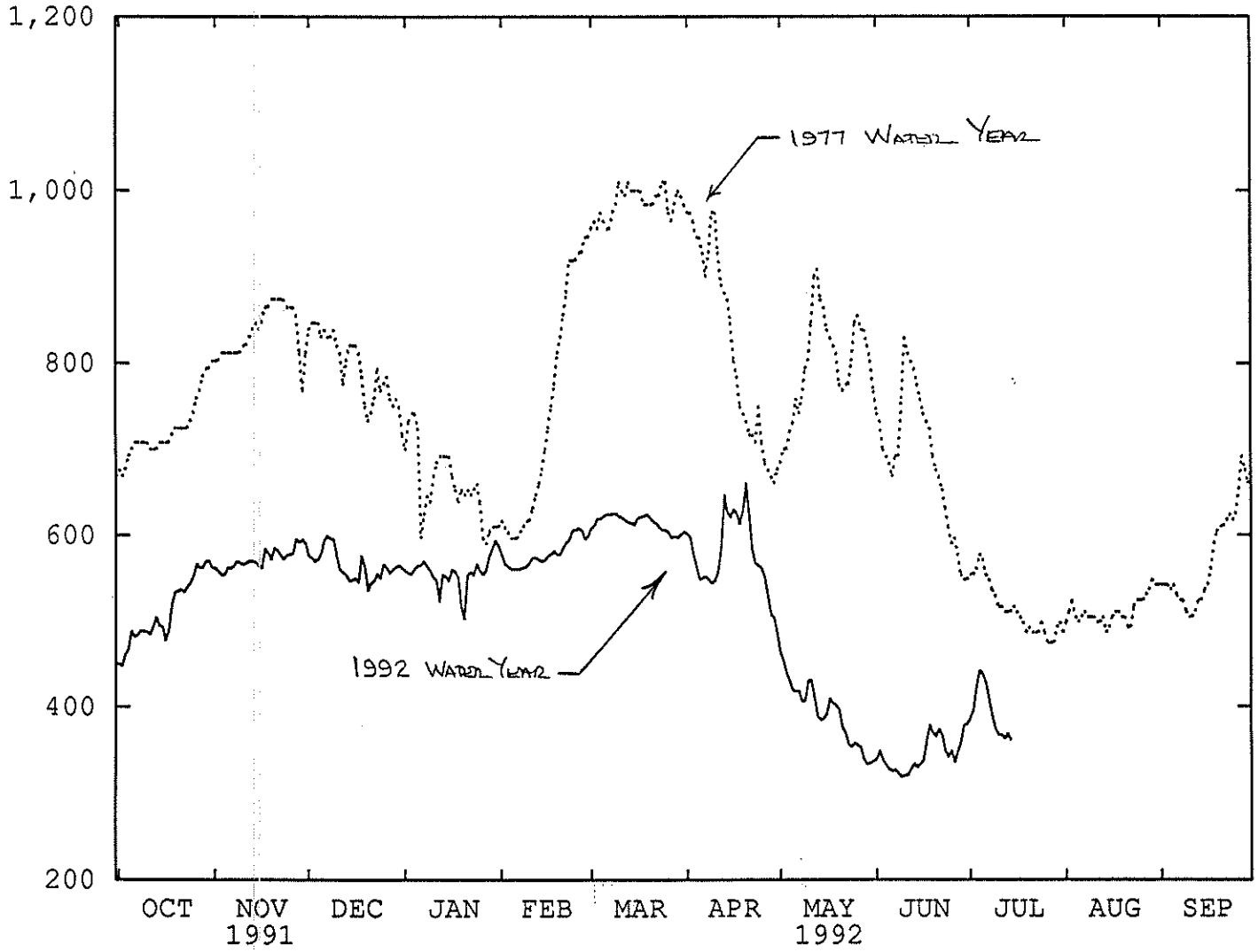
The outlook for September calls for below-normal temperatures and near normal precipitation. For the 3-month period September - November, mild and dry weather is forecast by the National Weather Service.

Oregon Climate Service
Strand 316, Oregon State University
Corvallis, Oregon 97331

Phone: (503) 737-5705
Fax: (503) 737-2540
e-mail: oregon@ats.orst.edu

Percent of Normal Seasonal Precipitation Oct 91-Aug 92



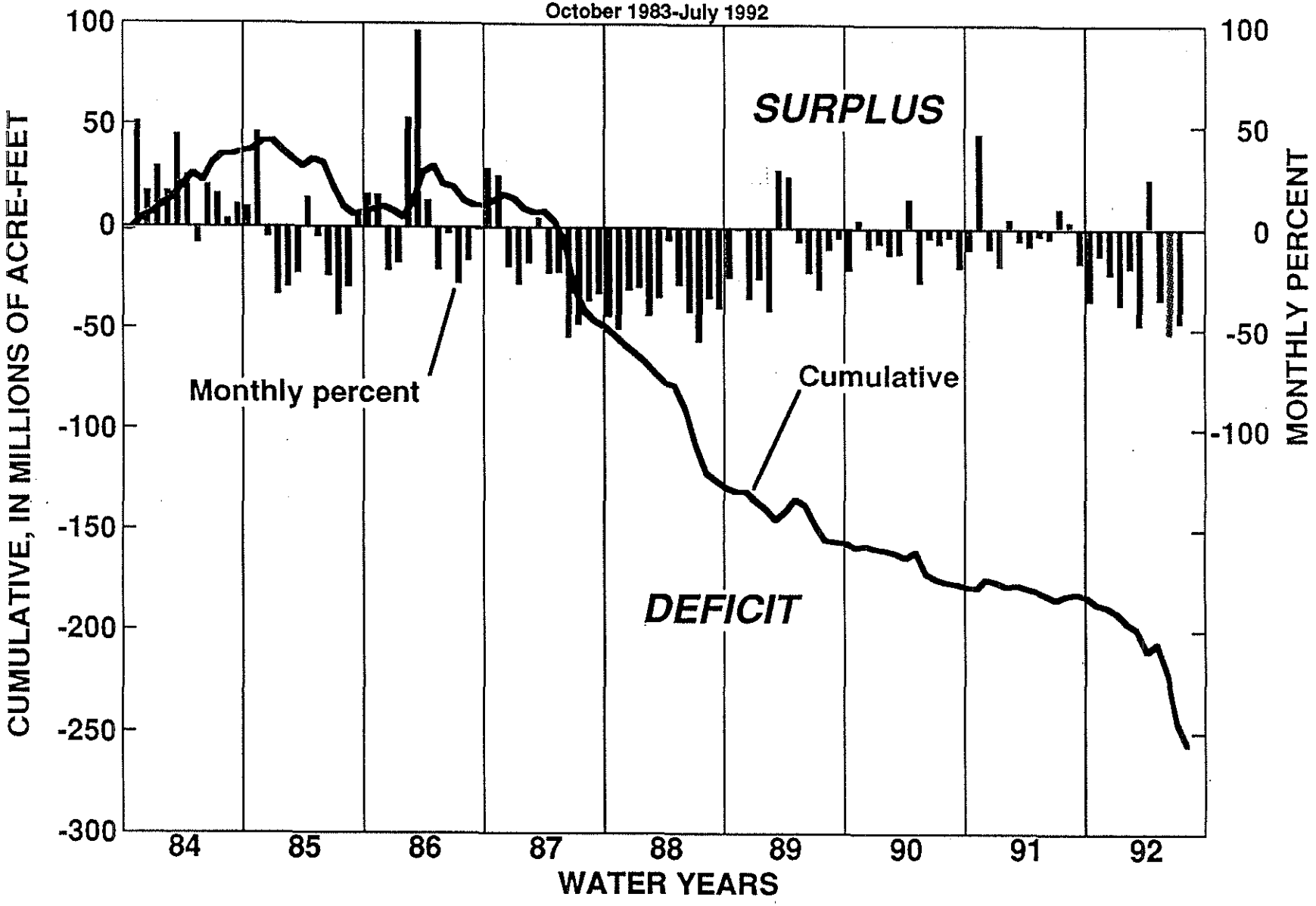


(1992) 11502500 WILLIAMSON R BL SPRAGUE R NR CHILOQUIN,OREG.
MEAN DAILY DISCHARGE (CFS)

(1977) 11502500 WILLIAMSON R BL SPRAGUE R NR CHILOQUIN,OREG.
MEAN DAILY DISCHARGE (CFS), LAGGED 15 YEARS

DEPARTURE FROM TOTAL MEDIAN MONTHLY STREAMFLOW AT 17 PACIFIC NORTHWEST INDEX STATIONS

October 1983-July 1992



U.S. Department of the Interior

U.S. Geological Survey

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TTAAØØ KPDR Ø91606
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STATE OF OREGON

DEPARTMENT OF ENVIRONMENTAL QUALITY INTEROFFICE MEMO

DATE: August 25, 1992

TO: Environmental Quality Commission

FROM: Fred Hansen Mike Downs for

SUBJECT: 1992 Field Burning Program Update

BACKGROUND

In August 1991 House Bill (HB) 3343 was enacted into law establishing acreage limitations for open field burning and propane flaming and registration and burn permit fees for propane flaming. The bill also increased registration and burn permit fees for open field burning and established registration and burn permit fee requirements for stack and pile burning.

Under HB 3343 the Oregon Department of Agriculture (ODA) was directed to develop an annual plan to award funding for applied research or development related to alternatives to open field burning.

The Department of Environmental Quality was directed to and has established an enforcement program and provides a meteorological and an air monitoring network for the field burning program. The Department was also directed to and has entered into a memorandum of understanding with ODA to operate the smoke management program.

FEES AND ACREAGE LIMITATIONS

Fees

Burn Classification	Registration Fee	Burn Permit Fee
Open Field Burning	$2/acre	$8/acre
Propane Flaming	$1/acre	$2/acre
Stack and Pile Burning	$0	$2/acre 1992-1993 $4/acre 1998 1999 through 2001 increases by $2 per acre annually

Acreage Limitations

Open Field Burning	1992 - 1993	140,000 acres + 25,000 acres for steep terrain and specified species
	1994 - 1995	120,000 acres + 25,000 acres
	1996 - 1997	100,000 acres + 25,000 acres
	1998 & thereafter	40,000 acres + 25,000 acres

COMPARISONS	1992 (to August 21)	1991	1990	1989
Acres Registered				
Open Burning	122,306	240,953	281,556	314,788
Propaning	57,033	N/A	N/A	N/A
Stack Burning	102,692	N/A	N/A	N/A
Acres Open Field Burned	65,210	101,052	159,353	165,283
Acres Propane Flamed	18,886	40,000 to 50,000 estimated		
Acres Stack Burned	3,524	-- No Data --		
Total Complaints	435	2,021	2,959	2,018
Hours of Smoke Impact	63	15	83	30
Enforcement Actions	25	42	39	16

ALTERNATIVES RESEARCH PROGRAM

Research Plan

In 1991 ODA appointed a task force of progressive grass seed growers and technical specialists to review past and on-going projects, including the Oregon State University (OSU) non-thermal residue project and the multi-agency sponsored study Opportunities in Grass Straw Utilization, published by CH_2M Hill in cooperation with OSU. The task force also meet with Oregon State University researchers and extension specialists in Corvallis, Madras, and La Grande and seed growers throughout the State.

The task force developed a research plan which was approved by the Emergency Board in September 1991. The plan focused on means of producing quality seed economically without burning and

develop ways to utilize and market straw. The plan will be carried out through a series of field management and straw utilization projects over a five-year period.

Field Management Projects

The task force approached the design of the smoke management projects by systematically evaluating present management practices and noting areas of promise and areas lacking information. The program is based on extending the earlier OSU non-thermal sanitation project to a wider geographic area and to all economically important species.

The plan includes: 1) a thorough investigation of straw removal using state-of-the-art equipment; 2) increased research and surveillance of weed, insect, and disease control; 3) a multi-disciplinary investigation of grass-legume cropping rotation; and 4) a study to determine management requirements for low input on-farm straw composting. Demonstrations and grower education are also a important part of the program.

Straw Utilization Projects

The straw utilization project is based on the knowledge gained from 1989 Oregon Economic Development Department (OEDD), Center for Applied Agricultural Research (CAAR), and Linn-Benton Regional strategy funded projects. The task force issued a request for proposals in December 1991 and received 27 responses. The proposals were rated using 7 criteria including the potential for continued and substantial use of straw and existence of an industrial partner-participant.

Nine projects were funded at a cost of $218,355 plus $373,834 from cost sharing and industry. The short-term projects include: 1) development of low-input on-farm composting; 2) expansion of livestock feed uses; 3) other livestock production uses including bedding and litter; and 4) soil mulching. In the long term, shortages of fiber for pulping and panel board may increase the market for straw.

Conclusions

The ODOA has initiated 17 quality field management and straw utilization projects involving the seed industry and potential straw users. The projects are funded by $1,264,275 collected from fees and lottery funds.

OTHER RESEARCH PROJECTS

The Department has received a $25,000 Environmental Protection Agency (EPA) grant to quantify PM_{10} emissions from the stack burning of grass seed and cereal grain crop residue. A dispersion model is being developed to determine whether these emissions violate ambient air quality standards or impair federal Class I visibility standards.

MISC\AH60545

Environmental Quality Commission

☐ Rule Adoption Item
☐ Action Item
☑ Information Item

Agenda Item G
September 11, 1992 Meeting

Title:

Report on DEQ's response to the drought.

Summary:

DEQ previously responded to drought conditions in 1977 and 1987. In 1977 pulp mill discharges to the Willamette River were of concern, and land irrigation of waste was begun before drought conditions were relieved. In 1987 permits were modified to require treatment facilities throughout the state to maintain summer discharge limits beyond October 31.

This year the state has record-breaking, low stream flows (26% of normal in June) and statewide reservoir capacity is 31% of normal, less than 10% in some areas. The Department began to discuss options and contact permittees in May. Dischargers were asked to ensure that treatment facilities are in top working order. Some may be asked to monitor instream water quality and/or to land apply treated effluent. Summer discharge limits will be maintained past October 31 if necessary.

The Department is coordinating with other state and local agencies.

Department Recommendation:

No specific action is requested from the Commission, except general approval or directive to change the Department's approach to dealing with the drought.

Don Yon for/ Debra S. | Martha Lyda Taylor | Michael Downs for

Report Author | Division Administrator | Director

U:\EQC\ZB11869 8/24/92

REQUEST FOR EQC ACTION

Meeting Date: September 11, 1992
Agenda Item: G
Division: Water Quality
Section: Standards & Assessments

SUBJECT:

Informational report on the Department of Environmental Quality's (DEQ, Department) drought response activity.

PURPOSE:

To inform the Environmental Quality Commission (EQC) about the Department's drought response activities.

ACTION REQUESTED:

___ Work Session Discussion
- ___ General Program Background
- ___ Potential Strategy, Policy, or Rules
- ___ Agenda Item ___ for Current Meeting
- ___ Other: (specify)

___ Authorize Rulemaking Hearing
___ Adopt Rules
- Proposed Rules — Attachment ___
- Rulemaking Statements — Attachment ___
- Fiscal and Economic Impact Statement — Attachment ___
- Public Notice — Attachment ___

___ Issue a Contested Case Order
___ Approve a Stipulated Order
___ Enter an Order
- Proposed Order — Attachment ___

___ Approve Department Recommendation
- ___ Variance Request — Attachment ___
- ___ Exception to Rule — Attachment ___
- _X_ Informational Report — Attachment ___
- ___ Other: (specify) — Attachment ___

DESCRIPTION OF REQUESTED ACTION:

This is an informational report. The Department does not request action by the EQC at this time.

Several options are being considered by the Department to minimize the impact of low flow conditions on water quality. The options selected may vary from stream to stream dependent on the streamflow, water quality conditions, and fishery concerns of particular streams.

Two options being discussed to reduce discharges in those areas where inadequate dilution flows are present include:

1. land application of treated wastewater through a temporary emergency permit, and/or

2. continuation of summer discharge limits beyond October 31 if streamflows have not increased to the levels needed to assimilate higher winter discharges. Typically discharge permits specify summer (May 1 - October 31) and winter (November 1 - April 30) discharge limits. The summer limits are lower so that water quality standards can be achieved during the summer when streamflows are typically lower.

AUTHORITY/NEED FOR ACTION:

___ Required by Statute: _____ Attachment ___
Enactment Date: _____
_X_ Statutory Authority: ORS 468B.015 & .020 Attachment ___
_X_ Pursuant to Rule: OAR 340-45-55 Attachment A
___ Pursuant to Federal Law/Rule: _____ Attachment ___

___ Other: Attachment ___

_X_ Time Constraints:

Should the Department decide to take one of the actions described in this report in response to drought conditions, it will be an immediate response that is required during the low flow conditions of late summer and early fall of this year.

DEVELOPMENTAL BACKGROUND:

___ Advisory Committee Report/Recommendation Attachment ___
___ Hearing Officer's Report/Recommendations Attachment ___

___ Response to Testimony/Comments — Attachment ___
___ Prior EQC Agenda Items: (list) — Attachment ___
___ Other Related Reports/Rules/Statutes: — Attachment ___
_X_ Supplemental Background Information

ACWA Newsletter Article — Attachment B
Letter to Industrial NPDES Permittees — Attachment C

Drought conditions this summer are among the worst on record for Oregon. The most recent report of the Water Availability Committee to the Oregon Drought Council reported the following conditions (Barry Norris, Water Resources Department, July 15, 1992):

- Statewide, June streamflows were only 26 percent of normal for June. The lowest streamflows were in the Owyhee Basin, 9 percent of normal, and the best flow conditions were found in the Willamette Basin and South Coast, 38 percent of normal.

- For the month of June, most of the state had record breaking low flows by large margins. For example, the previous low June flow for the Donner and Blitzen River was 68 cfs (1966). This June the flows were as low as 44 cfs.

- Statewide, reservoir content is about 31 percent of normal. This has dropped from an average content of 49 percent on May 1st, demonstrating high water use during May and June resulting from high temperatures and low rainfall. Eight of 28 reservoirs surveyed contain less than 10 percent of normal for this time of year.

The Department has responded to drought conditions twice in the past. The actions of the Department during the these two drought years are summarized here.

1977: In 1977, the flows and dissolved oxygen levels in the Willamette River were a concern. The Department formed a task force of dischargers and agencies to work on the problem. The pulp and paper industry was determined to be a major waste source affecting the river. The Department asked the pulp and paper facilities to investigate and prepare to land irrigate their waste as an alternative to discharge to the Willamette River. A small amount of land application actually occurred before the drought conditions were relieved.

1987: In 1987, the problem was different. Typically, permits contain reduced summer discharge limits that apply from May 1 to October 31 of each year. As October 31, 1987 approached, however, river flows were still too low to accommodate the higher winter loads. The Department modified the permits (under the authority of OAR 340-45-055), requiring facilities to maintain their summer discharge limits until notified. Shortly thereafter, the drought conditions were relieved.

This year, Department staff began meeting to gather information and discuss options in May. The first step was to track streamflow conditions and identify where flows may become too low to adequately assimilate permitted discharges.

In addition, one of the first steps was to communicate to our permittees that they may experience extremely low streamflows this summer. This initial communication occurred through the Association of Clean Water Agencies (ACWA) newsletter, letters to individual industrial NPDES permittees, and a meeting with ACWA and industrial representatives (see Attachments B and C). The Department asked the dischargers to schedule maintenance and take any other measure possible to ensure that their treatment facilities are operating at peak efficiency during the critical low flow period. Permittees were also asked to identify what opportunities they may have to reduce their discharge should the need arise.

Department staff have attended meetings with the Army Corps of Engineers on reservoir management in the Willamette Basin. As of August 3rd, the Corps anticipated they will be able to maintain streamflows in the Willamette at 5500 cfs at Salem and 4500 cfs at Albany. If these flows are maintained, the Department does not expect water quality standards violations to occur in the Willamette.

Other rivers may experience water quality problems from reduced flows, however. The Department is currently gathering information and working with sources and other agencies to identify where problems may occur and how to avoid or minimize them. For example, we will request information from the Oregon Department of Fish and Wildlife (ODFW) on critical resource areas threatened by water quality impacts resulting from the drought conditions.

It is possible that flows will remain lower than normal on October 31. If this occurs, the Department will prepare to take action similar to that in taken 1987 (described above). The action is to modify permits to continue the summer discharge limits beyond October 31 until streamflows recover.

REGULATED/AFFECTED COMMUNITY CONSTRAINTS/CONSIDERATIONS:

The affected community includes municipal and industrial dischargers. A request to reduce or eliminate discharge through land application, or to maintain summer discharge limits beyond October 31, would likely increase the waste treatment and management costs of the facility for that period of time. It is expected that such requests would be in effect for a limited time, perhaps one to three months. The Department will consider whether requested actions will produce undo hardship for an individual facility.

PROGRAM CONSIDERATIONS:

This activity is not built into our normal workload and there are no resources or staff time specifically dedicated. Therefore, all staff time and efforts to deal with drought related circumstances and actions of the Department are diverted from other program activities and are causing delays in those activities.

ALTERNATIVES CONSIDERED BY THE DEPARTMENT:

1. Invite voluntary land application, or require land application of treated effluent where feasible to reduce discharges to streams with inadequate dilution flow.

2. Modify permits to extend the summer discharge limits beyond October 31, until permittees are notified that winter limits are again effective.

3. Discuss with ODFW and the Health Division whether there are situations where it would produce a net benefit to ask treatment plants to reduce chlorine treatment in order to reduce chlorine toxicity in the receiving stream. The trade off may be having to close a stream segment to swimming or other water contact recreation to reduce the risk to public health.

DEPARTMENT RECOMMENDATION FOR ACTION, WITH RATIONALE:

To date, the Department has made initial contact with dischargers and has asked them to ensure their treatment facilities are in top working order. We are also pursuing a possible request to some treatment plants to do limited monitoring of instream water

quality. In addition, we may request that some facilities land apply treated effluent in basins where water quality problems are imminent and this is a feasible alternative.

The Department recommends that should streamflows remain lower than normal as October 31 approaches, summer discharge limits should be extended later into the fall, until flows recover and are adequate to assimilate the increased winter discharges.

CONSISTENCY WITH STRATEGIC PLAN, AGENCY POLICY, LEGISLATIVE POLICY:

The Department has no formal policy on drought response. The above measures are consistent with the mission of the water quality program, however, which is to protect the waters of the state for beneficial uses. These measures are also consistent with the policy of the Department to prevent and control water pollution, and to prohibit discharges that cause violations of in-stream water quality standards.

ISSUES FOR COMMISSION TO RESOLVE:

This is an informational report. There are no issues for the Commission to resolve at this time.

INTENDED FOLLOWUP ACTIONS:

1. Request information from the Oregon Department of Fish and Wildlife (ODFW) on critical resource areas threatened by water quality impacts resulting from the drought conditions.

2. Request treatment facilities to conduct limited in-stream water quality monitoring as flows drop to critical levels in some basins.

3. Prepare to issue Temporary Reclaimed Water Use permits for land application of treated effluent where it is a feasible and beneficial alternative.

4. Prepare to modify permits to extend summer discharge limits beyond October 31 if dilution flows are inadequate.

Approved:

Section: Debra Sturdevant for Neil Mullane

Division: Martin [illegible] for Lydia R. Taylor, Administrator

Director: Fred Hansen

Report Prepared By: Debra Sturdevant

Phone: 229-5289

Date Prepared: August 12, 1992

(DJS:djs)
(wp51\drought\eqcrep)
(8/12/92)

Department Initiated Modification of an NPDES Permit

340-45-055 In the event that it becomes necessary for the Department to institute modification of an NPDES permit due to changing conditions or standards, receipt of additional information or any other reason pursuant to applicable statutes, the Department shall notify the permittee by registered or certified mail and shall at that time issue a public notice announcement in a manner approved by the Director of its intent to modify the NPDES permit. Such notification shall include the proposed modification and the reasons for modification. The modification shall become effective 20 days from the date of mailing of such notice unless within that time the permittee requests a hearing before the Commission or its authorized representative or unless the Director determines that significant public interest merits a public hearing or a change in the proposed modification, or if there are written requests for a hearing from ten (10) persons or from an organization representing at least ten persons. Any request for hearing by the permittee or any person shall be made in writing to the Director and shall state the grounds for the request. Any hearing held shall be conducted pursuant to the regulations of the Department. A copy of the modified NPDES permit shall be forwarded to the permittee as soon as the modification becomes effective. The existing NPDES permit shall remain in effect until the modified NPDES permit is issued.

Stat. Auth.: ORS Ch. 468
Hist.: DEQ 53(Temp), f. & ef. 6-21-73 thru 10-18-73; DEQ 58, f. 9-21-73, ef. 10-25-73; DEQ 113, f. & ef. 5-10-76; DEQ 13-1988, f. & cert. ef. 6-11-88

[ED. NOTE: The text of Temporary Rules is not printed in the Oregon Administrative Rules Compilation. Copies may be obtained from the adopting agency or the Secretary of State.]

ACWA REVIEW

VOL. I, NO. 2 JUNE 1992

DROUGHT ALERT FOR DISCHARGERS,

by: Bill Gaffi, Water Quality Chair and Debra Sturdevant, DEQ

The Department of Environmental Quality and a variety of other resource agencies and ACWA representatives met on June 17th to explore potential strategies to mitigate adverse impacts of the record drought currently being experienced in Oregon. It would be particularly helpful if we can maximize treatment efficiencies during this summer's low flow period.

We suggest consideration be given to scheduling those maintenance activities which will temporarily reduce effluent quality to periods of higher flow or until next year if possible. Permittees can contact DEQ if they are able to adjust such activities.

The following is a discussion of other considerations that may come into play this summer:

With light winter snowfall and an unusually warm dry spring, on top of seven previous years of less than average precipitation, this summer is shaping up to be a dry one. According to Barry Norris of the Water Resources Department and the Oregon Drought Council, Oregon is experiencing the worst drought conditions on record.

Streamflow during May was 33 percent of normal statewide with some basins having only 5 to 10 percent of their normal streamflow. Reservoir storage was 39 percent of normal statewide in early June. The Soil Conservation Service expects that many streams will experience record low flows this summer (Basin Outlook Report, June 1, 1992).

The Department of Environmental Quality (DEQ) and the Association of Clean Water Agencies (ACWA) are asking for your help in minimizing water quality problems and any harm to beneficial uses that could result from the absence of adequate streamflow for dilution and assimilation.

(continued on Page 2)

ASSOCIATION OF CLEAN WATER AGENCIES • P.O. BOX 8434 • PORTLAND, OR 97207

(continued from Page 1)

Here is what DEQ is doing:

- Gathering information to help us identify potentially critical problem areas and locations with sensitive resources needing protection.
- Discussing potential actions with municipal and industrial permittees and other agencies.
- Working on a coordinated water conservation public information campaign with the Water Resources Department.

Here is what YOU can do:

- Review your maintenance schedule to ensure that your treatment facility is in peak operation during the lowest streamflows, which occur in late summer and early fall.
- Identify opportunities (or obstacles) your facility may have to reduce or eliminate discharges during the critical low flow period. Communicate these ideas to Oregon ACWA or DEQ so that we can help overcome obstacles and share ideas with others. This is a time for creative thinking.

During past droughts, 1977 and 1987, DEQ has taken two different approaches. In 1977, flows and dissolved oxygen levels in the Willamette River were a concern. DEQ asked the pulp and paper mills to investigate and prepare to land irrigate their waste as an alternative to discharge to the Willamette during the critical low flow period.

In 1987, streamflows were still low as the November 1 date for switching from summer session discharge limits to higher winter limits approached. The Department modified permits requiring that facilities maintain their summer discharge limits due to drought conditions until notified.

In both of these prior cases, the drought conditions were relieved shortly after the response actions were implemented. We can not count on being as lucky this year. We must be prepared to do our part to get through this time of shortage with as little permanent damage to our natural resources as possible.

We look forward to working with you to address this critical problem, and would appreciate hearing your concerns and suggestions. For further information contact Debra Sturdevant at 229-5289, or Ed Sale at 229-5766 (Portland).

(continued from Page 1)

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Oregon

DEPARTMENT OF
ENVIRONMENTAL
QUALITY

August 11, 1992

Re: Drought Alert for
Dischargers

Dear NPDES Discharger:

As you are probably aware, light winter snowfall and an unusually warm dry spring, on top of seven previous years of less than average precipitation, have yielded a very dry summer. According to Barry Norris of the Water Resources Department and the Oregon Drought Council, Oregon is experiencing the worst drought conditions on record.

Streamflow during June was 26 percent of normal statewide. The Willamette and South Coast basins were in the best shape in June at 38 percent of normal. Reservoir storage, statewide, was about 31 percent of normal in June. Many streams are experiencing record low flows this summer (Water Availability Report, Barry Norris, Water Resources Department, July 15, 1992). The Corps of Engineers expects to maintain 5500 cfs in the Willamette River at Salem through August.

The Department of Environmental Quality (DEQ) is asking for your help in minimizing water quality problems and any harm to beneficial uses that could result from the absence of adequate streamflow for dilution and assimilation.

Here is what DEQ is doing:

- Gathering information to identify potentially critical problem areas and locations with sensitive resources needing protection.
- Discussing potential actions with municipal and industrial permittees and other agencies.
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Here is what YOU can do:

- Review your maintenance schedule to ensure that your treatment facility is in peak operation during the lowest streamflows, which occur in late summer and early fall.

811 SW Sixth Avenue
Portland, OR 97204-1390
(503) 229-5696

- Identify opportunities (or obstacles) your facility may have to reduce or eliminate discharges during the critical low flow period. Communicate these ideas to DEQ so that we can help overcome the obstacles and share ideas with others. This is a time for creative thinking.

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In both of these prior cases, the drought conditions were relieved shortly after the actions were implemented. But we can not count on being as lucky this year. We must be prepared to do our part to get through this time of shortage with as little permanent damage to our natural resources as possible.

The Department will contact you again should the situation this summer require the implementation of discharge reduction measures or temporary permit modifications.

We look forward to working with you to address this problem, and we would appreciate hearing your concerns and suggestions. To discuss ideas and concerns for your facility, please contact your permit writer, or Renato Dulay in Portland (229-5374). For general information contact Debra Sturdevant at 229-5289.

Thank you in advance for your attention to this issue.

Sincerely,

for Lydia Taylor
Administrator
Water Quality Division

(DJS:djs)

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Sincerely,

for Lydia Taylor
Administrator
Water Quality Division

(DJS:djs)

CHRONOLOGY OF MAJOR NEW FEDERAL AND STATE PROGRAMS IMPLEMENTED AT DEQ SINCE 1980

The following outlines the major new federal and state programs implemented at the Department of Environmental Quality since 1980. During this time, the Department has generally received new resources (federal and general funds as well as fees) for the operation of these programs. In most instances, the programs are the result of specific federal and state legislation.

Beginning with 1981, the programs are arranged by the biennium in which implementation started. New federal legislation along with the reauthorization of existing federal statutes has resulted in new and expanded programs in the Department. State legislation has been driven by both federal actions and the Legislature's own initiatives on the environment. The State Senate and House bill numbers are provided for reference.

1980 Federal legislation:
- Resource Conservation and Recovery Act (RCRA) - hazardous waste management regulations
- Superfund program established (CERCLA)

1981-83 Federal Reauthorization of the Clean Water Act

State legislation:
- Backyard burning program (SB 327)

1983-85 Federal Reauthorization of RCRA

State legislation:
- Opportunity to Recycle Act (SB 405)
- Woodstove certification program (HB 2235)

1985-87 Federal legislation:
- Underground Storage Tanks
- Water Quality Construction Grants program funded
- Superfund Amendments and Reauthorization (SARA)
- Safe Drinking Water Act amendments (groundwater protection)

NEDC lawsuit addressing water quality in the Tualatin River (Total Maximum Daily Load requirements enforced)

State legislation:
- Oil and Hazardous Material Response and Remedial Action (HB 2146)
- Hazardous Waste Facility Siting (SB 138)

1987-89 Federal Reauthorization of the Clean Water Act (adds pretreatment/sludge, stormwater, and toxics requirements; non-point source pollution, National

Estuaries and near coastal waters programs)
Federal State Revolving Fund initiated to phase out the Construction Grants program

State legislation:
- Environmental cleanup program/state superfund (SB 122)
- Underground Storage Tank permitting and compliance (SB 115)
- Waste Tire program (HB 2022)
- Illegal drug lab cleanups (SB 1002)
- Asbestos program (HB 2367)
- Sewer Assessment Loan Deferral Program (Sewer safety net) (SB 878)
- Sewage Treatment Works Operator Certification (HB 3386)
- Regional Solid Waste Sites (SB 2619)

1989-91

State legislation:
- Underground storage tank financial assistance (HB 3080)
- Toxics Use Reduction Act (HB 3515)
- Groundwater Protection Act (HB 3515)
- State Superfund/Orphan site cleanups (HB 3515)
- Oil spill planning (SB 1039)
- Oil Heat Commission (HB 3456)
- Extension of the Pollution Control Tax Credit program (HB 2178)
- Confined Animal Feeding Operations (HB 3445)

Columbia River Bi-State and Willamette River studies funded
Household hazardous waste projects and grants to local governments for recycling and solid waste planning funded from solid waste disposal fee
Voluntary environmental cleanup program initiated on a cost recovery basis

1991-93

Federal reauthorization of the Clean Air Act (includes air toxics, permitting and emission fee requirements)

State legislation:
- Enhance underground storage tank financial assistance (SB 1215)
- Comprehensive air emissions (HB 2175)
- Comprehensive solid waste planning and recycling (SB 66)
- Oil spill planning (SB 242)
- Forest Practices Act (SB 1125)
- Hazardous Waste technical assistance (SB 241)

State Legislation continued:

Tualatin River study (HB 3338)
State Water Management Group grants program
Chemical process mining (HB 2244)

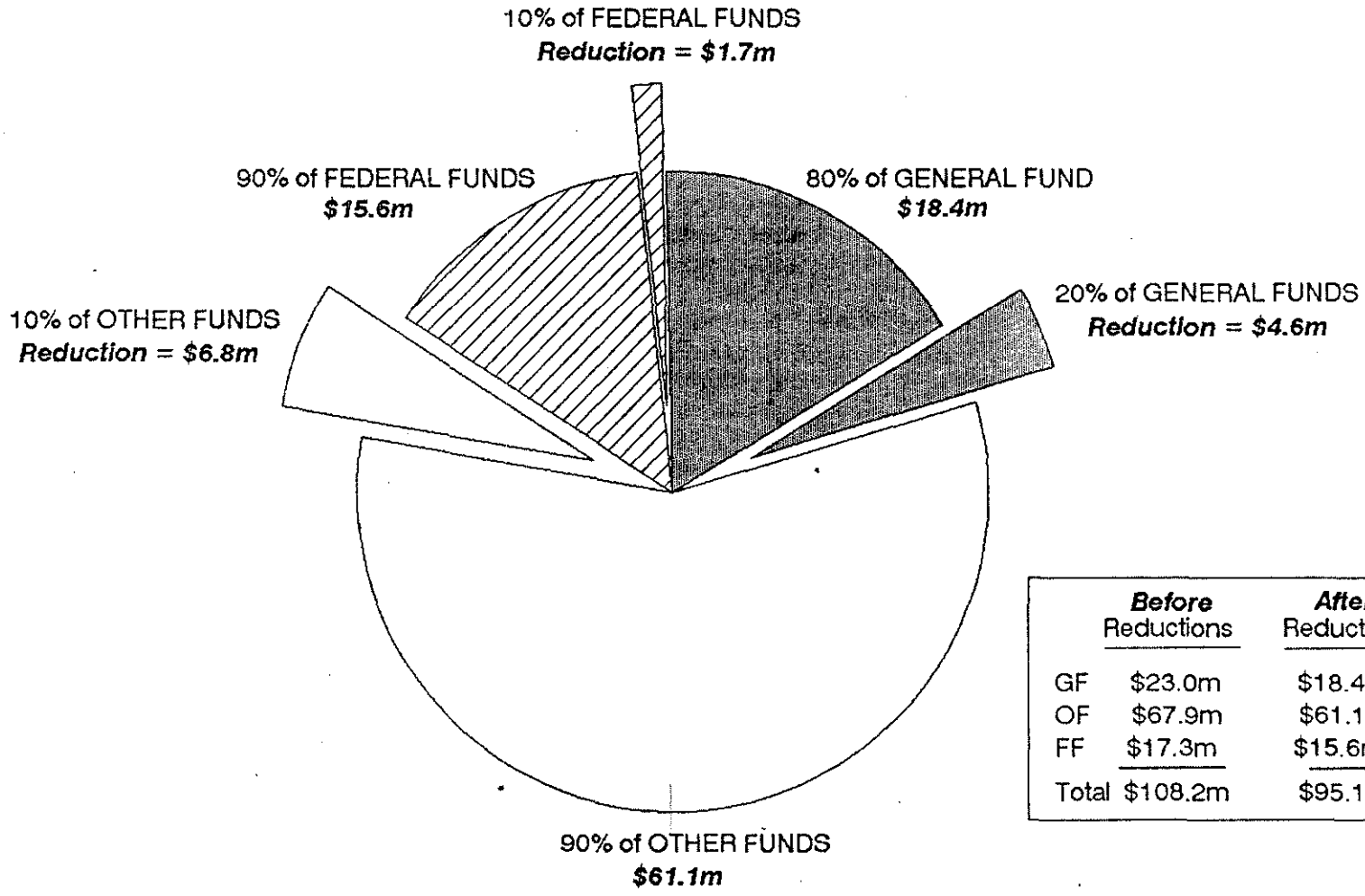
Stormwater water discharge permitting program initiated

1993-95 Federal regulations for solid waste (Subtitle D) are anticipated.

DEQ's major state legislative proposals:

Air Quality updates related to the Clean Air Act and recommended legislation from the Governor's Motor Vehicle Emission Task Force
Environmental crimes
Groundwater/Wellhead protection
Wastewater finance/State revolving fund amendments and capital replacement and reserve accounts
Wastewater pollution load trading system
Pollution Control Tax Credit program revisions
Underground storage tank licensing fee
Water Quality plan review fees

DEQ 1993-95 ESTIMATED REDUCED LEVEL BUDGET



	Before Reductions	*After* Reductions
GF	$23.0m	$18.4m
OF	$67.9m	$61.1m
FF	$17.3m	$15.6m
Total	$108.2m	$95.1m

"Current Services" reflects current biennium operations for a full 24 months & includes a $1.7m fundshift from FF to OF. Graph depicts 1991-93 legislative expenditure authority thru April '92 E-brd except for the UST, SRF, and SSN (financial assistance related) programs.

e:\fl\9395csr3 (9/09/92)

SUMMARY OF THE 1993-95 AGENCY BUDGET REQUEST

The Department's request is scaled back considerably from previous budgets. One indicator is the number of Decision Package requests.

1991-93:	31 decision packages requested
1993-95:	22 decision packages requested

1993-95 Decision Packages fall into three general categories:

1. **Addback and restoration** of budget cuts necessary to meet the 80/90/90 General/Other/Federal fund reduced service level budget criteria. These are generally the highest priority decision packages.

2. **Technical Assistance** to local government and small business. These are the second highest priority requests.

3. **Program Enhancements** decision packages include new legislation and additional federal funding.

The number of **positions** in the agency request will total less than the number authorized for the current biennium.

1991-93 Position authorization:	690
1993-95 Reduced Service Level budget positions:	569
1993-95 Agency requested positions:	646

Fee increases, new fees and pollution control bond funds do no expand significantly in the agency request.

1991-93	Fee increases:	9
	New fees:	2
	New uses of bond proceeds:	3
1993-95	Fee increases:	5
	New fees:	2
	New uses of bond proceeds:	0
	Lottery funds:	1

The proposed increases include the air emission and UST permit fees. The sale of additional bonds to fund orphan site cleanups will require increases in the hazardous substance, petroleum load and the solid waste fees to support the related debt service. The new fees are for water quality plan review and State Revolving Fund administration. Lottery funds are requested to fund resources for a livable community environmental project team.

Local Government budget concerns:

- illegal drug lab cleanups
- river water quality studies
- sewer assessment loan deferral program (sewer safety net)

Benchmark Budget Requests:

The department is submitting additional budget requests related to two lead benchmarks: air quality and threatened and endangered species. The air program requests will relate to recommendations from the Governor's Task Force on Motor Vehicles. The Water Quality program anticipates requests related to increased monitoring on the South Coast and upper Columbia river systems, and continuing study of the lower Columbia.

State of Oregon
Department of Environmental Quality **Memorandum**

Date: August 26, 1992

To: Environmental Quality Commission

From: Fred Hansen, Director Mike Downs for

Subject: **Agenda Item I., 1993-95 Budget Information Report**

The Department is in the process of finalizing its 1993-95 budget request. The request will be reviewed by the Governor's staff in September and October, with the Governor expected to make final deliberations in early November. The Governor's Recommended Budget is to be released to the Legislature and the public no later than December 1.

At the September 9th Commission meeting, the details of the agency request will be presented for review and further discussion. Our budget discussion with you in April is reflected in the agency request. Staff have spent long hours developing the budget within the constraints of a 20% General Fund reduction and a fee-based budget capped at 100% of the current biennium amounts. Although the federal fund budget is also to be capped at 100% of current levels, the trend of declining federal dollars is a more serious dilemma.

The Department's budget picture needs to be viewed in the light of programs' needs and the absence of any replacement revenues for Ballot Measure 5 purposes. The agency request will ask for close to 10% of the 20% General Fund reduction back to support both existing and new program efforts. However, the demands on the limited General Fund dollars statewide coupled with the declining Federal dollars suggest growing pressure, and reliance, on fees to support our programs.

Budget request summary information is expected to be available the first part of September. The information will be mailed to you in advance of the meeting if the timing allows. Otherwise, we would expect to distribute the materials at the work session.

STATE OF OREGON

DEPARTMENT OF ENVIRONMENTAL QUALITY **INTEROFFICE MEMORANDUM**

DATE: September 11, 1992

TO: Environmental Quality Commission

FROM: Fred Hansen

SUBJECT: Agenda Item J: Report from Chair of Recycling Markets Development Council.

We have asked Cheryl Perrin, Chair of the Recycling Markets Development Council, to update you on the council's activities. The 1991 Oregon Recycling Act (SB 66) created this 12 member body to foster development of markets for recycled materials. The membership of the council is attached.

Development of recycling markets is essential if the mandatory waste recovery rates contained in SB 66 are to be met. Currently, the value of recycled newsprint and cardboard is relatively low, recycled green glass is in serious over-supply, and markets simply do not exist for most plastics. Because of poor markets, the cost of recycling service continues to increase causing some local governments and citizens to question its worth.

The council has appointed three divisions (glass, plastics and paper) to develop market development plans and a capitol development fund financed through industry assessments. The first drafts of the divisions' proposals will be presented to the council at its September 11 meeting. The work of the divisions will be incorporated in a report that the council will make to the 1993 Legislature.

GOVERNOR BARBARA ROBERTS
NEWS RELEASE

RECEIVED
JAN 03 1992
Hazardous & Solid Waste Division
Department of Environmental Quality

FOR IMMEDIATE RELEASE

December 31, 1991

Contact: Steve Corson
378-3132

TWELVE TO SERVE ON RECYCLING MARKETS COUNCIL

Governor Barbara Roberts today announced the 12 members of Oregon's Recycling Markets Development Council. The council was created by the Legislative Assembly as part of Senate Bill 66, the state's broad-ranging new recycling law, to foster development of markets for recycled materials.

The 12 members, representing a wide spectrum of industry, government, and public interest organizations, are:

Cheryl D. Perrin, 53, vice-president for public affairs of Fred Meyer, Inc. Governor Roberts has designated Perrin to chair the council. Perrin has served as president of the national Food Marketing Institute and on a national Solid Waste Task Force aimed at fostering increased recycling in industry. She is a Portland resident.

Lauri G. Aunan, 33, advocate and lobbyist for the Oregon State Public Interest Research Group (OSPIRG). Aunan serves on a number of committees on solid waste and recycling issues, including the Department of Environmental Quality's advisory committees on environmental enforcement, solid waste, and solid waste permit fees. She also serves on a solid waste and recycling committee for the Portland Bureau of Environmental Services. She lives in Corbett.

Bruce B. Bailey, 53, president of Bend Garbage & Recycling. Bailey is president of the Oregon Sanitary Service Institute, a state-wide association of 150 independent solid waste and recycling companies. He also serves on the board of the West Coast Refuse & Recycling Coalition, representing the solid waste and recycling industry in Oregon, Washington, California and Nevada. Bailey lives in Bend.

Sara M. Bentley, 39, president and publisher of the Statesman Journal newspaper, in Salem. Bentley served on the government affairs committee for the Oregon Newspaper Publishers Association, and participated in efforts to urge the Legislature to adopt recycling goals for newspapers and other businesses. She is a resident of Salem.

Jack R. Brown, 62, public affairs manager for the James River Corporation. Brown is a member of the board of Associated Oregon Industries and of the Oregon Parks Foundation. Prior to joining James River, Brown was with Crown Zellerbach. He lives in Lake Oswego.

(MORE)

Jerome M. Chicvara, 39, marketing director for Hood River Brewing Company. He lives in Hood River.

John H. Fletcher, 48, president of Container Recovery, Inc. He serves on the Gresham Citizen Advisory Committee for Solid Waste. Prior to joining Container Recovery he was operations manager for Coast Distributors, Inc. He is a resident of Gresham.

Ripley W. Gage, 71, president and founder of Gage Industries, Inc. Gage is chairman of Associated Oregon Industries, and vice-chairman of the national Society of the Plastics Industry. Gage was an active industry committee participant in developing the recycling standards in Senate Bill 66, and has consistently pursued the development of plastics recycling and the use of post-consumer recycled materials in Oregon. He lives in Lake Oswego.

Emile Holeman, 61, Umatilla County Commissioner and owner/operator of Holeman Texaco. He has been actively involved in community affairs as an office-holder and small businessman for more than 30 years, including service on the Pendleton City Council and the Pendleton School District 16R Board. He was elected county commissioner in 1990. He lives in Pendleton.

Jerry E. Powell, 45, co-owner and editor of Resource Recycling Magazine, the nation's largest recycling journal. From 1978 to 1988 he was also co-owner of Resource Conservation Consultants, a solid waste management consulting firm. Powell was the founding chairman of the Association of Oregon Recyclers, serving from 1978 to 1981. He is a member of the National Recycling Coalition, and has served on the Oregon Regional Solid Waste Policy Commission. He lives in Portland.

Ronald E. Sprague, 56, plant manager for Owens-Illinois, Inc. Sprague has 30 years of experience in the glass container industry, and has actively in promoted glass container recycling in the Northwest. Sprague has also pushed for record setting recycled content levels at the glass manufacturing and recycling facility he manages. Sprague is a resident of Lake Oswego.

Robert G. Stoddart, 34, account executive for West Coast Plastics, of Eugene. He has worked with recyclers and recycling efforts throughout Oregon and on the national level to organize recycling programs and markets. Stoddart serves on the Oregon Waste Reduction Trust Fund Board as an appointee of the Senate president. He lives in Junction City.

Under Senate Bill 66, the Oregon Recycling Markets Development Council will develop market strategies for recycled glass, paper and plastics; communicate with committees representing other states within the region; encourage uniform recycling definitions; and encourage expansion of business opportunities and promotion for products made from recovered materials. Appointees will serve two-year terms ending in December, 1993.

-30-

State of Oregon

Department of Environmental Quality Memorandum

Date: September 11, 1992

To: Environmental Quality Commission

From: Fred Hansen

Subject: Director's Report

OXYGENATED FUELS

The Department had originally planned to have an agenda item today on oxygenated fuels. The use of oxygenated fuels in all CO nonattainment areas is required under the new federal Clean Air Act. The areas in Oregon that are designated as nonattainment are the Portland metropolitan area, Jackson County, Grants Pass and Klamath Falls.

After initial public hearings, the Oxygenated Fuels Advisory Committee recommended a radical change to the oxygenated fuels program funding mechanism. The original proposal would have assessed a fee only on terminals and distributors, but the revised proposal includes a fee on individual service stations. Because this change meant a new fiscal impact statement, new public hearings have been scheduled on September 22 in Portland and September 23 in Klamath Falls and Medford. The proposed rules will be on the agenda of the October EQC meeting.

OIL SPILL TRAINING

The Department is participating in an oil spill training exercise on September 24. The drill is sponsored by the Coast Guard and will be an excellent opportunity to test deficiencies in the Oregon/Washington response system. The dill will involve natural resource agencies and response agencies from Oregon and Washington and the federal government.

HEARING AUTHORIZATIONS

New Source Review Rule Amendments

The amendments are required by the federal Clean Air Act and will be a revision of the State Implementation Plan.

Lender Liability

The rule exempts lenders, trusts acting as fiduciaries and governmental entities from environmental cleanup liability. HB 3349 directed the Commission to adopt rules clarifying the security interest and trustee exemptions to environmental cleanup liability. The rules were to be consistent with regulations promulgated by EPA under the federal "Superfund" statute.

Solid Waste Reduction and Recycling

The proposed amendments incorporate changes made by 1991 laws to the recycling program and to the waste reduction program and recycling certification requirements. These changes are being made by deleting Division 60 or OAR Chapter 340 and creating and amending Division 90 and 91 under the same chapter.

Hazardous Waste and Toxic Use Reduction Regulations

The proposed rules adopt new federal hazardous waste regulations by reference and add update toxics use and hazardous waste reduction planning requirements.

September 1, 1992

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2~

Dear 3~:

The Environmental Quality Commission will meet at the Lane County Public Service Building, Lane County Courthouse, Harris Hall, on Friday, September 11, 1992. The first item on the Commission's agenda will be a coordinated presentation by Eugene, Springfield and Lane County to apprise the Commission of local accomplishments and concerns.

The Commission would also like to meet with local elected officials on an informal basis during the lunch break. This informal setting will provide an opportunity for continued discussions on local issues. We would like you to join the Commission for this informal luncheon discussion. The luncheon will be held at the Hilton Hotel, Skinner's Restaurant at 12:00. Please call Linda Lynch or Vicki Stewart, City of Eugene, at 687-5177, if you would like to attend the lunch.

For your information I've attached an agenda of the September 11 meeting. If you have any questions, please do not hesitate to contact this office at 229-5301.

Sincerely,

Fred Hansen
Director

/kp

Attachment

cc City of Eugene

September 1, 1992

1~
2~

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Sincerely,

Fred Hansen
Director

/kp

Attachment

cc City of Eugene

Honorable Bill Bradbury
Oregon State Senator
P. O. Box 1499
Bandon, Oregon 97411

Honorable Jim Edmunson
Oregon State Representative
1460 Oak Drive
Eugene, Oregon 97405

Honorable Marie Bell
Oregon State Representative
1262 Calvin
Eugene, Oregon 97401

Honorable William Dwyer
Oregon State Senator
5558 Thurston Road
Springfield, Oregon 97478

Mr. Myles Brand, President
University of Oregon
110 Johnson Hall
Eugene, Oregon 97403

Mr. Marty Douglass
Government Affairs Coordinator
Eugene Water and Electric Board
500 E. 4th Avenue
Eugene, Oregon 97401

Honorable Marie Frazier
Lane County Commissioner
125 E. 8th Avenue
Eugene, Oregon 97401

Honorable Carl Hosticka
Oregon State Representative
P. O. Box 3236
Eugene, Oregon 97403

Honorable Jim Whitty
Oregon State Representative
HC 52, Box 658
Coos Bay, Oregon 97420

Honorable Peg Jolin
Oregon State Senator
31251 Joe Geer Road
Cottage Grove, Oregon 97424

Mr. Don Arkell, Director
Lane Regional Air Pollution Authority
225 N. 5th Avenue, Suite 501
Springfield, Oregon 97477

Honorable Steve Cornacchia
Lane County Commissioner
125 E. 8th Avenue
Eugene, Oregon 97401

Honorable Ellie Dumdi
Lane County Commissioner
125 E. 8th Avenue
Eugene, Oregon 97401

Mr. Mike Gleason, City Manager
City of Eugene
777 Pearl Street, Room 105
Eugene, Oregon 97401

Honorable Grattan Kerans
Oregon State Senator
1015 Willa Way
Eugene, Oregon 97404

Honorable Sam Dominy
Oregon State Representative
43 North "K" Street
Cottage Grove, Oregon 97424

Mr. Bruce Berg
Springfield City Council
448 "D" Street
Springfield, Oregon 97478

Gayle Decker
Springfield City Council
415 N. 67th Street
Springfield, Oregon 97478

Bobby Green
Eugene City Council
1754 Danebo Street
Eugene, Oregon 97402

Honorable Hedy Rijken
Oregon State Representative
P. O. Box 576
Newport, Oregon 97365

Honorable Lee Beyer
Oregon State Representative
1439 Lawnridge Avenue
Springfield, Oregon 97477

Honorable Tom Bunn
Oregon State Representative
2650 Locks Road
Dayton, Oregon 97114

Shawn Boles
Eugene City Council
105 N. Adams
Eugene, Oregon 97402

Ms. Debra Ehrman
Eugene City Council
1571 Lawrence
Eugene, Oregon 97401

Mr. George Kloeppel, Executive Director
Lane Council of Governments
125 E. 8th Avenue
Eugene, Oregon 97401

Mr. Randy MacDonald
Eugene City Council
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