State of Oregon Department of Environmental Quality

Draft Fiscal Impact Statement

Gasoline Dispensing Facility Emissions Rulemaking

Fiscal Advisory Committee Meeting

Statement of fiscal and economic impact

Fiscal and Economic Impact

The substantive goals of the Gasoline Dispensing Facility Emissions rulemaking are to:

- Reduce overall emissions from GDFs;
- Increase vapor control at GDFs to be more reflective of equipment that is reasonably available;
- Disallow specific control equipment which is estimated to increase statewide Volatile Organic Compound and Hazardous Air Pollutant emissions by the end of calendar year 2024; and
- Improve clarity of applicable requirements as they pertain to GDFs.

The proposed rules would allow DEQ to implement changes to the required vapor control systems and components at GDFs to reduce statewide VOC emissions. The changes also stop increases from specific vapor controls that are incompatible with in-use motor vehicle Onboard Refueling Vapor Recovery controls.

The proposed rules that have a fiscal impact are included below along with the interested parties that may be impacted and what the possible impacts could be.

DEQ proposes the Environmental Quality Commission approve the proposed rules for incorporation into Oregon's State Implementation Plan. With EQC's approval, DEQ would submit the proposed rules to the United States Environmental Protection Agency to be included in, and revise, the State Implementation Plan required by the Clean Air Act.

DEQ would also subsequently submit an equivalency request to EPA for National Emission Standards for Hazardous Air Pollutants at 40 C.F.R. part 63 subpart CCCCCC, the regulation applicable to area source Gasoline Dispensing Facilities. DEQ would be requesting that EPA determine the proposed rules are at least as stringent as the NESHAP and can be implemented in lieu of the federal regulation.

The proposed rules have a fiscal and economic impacts on businesses, state and federal agencies, units of local governments and the public. Fiscal impacts can be positive or negative to those affected. As examples, reducing health costs to the public would be a positive impact, and increasing costs of regulatory compliance for businesses would be a negative impact.

The proposed rules establish five types of GDF, each of which is subject to different requirements and will have a different fiscal impact. The proposed rules also establish different control requirement implementation based on the status of the facility: new or existing. Some facilities permitted for entirely separate processes and activities will have a gasoline storage tank and dispenser on site. These facilities must have applicable GDF requirements included in their permit. In most cases, these requirements include the work practices, submerged fill, recordkeeping and reporting but will not require specific equipment for vapor control.

DEQ currently has assigned the General ACDP for gasoline dispensing activities to 1,169 facilities.

The five types of GDFs established in the proposed rules are:

GDF 1: A facility that has only gasoline storage tanks with less than 250-gallon capacity.
GDF 2: A facility that has any gasoline storage tank with a capacity of 250 gallons or greater.
GDF 3: A facility that has 120,000 gallons or more of annual gasoline throughput.
GDF 4: A facility that has 600,000 gallons or more of annual gasoline throughput.
GDF 5: A facility that has 1,000,000 gallons or more of annual gasoline throughput.

GDF 1 and 2 facilities are expected to incur a minimal economic or fiscal impact with additional impact to GDF 3, 4, and 5 facilities. The GDF 1 and 2 facilities have minimal changes from the current rules, with no specific vapor control requirements established in addition to what has been required for several years. With the throughput thresholds established in the proposed rules, GDF facilities 3, 4, and 5 are required to install various types of vapor control equipment at different times, increasing the fiscal impact.

Overall, adoption of the proposed rule changes may have a fiscal or economic impact on the approximately 1,169 gasoline dispensing facilities (including private businesses and some government and public entities) that hold a permit for gasoline dispensing activities. The rules are likely to also impact various other facilities and operations that have a gasoline storage tank and dispenser(s) at their facility but do not dispense retail fuel to the public. Facilities will incur the majority of the fiscal or economic impact at a future date and not immediately upon the adoption of these rules. The proposed rule changes create no new fees but do propose to modify the existing fee structure.

The following tables outline the expected fiscal and economic impact for affected facilities.

Fiscal & Economic Impact GDF 1[1] and 2[2] Facilities			
GDF 1		**GDF 2**	
New & Existing Facilities		**New & Existing Facilities**	
Expected Cost	$180	Expected Cost	$180
Assumptions & Information The cost estimate for this is based on an administrative or office support position hourly rate average for Oregon ($18/hr.[3]) multiplied by an estimated ten hours of time spent to review the new rules, any updated or changed permit conditions, and assessing current or planned business practices to ensure compliance.			
Number of affected sources	Unknown[4]	Number of affected sources	1,375[5]

GDF 3, 4, and 5 Impact

To determine the fiscal and economic impact of these rules, DEQ compared equipment that is currently required to be installed with the cost of the newly required components from the proposed rules. Owners and operators will install different equipment based on the facility's throughput (gallons of gasoline loaded into or dispensed from the storage tanks on site), whether the facility is new or existing, and whether a gasoline storage tank is being added or replaced.

Each existing GDF in the State has a specific number of dispensers, hoses, nozzles, storage tank vent valves, and storage tanks. To estimate the cost of these proposed changes, DEQ reviewed the number of these components that are known to be installed at facilities across the state and used the average.

[1] GDF1 = a facility that has *only* gasoline storage tanks that have less than a 250-gallon capacity.
[2] GDF 2 = a facility that has a gasoline storage tank with 250-gallon capacity or greater.
[3] Entry Level Office Assistant Salary in Oregon (Hourly) (ziprecruiter.com)
[4] A GDF or facility that only has gasoline storage tanks less than 250-gallon capacity is most likely not subject to air permitting requirements. The current rules do not establish requirements for these facilities outside of recordkeeping and work practices and DEQ has no information regarding how many facilities have these small storage tanks.
[5] Each permitted GDF has at least one storage tank with 250-gallon or greater capacity. Number of affected facilities established by using the current number of GDF general ACDPs (1,169) and adding 15% of other air permits, which may have a storage tank and dispenser on site (206 additional facilities).

Average Equipment at GDFs in Oregon	
Equipment or Component	**Average Number at a Facility**
Pressure Vacuum Vent Valves	2.29
Dispensers	6.9
Gasoline Hoses	11
Gasoline Storage Tanks	2.63

It is also important to clarify that under the current rules applicable to GDFs, different stations across the state will have different types of vapor controls installed. For example, a GDF in the Portland metro area is required to install a complete Stage I Vapor Balance system on any gasoline storage tank at or above 1,500-gallon capacity, while a facility in Bend, Oregon would need to install the same system only after exceeding 480,000 gallons of gasoline throughput in a 12-month period.

Further, vapor controls at the dispensing point, known as Stage II Vapor Recovery, are required at 600,000 gallons per year but only for facilities in Clackamas, Washington, or Multnomah County. Given the relatively high variance in facility equipment and requirements across the state, the fiscal impact descriptions below also clarify how the expected cost was calculated.

GDF 3 (facility with annual throughput of 120,000+ gallons per year)

The fiscal impact on a GDF 3 facility varies based on whether it is new or existing and whether it is in one of several specific areas of the state. Since a GDF 3 within Clackamas, Washington, or Multnomah County, or in the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS would have likely required a complete Stage I Vapor Balance system under the current rules, the fiscal impact of the proposed rules is compared to the cost of compliance with and equipment required by, the current rules. Additional details outlining how these cost estimates were calculated are included in the table below.

1. New facility within these specific areas of the state would expect to experience a cost of approximately $360.
2. New facility outside of these specific areas of the State would expect to experience an increase in cost of approximately $7,239[6] (assuming the new facility does not exceed 480,000 gallons, at which point the difference is reduced to the $360 described above). The cost would be realized when equipment was purchased and installed.
3. Existing facility within these specific areas is expected to experience a cost of approximately $330.
4. Existing facility outside these specific areas is expected to see a cost difference of approximately $3,465[5] (assuming the existing facility does not exceed 480,000 gallons, at which point the difference is reduced to the $330 described above). The cost would be realized when a gasoline storage tank was replaced or added to the existing facility.

Number of affected sources:

- 247 total GDF 3 facilities
    - 76 GDF 3 sources within Clackamas, Washington, or Multnomah County, or in the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS
    - 171 GDF 3 sources outside of these areas

Expected reduction in VOC emissions from this change:

56 tons of VOC reduction statewide. No emissions reductions in Clackamas, Washington, or Multnomah County, or in the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS.

[6] This estimate is expected to be conservative (high) as it does not account for the cost of equipment that the facility would otherwise be purchasing in place of the Stage I Vapor Balance equipment.

GDF 3	
Impact on Permitted Businesses	**Impact on DEQ**
Install Stage I Vapor Balance equipment when facility is reconstructed, a new tank is added, or an existing tank is replaced. All new or replaced tanks must be dual point. Newly constructed facilities install dual points tanks and a complete Stage I Vapor Balance system upon startup. Time spent to review rules, permits, and assess current/proposed operations, equipment and procedures.	Existing: Slight increase in the amount of construction notices to review and process. Many facilities are already required to submit notifications when replacing or installing a new tank. New: Increase in time spent per inspection of each new GDF 3 facility in specific areas of the State (up to 0.5 hours per facility) to inspect vapor control equipment that was not previously required.

1. **[New in Clackamas, Washington, or Multnomah County, or in the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS]** A new GDF within the specific areas of the State described above would have been required to install Stage I Vapor Balance equipment under the current rules. The increased cost to these facilities is expected to be approximately 20 hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.[7]) to review the new rules, any updated or changed permit conditions, and assessing current or planned business practices to ensure compliance.

2. **[New facility outside Clackamas, Washington, or Multnomah County, or the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS]** A new GDF anywhere else in the State would have required Stage I Vapor Balance equipment at the 480,000 gallons per year throughput threshold under current rules. Assuming the new facility was going to remain below this level and would not have required a Stage I Vapor Balance system, the increased cost from these proposed rules includes Stage I Vapor Balance equipment ($2,205/tank X 2.63 average tanks per site = $5,799[8]); Air quality testing of new vapor balance equipment ($600 for initial test and $150 for each additional test). Three tests are required for a new system installation, so the testing cost is $900; approximately 30 hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assessing current/planned business practices to ensure compliance (30 hours X $18/hr. = $540). This estimate is expected to be conservative (high) as it does not account for the cost of equipment that the facility would otherwise be purchasing in place of the Stage I Vapor Balance equipment.

[7] Entry Level Office Assistant Salary in Oregon (Hourly) (ziprecruiter.com)

[8] Service provider time for equipment installation is not included. A new GDF installing storage tanks on site will only be seeing an increase in cost of the specific vapor equipment that is required to be installed; a service provider or contractor will already be required to be on site for installation of equipment.

3. **[Existing facilities Clackamas, Washington, or Multnomah County, or in the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS]** An existing GDF within these areas is already required to install a Stage I Vapor Balance system at 120,000 gallons/year throughput or tank capacity of 1,500+ gallons, which is every facility in this scenario. These systems are required to conduct two initial tests upon installation under the current and proposed rules, but the proposed rules establish one additional test ($600 for initial test and $150 for each additional test) so the cost increase is $150. It is also expected that the owner/operator will need to spend approximately 10 hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.[9]) to review the new rules, any updated or changed permit conditions, and assess current/planned business practices to ensure compliance ($18/hr. X 10 hours = $180).

4. **[Existing facility outside Clackamas, Washington, or Multnomah County, or the Portland AQMA, Medford AQMA, or Salem-Keizer SKATS]** A GDF 3 facility in this scenario only incurs the following costs if they had previously remained below 480,000 gallons per year. A facility that had exceeded 480,000 gallons per year already required a Stage I Vapor Balance system and their fiscal impact would be most appropriately reflected in number 3 above. Under the proposed rules, these facilities are required to install a Stage I Vapor Balance system when the facility is reconstructed or when a gasoline tank is newly added, or an existing gasoline tank is replaced. Most facilities will incur this cost when a tank is added or replaced. The expected cost for a single tank replacement includes the Stage I Vapor Balance equipment ($2,205/tank X 1 tank = $2,205); Three compliance tests ($600 for initial test and $150 for each additional test = $900); approximately 20 hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assessing current/planned business practices to ensure compliance (20 hrs. X $18/hr. = $360). This estimate is expected to be conservative (high) as it does not account for the cost of equipment that would otherwise be installed in place of the Stage I Vapor Balance equipment.

[9] Entry Level Office Assistant Salary in Oregon (Hourly) (ziprecruiter.com)

GDF 4 (facility with annual throughput of 600,000+ gallons per year)

The fiscal impact on a GDF 4 facility varies based on whether it is new or existing and whether it is/would be subject to the current Stage II Vapor Recovery rules under Oregon Administrative Rules chapter 340 division 242 (in Clackamas, Washington, or Multnomah County with 600,000+ gallons of annual throughput). Further, the fiscal and economic impact varies based on whether a facility has a Stage II Vapor Recovery system that is compatible or not with a motor vehicle's ORVR system. A facility in one of these three counties would have required a complete Stage II Vapor Recovery system under the current rules, the fiscal impact of the proposed rules is compared to the cost of compliance with, and equipment required by, the current rules. Additional details outlining how these cost estimates were calculated are included in the table below.

1. New facility inside these three counties is expected to see a cost **savings** of approximately $11,889.
2. New facility outside these three counties is expected to see an increased cost of approximately $5,923.
3. Existing facility inside these three counties with an incompatible Stage II Vapor Recovery system:
    a. Decommissioning Stage II and installing Stage I EVR is expected to see a cost of approximately $14,333.
    b. Switching the Stage II system to a type compatible with ORVR is expected to see an increase of approximately $8,757.
4. Existing facility inside these three counties with a compatible Stage II Vapor Recovery system is expected to see an increase of approximately $360 (if the owner or operator elects to maintain their current equipment) to $15,083 (if the owner or operator elects to decommission the Stage II Vapor Recovery equipment and install Stage I EVR).
5. Existing facility outside these three counties is expected to see an increase of approximately $3,671 when a gasoline storage tank is added or replaced (+$1,126 per additional tank added/replaced).

Number of affected sources:

- 463 total GDF 4 facilities
    - 154 GDF 4 sources in Clackamas, Washington, or Multnomah County with incompatible Stage II Vapor Recovery equipment;
    - 166 GDF 4 sources in Clackamas, Washington, or Multnomah County with compatible Stage II Vapor Recovery equipment; and
    - 143 GDF 4 sources in the rest of the State.

Expected reduction in VOC emissions from this change:

270 tons of VOC reduction statewide from all GDF 4 facilities.

GDF 5 (facility with annual throughput of 1,000,000+ gallons per year)

The fiscal impact on a GDF 5 facility varies based on whether it is new or existing and whether it is/would be subject to the current Stage II Vapor Recovery rules under Oregon Administrative Rules chapter 340 division 242 (in Clackamas, Washington, or Multnomah County with 600,000+ gallons of annual throughput). Further, the fiscal and economic impact varies based on whether a facility has a Stage II system that is compatible or not with a motor vehicle's ORVR system. A facility in one of these three counties would have required a complete Stage II Vapor Recovery system under the current rules, the fiscal impact of the proposed rules is compared to the cost of compliance with, and equipment required by, the current rules. Additional details outlining how these cost estimates were calculated are included in the table below.

1. New facility inside these three counties is expected to see a cost **savings** of approximately $11,889.
2. New facility outside these three counties is expected to see an increased cost of approximately $5,923.
3. Existing facility inside these three counties with an incompatible Stage II Vapor Recovery system:
    a. Decommissioning Stage II and installing Stage I EVR is expected to see a cost of approximately $14,333.
    b. Switching the Stage II system to a type compatible with ORVR is expected to see an increase of approximately $8,757.
4. Existing facility inside these three counties with a compatible Stage II system is expected to see a cost of approximately $360 (if the owner or operator elects to maintain their current equipment to the extent possible through 12/31/2029) and up to $15,083[10] (by 12/31/2029; this estimate is reduced by $3,331 per single point tank at the facility).
5. Existing facility outside these three counties is expected to see an increased cost of approximately $3,671 per storage tank replaced (+$1,126 per additional tank) up to $12,771[10] (if all Stage I EVR equipment and ECO nozzles are purchased/installed at the same time; this estimate is reduced by $3,331 per single point tank at the facility).

Number of affected sources:

- 546 GDF 5 facilities statewide.

Expected reduction in VOC emissions from this change:

292 tons of VOC reduction statewide from all GDF 5 facilities.

[10] Based on available Underground Storage Tank program storage tank data, it is likely that 1,375 of 1,631 tanks are single point. Therefore, this cost estimate is very conservative and represents a small minority of facilities.

Impact on Permitted Businesses	Impact on DEQ
Existing: Install Stage I Enhanced Vapor Recovery system on each dual point gasoline storage tank with 250 gallon or greater capacity by 12/31/2029. Install dual point Enhanced Vapor Recovery on each new or replaced gasoline storage tank with 250 gallon or greater capacity. Install ECO nozzles on all gasoline dispensers by 12/31/2029 unless in Stage II Vapor Recovery gasoline service. Remove/cap Stage II Vapor Recovery systems that are incompatible with ORVR or change to ORVR-compatible Stage II. Time spent to review rules, permits, and assess current operations, equipment and procedures.	Staff time to process additional construction notifications for these facilities.
New: Install dual point Enhanced Vapor Recovery systems on each gasoline storage tank with 250 gallon or greater capacity. Install ECO nozzles on each gasoline dispenser. Time spent to review rules, permits, and assess current/proposed operations, equipment and procedures.	Slight increase in new permit application processing time to review and approve proposed equipment

1. **[New facility inside Clackamas, Washington, or Multnomah County]** These facilities would install Stage I EVR systems instead of a Stage II Vapor Recovery system ($12,375 (Stage II system) - $3,331 (Stage I EVR system) = savings of $9,044); Initial compliance testing in some cases would include one additional test @ $150 after the two required by current rules; ECO nozzles = $305 savings per nozzle/hose with 11 nozzles per facility average = $3,355 savings; Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assessing current or planned business practices to ensure compliance ($360).

2. **[New facility outside Clackamas, Washington, or Multnomah County]** These facilities, under current rules, had to install a complete Stage I Vapor Balance system but would now be required to install a Stage I EVR system (Stage I EVR ($3,331) minus Stage I Vapor Balance ($2,205) = $1,126 increased cost X 2.63 tanks = $3,378); Initial compliance testing would include one additional test @ $150 from what is currently required; ECO nozzles are required compared to conventional nozzles ($185 more for ECO nozzles X 11 average nozzles per facility = $2,035; Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assessing current/planned business practices to ensure compliance ($360).

3. **[Existing facility inside Clackamas, Washington, or Multnomah County with an incompatible Stage II system]** These sites, with an ORVR incompatible Stage II system will be required to remove, cap or otherwise decommission the Stage II equipment and install a Stage I EVR system **OR** switch to an ORVR-compatible Stage II Vapor Recovery system.
   - **Remove Stage II and Install Stage I EVR**: If a facility has all dual point storage tanks on site, they will have the option to decommission the Stage II system and install a Stage I EVR system and ECO nozzles. Capping the vapor lines associated with the Stage II system is expected of most facilities ($2,000); The Stage I EVR system is required on gasoline storage tanks with over a 250-gallon capacity (Stage I EVR equipment @ $3,331 X 2.63 tanks = $8,761); Stage II hanging hardware to ECO nozzles and conventional hoses is a savings per nozzle/hose of $305. Since not all hanging hardware will be at end of life, the cost estimate assumes 1/3 of hoses/nozzles are ready for replacement between rule adoption and nozzle installation ($305 saved on 3.66 nozzles and $570 spent on 7.33 nozzles = $3,062); One additional test is required @ $150; Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assess current business practices to ensure compliance (20 hours X $18/hr. = $360).
   - **Switch to ORVR-compatible Stage II**: If a facility has one or more single point tanks that are not feasible to have Stage I EVR systems installed, the site will most likely elect to switch the current Stage II system to one that is compatible with ORVR. These sites would maintain all current Stage I Vapor Balance equipment on site as-is (no cost/change). Installation of a different type of Stage II system would require initial testing (3 tests) but current rules require incompatible Stage II systems to conduct two tests annually. One additional test is a $150 increase from current expected expenses. Since not all hanging hardware will be at end of life, the cost estimate assumes 1/3 of hoses/nozzles are ready for replacement between rule adoption and hose/nozzle installation ($170 savings on 3.66 nozzles and $710 spent on 7.33 nozzles; no change/cost on 3.66 hoses and $500 spent on 7.33 hoses = $4,582 spent on nozzles and $3,665 spent on hoses; $8,247). Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated

or changed permit conditions, and assess current business practices to ensure compliance (20 hours X $18/hr. = $360).

4. **[Existing facility inside Clackamas, Washington, or Multnomah County with a compatible Stage II system]** The owner or operator of this facility will have the option to retain their existing Stage II Vapor Recovery and Stage I Vapor Balance equipment until 12/31/2029, at which point all dual point tanks will need to install a Stage I EVR system. Some facilities may elect to cap, remove, or otherwise decommission the Stage II Vapor Recovery equipment sooner, at which point the Stage I EVR equipment would be required. A new or replaced gasoline storage tank will also be required to install Stage I EVR equipment. When this cost is incurred is therefore somewhat at the discretion of the owner or operator but no later than 12/31/2029 for dual point tanks. Single point tanks are not required to convert to dual point or be replaced with a dual point tank; these tanks are required to operate the currently required Stage I Vapor Balance systems until the tank is replaced. Cost estimates include as assumption that most facilities will elect to operate their existing equipment to the extent possible which includes twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assess current business practices to ensure compliance ($360).
   - For a facility that is electing to decommission their compatible stage II system or doing so leading up to the proposed 12/31/2029 deadline, the expected costs include $2,000 for capping of the Stage II system vapor lines; Stage I EVR system @ $3,331 X 2.63 tanks = $8,761; Stage II hanging hardware to ECO nozzles/hoses is a savings per nozzle of $305. Since not all hanging hardware will be at end of life, the cost estimate will assume 1/3 of nozzles are ready for replacement between rule adoption and nozzle installation ($305 saved on 3.66 nozzles/hoses and $570 spent on 7.33 nozzles/hoses = $3,062); Three compliance tests ($600 for initial test and $150 for each additional test = $900); Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assess current business practices to ensure compliance ($360).

5. **[Existing facility outside Clackamas, Washington, or Multnomah County]** A facility in this situation would have been required to have a complete Stage I Vapor Balance system. The owner or operator will be required to install a Stage I EVR system on each new or replaced gasoline tank with 250+ gallon capacity and ECO nozzles for each gasoline dispenser when the new tank is installed; the owner or operator will be required to have a complete Stage I EVR system on each dual point tank and ECO nozzles by no later than 12/31/2029. Single point tanks are not required to convert to dual point or be replaced with a dual point tank; these tanks are required to operate the currently required Stage I Vapor Balance systems until the tank is replaced.

- For a facility that installs a new or replaced tank: Stage I EVR components are $3,331 minus Stage I Vapor Balance components $2,205 = $1,126 increase in cost. ECO nozzles are required compared to conventional nozzles ($185 more for ECO nozzles X 11 average nozzles per facility = $2,035). Three compliance tests will be required when the tank is installed, but the current rules would have required two of them. The cost of each subsequent test after the initial scheduled test and service provider visit cost is $150. Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assess current business practices to ensure compliance ($360).
- For a facility that keeps all equipment as-is until required to install Stage I EVR and ECO nozzles by 12/31/2029, the cost estimate includes purchase and installation of Stage I EVR equipment ($3,331 X 2.63 tanks = $8,761); ECO nozzles @ $250 each X 11 nozzles = $2,750; Three compliance tests required ($600 for initial and $150 for each subsequent) is $900; Twenty hours of administrative or office support position time (hourly rate average for Oregon is $18/hr.) to review the new rules, any updated or changed permit conditions, and assess current business practices to ensure compliance ($360).

General Air Contaminant Discharge Permit Fees

Of the 1,169 facilities permitted by a General ACDP, 349 operations are assigned to the Air Quality General Permit number 23 for Stage II-equipped operations within Clackamas, Washington, or Multnomah County and 820 operations are assigned to the AQGP 22 for uncontrolled and Stage I-equipped operations statewide.

Each General permit is assessed a specific annual permit fee per OAR 340-216-0060(3) and Table 2 of Division 216. AQGP-23 facilities are assessed an annual fee under classification 4 at $734 per year. AQGP-22 facilities are assessed an annual fee under classification 5 at $245 per year. The proposed rules change all gasoline dispensing operations assigned to a General permit to fee class 4, an increase for 820 currently permitted sites of $489 per year and no change for the other 349. The annual Cleaner Air Oregon fee is also assessed to facilities based on their applicable fee class. Facilities moving from fee class 5 (annual CAO fee of $50) to fee class 4 (annual CAO fee of $151) would additionally see a CAO annual fee increase of $101.

Current ACDP fees collected for AQGP-22 facilities is $245 per year. The current estimate to employ a Natural Resource Specialist 2 (NRS 2) is approximately $350,000 per biennium or ~$84/hour. This rate accounts for all supporting activities and positions that are necessary for agency operations (e.g., program managers, permit coordinators, budget staff, accounting staff, Information Technology staff, Human Resources staff, office supplies, etc.).

In any given year, a DEQ permit writer/inspector NRS 2 tasked with the oversight of an AQGP-22 facility may engage in the following activities:

- Prepare for an inspection (review files and historic documentation)
    - 30-45 minutes ($42 - $63)
- Conduct inspection
    - 30-minute travel time ($42)
    - 60-90 minutes to perform inspection ($84 - $126)
- Draft and finalize enforcement action for violations (including reviewing documentation submitted to resolve alleged violations)
    - 60 minutes ($84)
- Review annual report submitted by the source (not including potentially required follow-up communications and requests for updated/corrected reports)
    - 15 minutes ($21)
- Answer questions or otherwise provide technical assistance (1-2 phone calls and 1-2 emails)
    - 30 minutes ($42)

Total time and agency expense: 3.75 - 4.5 hours or $315 - $378.

As the estimates above show, the amount of ACDP funding received from oversight of these facilities is not likely sustainable at $245 per year. Further, with changes to the vapor control equipment required of many facilities increasing over time, the overall amount of DEQ staff time spent per facility is similarly expected to increase. The increase in time spent in any of the proposed rule scenarios is not expected to be significant. However, given the current fees do not likely cover current expenses for these facilities, DEQ proposes to assess the fee class 4 for all Gasoline Dispensing Facilities permitted by a General ACDP.

Fiscal & Economic Impact **General Permits**			
AQGP-23		**AQGP-22**	
Stage II-equipped sites in Clackamas, Washington, or Multnomah County		**Uncontrolled and Stage I-equipped sites statewide**	
Current ACDP Annual Fee	$734	Current ACDP Annual Fee	$245
Current CAO Annual Fee	$151	Current CAO Annual Fee	$50
Current Total Annual Fees	**$885**	**Current Total Annual Fees**	**$295**
Proposed ACDP Annual Fee	No change	Proposed ACDP Annual Fee	$734
Proposed CAO Annual Fee	No change	Proposed CAO Annual Fee	$151
Proposed Total Annual Fees	**No change**	**Proposed Total Annual Fees**	**$885**
Increase Amount:	**$0**	**Increase Amount**	**$586**

Statement of Cost of Compliance

State agencies

The impact to state agencies is the same as the impact to local governments, large businesses and small businesses as the applicable thresholds for installing equipment is largely based on annual gasoline throughput. The proposed rules specify throughput thresholds at which a facility needs to install vapor controls at the GDF irrespective of the ownership type. See the tables above for applicable cost estimates for each type of facility.

DEQ expects an impact of staff time to review, learn, and implement these propose changes as well as a slight increase in staff time to review, process and approve new permit applications and construction notifications.

Local governments

The impact to local governments is expected to be the same as the impact to state agencies as described above as well as large and small businesses described below.

Public

The impact to the public is an overall reduction in emissions from gasoline dispensing facilities across the state, resulting in a reduced social cost of exposure to gasoline vapors. In some instances, an owner or operator of a GDF may pass on the cost of compliance (purchasing and installing equipment) to the consumer by increasing the cost per gallon of gasoline, but DEQ has no information by which to confirm whether this will happen or how much the increase would be.

Large businesses - businesses with more than 50 employees

Many large businesses are owners or operators of the GDF 5 facilities with over 1,000,000 gallons of annual gasoline throughput. These facilities are subject to the requirement to purchase and install specific vapor equipment by no later than Dec. 31, 2029. Other large businesses may be owners or operators of a GDF 4 facility which has variable requirements based on the facility's location and currently installed equipment.

Small businesses – businesses with 50 or fewer employees

The impact to small businesses is expected to be the same as the impacts described above and within the previous tables. The impact was reduced by the Rules Advisory Committee's suggestion to establish the Stage I Enhanced Vapor Recovery threshold for installation for all facilities at the 1,000,000 gallons per year throughput. Based on available information to DEQ, this threshold level reduces the impact to small businesses as only ~26% of these facilities are owned or operated by a small business (~150 facilities).

ORS 183.336 Cost of Compliance Effect on Small Businesses

a. Estimated number of small businesses and types of businesses and industries with small businesses subject to proposed rule.

Approximately 1,169 facilities are permitted by DEQ's General Air Contaminant Discharge Permit (ACDP) for gasoline dispensing activities. The average gas station in the United States employs 8.4 staff. This means that if an owner/operator or entity has 6 stations or more, they most likely are not a small business (8.4 employees X 6 stations = 50.4 employees).
Based on a review of the legal entity names of permitted facilities and associated information available to DEQ, it is believed that 386 of these permitted facilities are owned or operated by small businesses.

b. Projected reporting, recordkeeping and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rule.

Depending on the classification of the GDF (based on throughput), the owner or operator may need to spend time to review the rules or an updated/revised permit. The cost impacts described above for each type of GDF accounts for some of this time.
In some instances, a facility will need to utilize a contractor to purchase and/or install specific types of equipment. When equipment changes are required by the proposed rules, the cost estimates include the expected expense for contracting a service provider to conduct work. The administrative cost of compliance associated with the proposed rules is accounted for in the tables above for each scenario.

c. Projected equipment, supplies, labor and increased administration required for small businesses to comply with the proposed rule.

The costs of equipment and labor are not unique to small business owners. However, the costs of these items are accounted for in the estimates within the tables above.

d. Describe how DEQ involved small businesses in developing this proposed rule.

DEQ included a small businessowner/operator of several GDFs on the Rules Advisory Committee who is also a member of the Oregon Fuels Association. While this RAC member had to excuse themselves from the third RAC meeting and the Fiscal Advisory Committee meeting, another representative of the Oregon Fuels Association was able to attend in their stead.

Per their website, the Oregon Fuels Association is "the voice of Oregon's locally-owned fuel stations, fuel distributors and heating oil providers."

Documents relied on for fiscal and economic impact

Document title	Document location
Gas Stations in the US – Employment Statistics 2005-2029	600 NE Multnomah St. Suite 600 Portland, OR 97023 Gas Stations in the US - Employment Statistics | IBISWorld (Avg. 8.4 employees per site)
Gasoline dispensing and storage tank equipment sales website	https://www.jmesales.com
California Air Resources Board	Vapor Recovery | California Air Resources Board
Discussions with service providers and equipment sales representatives	Franklin Electric (www.franklinfueling.com); Source Fueling Equipment Solutions (www.sourcena.com); Mascott Equipment Co. (https://mascottec.com/); Nwestco (https://nwestco.com/);

Advisory committee fiscal review

DEQ appointed an advisory committee.

As ORS 183.33 requires, DEQ will ask for the committee's recommendations on:

- Whether the proposed rules would have a fiscal impact,
- The extent of the impact, and
- Whether the proposed rules would have a significant adverse impact on small businesses; if so, then how DEQ can comply with ORS 183.540 reduce that impact.

As ORS 183.333 and 183.540 require, the committee considered how DEQ could reduce the rules' fiscal impact on small business by:

- Establishing differing compliance or reporting requirements or timetables for small business;
- Clarifying, consolidating or simplifying the compliance and reporting requirements under the rule for small business;
- Utilizing objective criteria for standards;
- Exempting small businesses from any or all requirements of the rule; or
- Otherwise establishing less intrusive or less costly alternatives applicable to small business.

Housing cost

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel.

DEQ determined the proposed rules could affect the development costs. If gasoline dispensing facility owners or operators subject to the proposed rules increased the cost of gasoline in response to the requirements, contractors and other individuals involved in developing the property may further pass their increased cost along to the end-user or purchaser of the property. DEQ does not have information to estimate how much, if any, the increase in cost would be.

Racial Equity

These proposed rule amendments will support implementation of DEQ's air permitting programs (Air Contaminant Discharge Permit and Title V Operating Permit programs). The programs support racial equity by regulating and reducing emissions from sources in Oregon and enhancing public welfare for Oregon communities, particularly environmental justice communities. Environmental justice communities include Oregon's communities of color and tribal communities along with other communities traditionally underrepresented in public processes, and adversely harmed by pollution and environmental and health hazards.

The proposed rule amendments incorporate additional control technologies and technical clarifications for regulated companies while continuing to support the programs' overall implementation and objectives. Proposed rule amendments include the requirement to install gasoline vapor control technology and equipment at almost all newly constructed gasoline dispensing facilities, requiring additional or improved vapor control technology at existing facilities when storage tanks are added or replaced, and requiring these technologies at relatively large (high throughput) facilities.

These proposed amendments are expected to have a positive impact on racial equity. This is supported by the fact that:

- The proposed rules establish additional or increased vapor control requirements resulting in reduced overall emissions (Volatile Organic Compounds and Hazardous Air Pollutants) from gasoline dispensing facility activities and operations;
- The proposed rules establish a decreased social cost as gasoline vapor exposure to nearby residents and workers is reduced (increased worker and public health);
- Black, Indigenous, and People of Color owned GDFs (and all GDFs) will experience a reduction in the loss of product by evaporation;
- A reduction in VOC emissions equates to a reduction in the overall formation of ozone, a reduction in overall smog and helps reduce the harmful effects of climate change; and
- A disproportionate number of low income and minority populations live in closer proximity to gasoline dispensing facility operations, resulting in an historical disproportionate impact to BIPOC and low-income Oregonians.

Adoption of the proposed rules would affect air permits and facilities statewide - across various sectors, public and private. Since the rule changes will apply equally across all permit categories and tiers, and there are no expected changes to practical implementation of the permitting program activities because of the rule adoption and there is no expected negative impact on racial equity in the State. Adopting the rules, as proposed, will help to protect public health and the environment (via compliance with the rules, inspections and enforcement) which may be particularly important in BIPOC or historically underserved communities.

Environmental Justice Considerations

As stated above, the air permitting programs are designed to regulate and reduce emissions from sources in Oregon and enhance public welfare for Oregon communities, particularly environmental justice communities.

The proposed rules:

- Establish additional control requirements at previously uncontrolled gasoline dispensing facilities;
- Establish additional control requirements at 'high throughput' facilities across the state;
- Establish a required change in vapor controls at facilities in the Portland area that are expected to result in a net increase in VOC and HAP emissions by the end of 2024; and
- Clarify and update the testing, work practices, recordkeeping and reporting obligations of affected sources.

Environmental justice communities are communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including seniors, youth, and persons with disabilities.

These proposed rule amendments will support implementation of DEQ's environmental justice goals by reducing emissions from gasoline dispensing facility operations statewide, which includes in environmental justice communities.

Alternative formats

Español | 한국어 | 繁體中文 | Русский | Tiếng Việt | العربية

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