



State of Oregon Department of Environmental Quality

Fiscal Impact Statement

Permanent Title V Permit Fees 2023
Advisory Committee Meeting

Fee Analysis

These proposed rules would increase existing fees. EQC authority to act on the proposed fees is ORS 468A.050.

Oregon's Title V program administers federal health standards, air toxic requirements and other regulations to reduce the number of unhealthy air days and health risks from air toxics. The program issues, renews or modifies permits to prevent or reduce air pollution through permit requirements. In addition, it ensures existing pollution sources comply with state and federal air emissions standards and new sources of air pollution install controls such as filtration equipment, combustion controls and vapor controls needed to protect air quality. Other essential services include emission inventories, technical assistance, inspections, enforcement, rule and policy development, data management and reporting to EPA.

Brief description of proposed fees

The Oregon Legislature established Oregon's Title V fees in three categories. The proposed rules would increase the annual base, emission fees and specific activity fees for Title V sources.

Reasons

The proposed fees would address increased program costs.

Fee proposal alternatives considered

Federal law requires DEQ to perform requisite program services to retain delegation of the Title V program. Federal law also requires DEQ to fund the permit program entirely by permit fees. DEQ could decline to administer the program, shifting the program from DEQ to EPA; however, DEQ has chosen not to pursue this alternative to maintain regulatory consistency for the regulated public and citizens of Oregon.

Fee payer

Title V permit holders include many of the largest industrial facilities in the state and are the largest point sources of air pollution in the state. These facilities are mainly large employers and produce items for local and regional consumption. Title V permit holders are an important part of the Oregon economy.

Affected party involvement in fee-setting process

HB 3229 increased the Title V base fee to \$12,504 in 2023 and \$16,002 in 2024, and the emissions fee to \$95 a ton in 2023 and \$121 in 2024, for the 2023 and 2024 invoicing cycles. The fees were adopted through the legislative process.

Summary of impacts

The proposed fee increase would affect the 104 facilities that currently have a Title V permit and any facility that applies for this type of permit in the future.

Fee payer agreement with fee proposal

HB 3229 was subject to several public hearings and involvement by multiple parties. The enrolled bill was a compromise staggered increase to stabilize the program over the next few years while trying to mitigate the impact on facilities.

How long will the current fee sustain the program?

2022 Fees	
Program revenue from fees	\$3,407,000
Effective date of fees	8/16/2022

2023 Fees	
Program revenue from fees	\$4,872,000
Effective date of fees	8/01/2023

2024 Fees	
Program revenue from fees	\$6,192,000
Anticipated effective date of fees	01/28/2023

Transactions and Revenue				
Fiscal Year	Number of transactions	Number of fee payers	Impact on revenue (+/-)	Total revenue (+/-)
FY2022-2023	239	108		\$3,407,000
FY2023-2024	253	108	\$1,424,000*	\$4,831,000

FY2024-2025	244	107	\$1,361,000*	\$6,192,000
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Fee schedule

The following table shows the amounts of the proposed fees.

Proposed Fees			
Fee category	2022 Fees	2023 Fees	Proposed 2024 Fees
Annual Title V Fees			
Emission Fee	\$66.10	\$95.00	\$121.00
Annual Base Fee	\$8,744	\$12,504	\$16,002
Specific Activity Fees			
Administrative Amendment	\$533	\$762	\$975
Simple Modification	\$2,133	\$3,049	\$3,903
Moderate Modification	\$15,995	\$22,872	\$29,276
Complex Modification	\$31,989	\$45,744	\$58,552
Air Monitoring Review	\$4,265	\$6,099	\$7,807

Statement of fiscal and economic impact

Fiscal and Economic Impact

The increase in Title V permit fees would affect approximately 104 permit holders directly and increase annual program revenue by approximately 43 percent in the 2023 invoice year and an additional non-compounding 40 percent in the 2024 invoice year.

The direct impact of the fee increase on permit holders is based on the assumption that emissions will remain the same in 2023 as they were in and 2022. It also reflects adjustments to Plant Site Emission Limit changes in recently amended and renewed Title V permits.

Title V permit holders are subject to Oregon's greenhouse gas reporting program and most of the permit holders are subject to the greenhouse gas reporting fees. The greenhouse gas reporting fee is equal to 15 percent of their Title V annual base and emission fees, up to a maximum greenhouse gas reporting fee cap of \$4,500. The proposed increase in Title V permit fees will result in an increase in greenhouse gas reporting fees for permit holders below the \$4,500 fee cap threshold.

Statement of Cost of Compliance

State agencies

Direct Impacts: Oregon Health Sciences University is the only state agency that holds a Title V permit. It paid Title V permit fees of \$15,486 in 2022. The proposed rules would increase their permit fees by about \$6,803 for 2023 and an additional \$6,055 in 2024. OHSU is also subject to greenhouse gas reporting fees equal to 15 percent of its annual emission fee and base fee. OHSU paid \$2,323 in greenhouse gas reporting fees in 2022. Because of the proposed rules, OHSU's greenhouse gas reporting fees would increase by about \$1,020 in 2023 and an additional \$909 in 2024. No federal agencies hold Title V permits.

Indirect Impacts: Changes to fees could affect state and federal agencies indirectly if businesses holding Title V permits change the price of goods and services to offset any increased costs from paying a permit fee.

DEQ

Direct Impacts: DEQ has no facilities that require a Title V permit. The proposed fee increases would affect DEQ directly by providing funding necessary to perform requisite program services.

Indirect Impacts: Changes to fees could affect DEQ indirectly if businesses change the price of goods and services to offset any increased or decreased costs from paying a permit fee.

Local governments

Direct Impacts: Oregon requires county and city local governments to obtain a Title V major source permit for municipal waste landfills. Fees would increase for three landfills operated by local governments:

- Metropolitan Service District, St. Johns Landfill paid Title V annual permit fees of \$9,140 in 2022. The proposed rules would increase their 2023 fees by about \$3,934 and 2024 fees by an additional \$3,654. St. John's Landfill is subject to greenhouse gas reporting fees equal to 15 percent of their annual emission fee and base fee. This fee would increase by about \$590 in 2023 and an additional \$548 in 2024.
- Deschutes County Solid Waste Department, Knott Landfill paid Title V annual permit fees of \$12,577 in 2022. The proposed rules would increase their 2023 fees by about \$5,437 and 2024 fees by an additional \$5,066. Knott Landfill is subject to greenhouse gas reporting fees equal to 15 percent of their annual emission fee and base fee. This fee would increase by about \$815 in 2023 and an additional \$751 in 2024.
- Douglas County Public Works Department, Roseburg Landfill paid Title V annual permit fees of \$9,801 in 2022. The proposed rules would increase their 2023 fees by about \$4,223 and 2024 fees by an additional \$3,914. Knott Landfill is subject to greenhouse gas reporting fees equal to 15 percent of their annual emission fee and base fee. This fee would increase by about \$634 in 2023 and an additional in \$587 in 2024.

Indirect Impacts: Changes to fees could affect county and city local governments indirectly if businesses holding Title V permits change the price of goods and services to offset any increased costs from paying a permit fee.

Public

Direct Impacts: Air pollution creates public health problems that can have negative economic impacts. The proposed rules could affect the public directly and positively if the proposed fee increases provide adequate resources for compliance and technical assistance and help avoid public health costs associated with lower compliance and increased air pollution.

Indirect Impacts: Changes to fees could affect the public indirectly if businesses change the price of goods and services to offset any increased or decreased costs from paying a permit fee. DEQ expects any such price increases to be small and lacks available information upon which it could accurately estimate actual potential increases.

Large businesses - businesses with more than 50 employees

Direct Impacts: Approximately 91 large businesses hold Title V permits and a fee increase would affect these permit holders directly. Estimated impacts are based on the assumption that DEQ identified all facilities subject to the Title V program and that the number of Title V permits and facility emissions remain constant.

The proposed annual base fees and emission fees are provided in the following table. The annual base fee is small in comparison to the emission fees paid by most sources. The rulemaking would also increase specific activity fees. Specific activity fees contribute a small portion of Title V program revenue.

Proposed Title V Fees For 2023 and 2024					
Fee Category	2022 Fees	2023 Fees	Increase over 2022 Fees	2024 Fees	Increase over 2023 Fees
Annual Base Fee	\$8,744	\$12,504	\$3,760	\$16,002	\$3,498
Emission Fee	\$66.10	\$95.00	\$28.90	\$121.00	\$26.00

The requirement for a Title V permit is most often based on quantity of emissions from a facility. In general, lower emitting sources would experience a smaller annual dollar impact from the proposed fee increases. The table below shows the effect of the proposed fees on invoices issued to sources emitting 50, 250, 500 or 5,000 tons per year.

Emissions per calendar year	2022 Fees	2023 Fees	Increase in fees	2024 Fees	Increase in fees
50 tons/yr.	\$12,049	\$17,254	\$5,205	\$22,052	\$4,798
250 tons/yr.	\$25,269	\$36,254	\$10,985	\$46,252	\$9,998
500 tons/yr.	\$41,794	\$60,004	\$18,210	\$76,502	\$16,498
5,000 tons/yr.	\$339,244	\$487,504	\$148,260	\$621,002	\$133,498

Indirect Impacts: Changes to fees could affect businesses indirectly if other businesses change the price of goods and services to offset any increased or decreased costs from paying a permit fee.

Small businesses – businesses with 50 or fewer employees

Cost of Compliance for Small Businesses

Direct Impacts: Most Title V permit holders are large businesses. Approximately 11 small businesses are required to hold Title V permits because their potential emissions exceed Title V applicability thresholds or they fall under a federal category required to obtain a Title V permit. None of the small businesses holding Title V permits emit more than 250 tons per year in a typical year. Businesses emitting 250 tons per year would experience a fee increase of \$10,985 in 2023 over existing fees and an additional \$9,998 in 2024. None of the small businesses are subject to greenhouse gas reporting fees.

Indirect Impacts: Changes to fees could affect small businesses if other businesses holding Title V permits change the price of goods and services to offset any increased costs from paying a permit fee.

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

DEQ estimates that approximately 11 percent of Title V permit holders (about 11 businesses) are small businesses with 50 or fewer employees, such as fiberglass reinforced plastic facilities and smaller wood refinishing operations.

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

The proposed rule amendments do not establish any additional reporting, recordkeeping or other administrative activities.

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

The proposed rule amendments do not require any additional equipment, supplies, labor or increased administration.

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

DEQ provided notice of the proposed rules to all Title V permit holders, including those that are small businesses. The rule advisory committee meeting held on October 27, 2023 included a representative of a small business to be a member on the committee.

Documents relied on for fiscal and economic impact

Document title	Document location
2023 House Bill 3229	Oregon Legislature Website
2023-2025 Legislatively approved budget	Oregon Legislature Website
Clean Air Act, including Clean Air Act Amendments of 1990	EPA Website
U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index	Bureau of Labor Statistics Website

Advisory committee fiscal review

DEQ appointed an advisory committee.

As ORS 183.33 requires, DEQ asked 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.

Businesses and other interested parties were engaged throughout the legislative session to inform the legislatively approved fee increases in HB3229. The proposed Permanent Title V rulemaking allows DEQ to adopt the fee increases into rule and implement through our annual invoicing cycle and special activity fees.

The committee met on Oct. 27, 2023 and discussed fiscal and economic impacts on business. DEQ considers a small business as 50 or fewer employees. Committee members stated that it is difficult to determine if there will be a significant adverse impact based on DEQ’s small business definition. Number of staff is not an accurate indicator of revenue or emissions.

Discussion also centered on the timing of the fee increase. While there was general agreement about the need for fee increases to restore the Title V program, the legislatively approved fees were passed and implemented within nine months. Business needs more time to budget and plan for fee increases. While there is a financial impact on all business, the committee identified the need for more communication, predictable fees, and smaller, incremental fees to avoid adverse impacts on small and large businesses in Oregon.

Housing cost

As ORS 183.534 requires, DEQ to evaluate 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. It is possible that a permit holder could change the price of goods and services to pass on any fee changes to consumers, though any estimate of the possible impact would be speculative using information available at this time.

Racial Equity

ORS 183.335(2)(a)(F) requires state agencies to provide a statement identifying how adoption of this rule will affect racial equity in this state.

Adoption of the proposed rule would affect air quality permitting fees statewide - across various sectors, public and private. Since the fee increase 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 this rule adoption. There is no expected impact on racial equity in the state. Increasing the fees, as proposed, will help maintain program services critical to protecting public health and the environment (such as permit compliance assurance, inspections and enforcement) which may be particularly important in BIPOC or historically underserved communities.

Environmental Justice Considerations

ORS 182.545 requires natural resource agencies to consider the effects of their actions on environmental justice issues.

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.

The Title V permitting program is designed to regulate and reduce emissions from major sources in Oregon. Environmental justice communities are often fence-line communities near these major sources. Adopting the Title V fee rules provides the necessary funding for DEQ to regulate and inspect these facilities in traditionally overburdened communities.

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