

Date: July 20, 2023
To: Environmental Quality Commission
From: Leah Feldon, Director
Subject: Item C: 2023 Legislative Session Debrief (Informational)
July 20, 2023 EQC meeting

Purpose of item DEQ will debrief the 2023 Legislative Session with the commission, with a focus on the agency's Legislative Adopted Budget and key policy bills.

2023 Legislative Session The legislature convened its 2023 regular session Jan. 17, 2023, and adjourned on June 25, 2023. Despite some of the unique dynamics and challenges that occurred over the last five months, DEQ had a good session. The agency was successful in advancing the majority of its legislative agenda and also saw the legislature make important investments in long-standing DEQ programs, as well as emerging work.

DEQ staff will highlight key budget and policy outcomes from the session. A full summary is provided below.

2023 Legislative Outcomes

Cross-agency

Legislation

- **Climate Omnibus Package** - [HB 3409](#) includes provisions from 14 bills that were introduced to address climate issues through an equitable, community-focused approach, while maximizing federal funding opportunities. This includes authorization for a new fee to fund Community Climate Investment program oversight, a new rebate program for medium- and heavy-duty ZEV trucks, resources for monitoring harmful algal blooms, and recognition of the consumption-based Greenhouse Gas Emissions Inventory as essential to the Global Warming Commission's work.

Budget highlights

- **POP 140 – Environmental Justice Coordination.** Permanent funding for an Environmental Justice Manager and agency coordinator positions.
- **POP 141 – Maintain Agency Support Staffing.** New positions for the Central Services Division, essential for supporting the mission of the agency.
- **POP 142 – Grants Management Support.** New positions to support grant application, tracking and management work.

Air Quality

Legislation

- **Title V fees** - HB 3229 increase Title V permit fees by 83% over two years. The bill also authorizes the EQC to adjust Asbestos and ACDP fees annually by up to 3%.
- **Community Climate Investments** - [HB 3196](#) authorizes the Environmental Quality Commission to establish fees on Community Climate Investment Entities. The fees will pay for new positions at DEQ to oversee the CCI program. This bill was wholly incorporated into the Climate Omnibus Bill HB 3409 noted above.
- **Medium- and Heavy-Duty ZEV Rebates** - [HB 2714](#) requires DEQ to establish an incentive program for medium- and heavy-duty zero-emission vehicles. The provisions of this bill were folded into HB 3409 the Climate Omnibus package.
- **Solid Waste Incineration** - SB [488](#) requires Municipal Solid Waste Incinerators to develop plans for continuous monitoring (where available) or continuous sampling.

Budget highlights

- **POP 110 – Title V Stabilization.** HB [3229](#) amends the fees for the Title V program in statute. The bill provides an increase of around 43% for Title V base and emissions fees for 2023 and an addition 40% increase in 2024. The bill will allow the DEQ to stabilize the program and begin to build up an ending balance.
- **POP 112 – Cleaner Transportation.** Authorizes new permanent positions in Headquarters and the Vehicle Inspection Program.
- **POP 114 – Reducing Greenhouse Gas Emissions.** Authorizes a permanent engineer position to implement part of the Climate Protection Program.
- **POP 115 – Community Climate Investment.** Authorizes four new positions and provides one-time General Funds to stand up and maintain oversight of the CCI program.

Land Quality

Legislation

- **Modernize E-cycles** - [HB 3220A](#) modernizes Oregon's electronics recycling program, Oregon E-Cycles. Oregon E-Cycles is one of Oregon's first producer responsibility programs and one of the oldest statewide producer-funded electronics recycling programs in the nation.
- **Sunset Dry Cleaner Program** - [HB 3273A](#) sunsets all aspects of the DEQ Dry Cleaner Program by Jan. 1, 2024, and prohibits the use of perc and n-propyl bromide as dry-cleaning solvents by Jan. 1, 2027.

Budget highlights

- **POP 132 – Recycling Modernization Act Implementation.** Authorizes four additional positions to continue implementation of the Plastic Pollution and Recycling Modernization Act in HQ and the regions.
- **POP 133 – Strengthen Materials Management Program.** Authorizes six new positions to pursue strategic outcomes derived from the 2050 Vision

for Materials Management. The package provides staff to adequately resource existing work including food waste diversion, solid waste policy coordination, compliance, permitting, technical assistance, information coordination and reporting, and administrative support in the HQ and the regions.

- **POP 135 – Stabilize Tanks Program.** This package makes one existing limited duration position permanent to administer the Underground Storage Tank program.
- **Clean up Bonds.** Authorizes new bond issuance and associated debt service to recapitalize the industrial orphan site program.

Water Quality

Legislation

- **CWSRF Eligibility** - [HB 3195](#) broadens the range of entities that may apply for low-interest rate loans from the Clean Water State Revolving Fund, as defined under ORS 468.423(4).
- **Water Quality Fee Annual Adjustments** - [HB 3208](#) authorizes the EQC to annually adjust, by up to 3%, a subset of fee categories associated with water quality programs administered by DEQ, including subsurface sewage disposal, state certification for water projects requiring a federal license or permit, wastewater operator certifications, and underground injection control permits.
- **Drought Package** - [HB 2010](#) is an omnibus package that encumbers more than a dozen different policy bills and funding initiatives that address various water-related topics, with a particular emphasis on drought and water-scarcity issues.
- **CAFOs** - [SB 85](#) establishes new permitting requirements for new large confined animal feeding operations.
- **Onsite Rules** - [SB 835](#) directs the EQC to adopt rules setting forth conditions for approving a proposal to permanently connect an accessory dwelling unit located on the same lot or parcel as a single-family dwelling to the same subsurface sewage disposal system or alternative sewage disposal system. [SB 931](#) directs DEQ/EQC to adopt rules for determining whether a community or area-wide sewerage system will satisfactorily accommodate a proposed sewage discharge for purposes of a sewage disposal system construction permit.

Budget highlights

- **POP 123 - Ensure Protective Onsite Septic Systems.** Authorizes three new positions and a summer intern to provide improved regulatory oversight of onsite septic system permitting programs across the state.
- **POP 126 - Protect Drinking Water Sources.** Authorizes three new general funded positions to improve DEQ staffing and resource capacity dedicated to protecting drinking water sources, with specific attention to areas experiencing contamination or threats to drinking water supplies.
- **POP 129 - Effectively Administer Grants and Contracts.** Provides general fund enhancements to make permanent an existing limited-duration program analyst position to proactively develop and effectively administer programs funded by new and expanded federal investments in water and

water infrastructure. This package also authorizes needed Other Funds and Federal Funds expenditure limitation to continue the Onsite Septic System Financial Assistance Program, and to implement the Sewer Overflow and Stormwater Reuse Municipal Grant program.

- **POP 160 – Water Data Platform Implementation.** Provides \$1.2 million General Fund and two limited duration positions to support continued development of the Oregon Water Data Portal.
- **POP 162 – Modernize CWSRF Loan Management Software.** Provides Other Funds expenditure limitation to complete procurement of a commercial off-the-shelf loan portfolio management software to replace the manual system currently used to administer the Clean Water State Revolving Fund.
- **POP 181/191 – CWSRF Non-limited and Debt Service.** Provides non-limited expenditure authority, and the debt service approval for General Obligation Bonds to provide the state match component, that are necessary to finance and expand Clean Water State Revolving Fund opportunities in Oregon.

Budget Reductions

DEQ did experience budget reductions in several program areas, a disappointing outcome for the department. This includes:

- The legislature did not continue funding for wildfire smoke monitoring and readiness work initiated in SB 762 (2021).
- The legislature cut four vacant General Fund positions in the Air Quality Division’s budget.
- The legislature cut General Funds dedicated to Services and Supplies, and IT expenditures.
- The legislature did not approve additional funding for the EV rebate program, which is on pause until funding becomes available in the first quarter of 2024.

**EQC
involvement**

DEQ welcomes questions and input from the commissioners on the agency’s budget and legislative requests.

Translation or other formats

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