

**Budget and Legislative Highlights from 2018 Session
Presentation to Oregon Environmental Quality Commission
March 21, 2018**

AGENCY MANAGEMENT

AM Interested Bills

HB 4052 – Establishes Small Business Rules Advisory Committee to serve as advisory committee for agencies adopting new administrative rules and to review effectiveness of existing administrative rules. **(Passed)**

SB 1559 – Directs directors of certain state agencies to develop pilot program to provide optional procedure for employees to anonymously disclose certain information. **(Passed)**

SB 1565 - Requires Oregon Department of Administrative Services to establish pilot program for using reverse auction method for conducting procurement for goods and services. **(Passed)**

Agency Request Approved

Environmental Document Management System (EDMS) – The legislature approved an one-time increase of \$1,917,084 General Fund, \$2,965,300 Other Funds expenditure limitation, and the addition of months to six existing limited duration positions (3.38 FTE) to continue planning and begin development of an EDMS system. This project will provide improved and transparent services to the agency's stakeholders and enhance business processes and practices so DEQ can better achieve its mission.

WATER QUALITY PROGRAM

Omnibus Budget Bill Inclusions

Onsite Septic System Fee Ratification (DEQ Requested) – Adopted by the EQC in September 2017, this action increased fees for the onsite septic system program by 3%.

WQ Interested Bills

SB 1558 – Identifies water use purposes for which certain processes for transferring or changing water use subject to transfer are applicable, including use for purpose of storage in reservoir. **(Died)**

LAND QUALITY

LQ Interested Bills

HB 4004 – Directs Environmental Quality Commission to adopt rules applying certain oil spill prevention and emergency response planning requirements to railroads that own or operate high hazard train routes in this state. **(Died)**

HB 4126 – Establishes a product stewardship program for household hazardous waste. **(Died)**

SB 1518 – Authorizes cemetery authority to move, temporarily store or reinter human remains dislodged from original cemetery plot by natural disaster or other similar emergency; amended to include language relating to annual railroad spill related training exercises and railroad operator and for an OEM recommendation to the legislature about oil spill legislation. **(Died)**

AIR QUALITY

Omnibus Budget Bill Inclusions

EV Rebate Program Expenditure Limitation (DEQ Requested) – HB 2017 (2017) included a privilege tax of 0.5% on the sale of vehicles beginning January 1, 2018. The bill tasked DEQ with establishing and operating the electric vehicle rebate program, but did not include an expenditure limitation. The omnibus budget bill included a limitation for the actual rebate payments. DEQ also worked to have key changes made to the program's statutes in response to stakeholder feedback.

Resources for Addressing Air Permitting Backlog –\$1 million General Fund increase and the addition of 4 positions (2.32 FTE) in the Air Quality program. Of the amount approved, \$343,092 is for process improvement activities and is being added on a one-time basis. This funding will not be used to support Title V permitting work because the federal Clean Air Act requires that all Title V permitting work be supported through fees paid by regulated entities. This funding is to address backlogs in air quality permitting, with emphasis on processing permit renewals.

Expansion of our Greenhouse Gas Program – A limitation increase was approved for the Air Quality program to support two additional positions (1.08 FTE) in expanding the GHG program to include collection of product output data and provide quality assurance of currently submitted emissions data.

NOTE: Creation of DAS Carbon Policy Office: One-time \$1,435,000 General Fund appropriation to support operations of a Carbon Policy Office to be housed temporarily in the Department of Administrative Services. The Office will be staffed by four limited duration positions (2.32 FTE); the Governor's Carbon Policy Advisor; a Climate Policy Manager, a Project Manager, and a support staff position. The approved one-time funding includes \$650,000 for studies to examine the following areas: an economic impact analysis of a cap and trade program on Oregon's jobs and economy, leakage risk of emission intensive, trade exposed industries (EITEs); and carbon sequestration.

AQ Interested Bills

SB 1541 – Cleaner Air Oregon Funding (Passed)

- Enumerates a fee schedule to fund the first year of the program, then explicitly states the EQC has the ability to set fees to fund the program thereafter;
- Creates a community based pilot program;
- Sets health based air toxic benchmarks, some of which sunset after 10 years;
- Program looks at cancer AND non-cancer risks for new (including significantly remodeled) and existing facilities:
 - New facilities—a cancer risk level of 10, non-cancer level of 1;
 - Existing Facilities:
 - lifetime cancer risk of 50 per 1 million;
 - statewide non-cancer standard of 5 Hazard Index for existing facilities, which may be lowered to 3 for an individual facility in certain cases
- SB 1508 / HB 4002 – Cleaner Air Oregon Fee Only Bills

SB 1507 / HB 4001 Clean Energy Jobs –Establishes a cap and trade system in Oregon. DEQ would have a number of obligations and responsibilities related to the development and implementation of the program. Note: Joint Committee on Carbon Reduction/Governor's Carbon Policy Office. **(Died)**

SB 1508 / HB 4003 Diesel Engine Exhaust–Together these bills propose a suite of rules and programs related to diesel engine exhaust. SB 1508 allows local government to regulate diesel engine idling. HB

Handout for Item C

March 21-22, 2018, EQC meeting

Page 3 of 3

4003 phases in emission requirements, requires registration of nonroad engines, establishes contracting standards and modifies allowable uses of Volkswagen settlement funds. **(Died)**

HB 4109 Carbon Sequestration Study – Directs DEQ and State Forestry Department to study opportunities for state actions to promote carbon sequestration and to include in study consideration of regional approaches for reducing greenhouse gas emissions through carbon sequestration; topic included in direction given to Carbon Policy Office (above). **(Died)**