

State of Oregon
Department of Environmental Quality

Memorandum

Date: Aug. 16, 2013

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda item I, Informational item: Budget and Legislative Updates
Aug. 21-22, 2013, EQC meeting

Purpose of item This item will inform the commission about the agency's 2013 Legislative Adopted Budget and the final status of legislation of interest to DEQ.

Background The 2013 Oregon Legislative session ended July 8, and, effective Aug. 14, Governor Kitzhaber has acted on all of the bills affecting DEQ's 2013-15 Legislative Adopted Budget.

Attachments A. DEQ 2013-15 Agency Request Budget summary
B. DEQ 2013-15 Policy package summary
C. Summary of enacted Legislation and DEQ budget notes

Approved:

Division: _____

Report prepared by: Jim Roys

DEQ's 2013-15 Legislatively Adopted Budget summary

Budget Development Overview

DEQ staff provided the commission with a series of updates on the 2013-15 Legislative budget development process during EQC meetings starting in August 2012. The legislature has completed the 2013 legislative session and the DEQ budget bill and other legislation affecting DEQ's budget for 2013-15 have been signed into law.

DEQ's budget authorization is provided in three pieces of legislation:

Senate Bill 5520, which is the main budget bill legislation and contains the budget components which DEQ and the Governor's Office requested, and the legislature ultimately approved, with modifications. Prior briefings to the commission have covered the budget components contained in this bill.

House Bill 5008, the omnibus reconciliation bill, which implement adjustments to all state agency budgets for a 2% General Fund holdback, changes to the DAS assessments to agencies, changes to Attorney General rates, and other miscellaneous adjustments.

Senate Bill 838, which implemented restrictions on suction dredge mining.

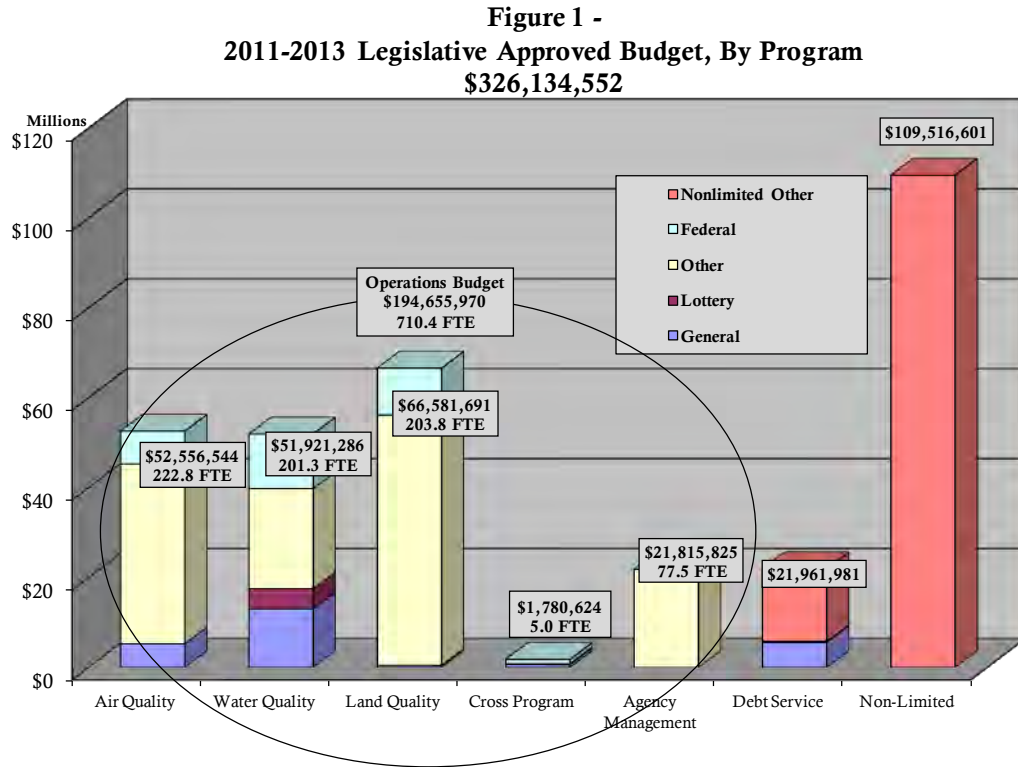
In addition to the three budget bills which provided DEQ authority to spend funds, two other bills also affected DEQ's finances:

Senate Bill 5506 – Statewide Bond Bill, provides \$10 million of authority to sell Clean Water SRF bonds.

House Bill 2322 – Shifted Sewer Assessment Deferral Loan Program funds from the DEQ accounts into the statewide general fund.

Prior Biennium (2011-13) Legislatively Approved Budget

The 2011-13 DEQ Legislative Approved Budget is summarized in Figure 1.



- Each block on this chart, program and fund type, is an appropriation account that must be managed to legislative authorization limits.
- Each program area is comprised of subprograms not shown in the chart with additional limits on the uses of funds within that subprogram.
- Note that five program areas make up the “Operations Budget,” authorizing 710 FTE and \$195 million in total funds spending.
- Debt Service is for bonds issued to fund Orphan Site Cleanups and to provide match for federal Clean Water State Revolving Fund Capitalization Grants.
- The single largest budget item is for Clean Water SRF loans, represents one-third of the total budget. This part of the budget is characterized as “non-limited” and is *not* subject to legislative limitation.

2013-15 Legislative Adopted Budget

The DEQ 2013-15 Agency Request Budget is prepared by applying standardized adjustments to the 2011-13 budget to create the Current Service Level budget, which is intended to portray the projected 2013-15 biennium costs of continuing permanent services from the 2011-13 budget, prior to adjusting for affordability. DEQ then balances the current service level budget based on projected available Other, Federal, and Lottery revenues to create the modified current service level prior to any requested legislative actions.

Balance was achieved by:

- Cutting FTE/personal services costs and reducing associated services and supplies from the budget until the fund achieved a zero ending balance (for Federal Funds) or a desired ending balance (for Other and Lottery funds) to allow for cash management needs.
- Most of these reductions will be made permanent. DEQ has requested fee increases to allow continued funding for a small number of these positions, discussed further in the policy package section.
- Reductions needed to balance the Other and Federal Funds budgets equaled to 22.85 FTE and \$10.3 million.
 - 6.70 FTE reduction in the Air Contaminant Discharge Permitting program
 - 3.75 FTE in the On-Site program
 - 7.70 FTE in Wastewater Permitting
 - 0.70 FTE in Non Point Source and Operator Certification
 - 4.00 FTE due to phasing out of the Umatilla Chemical Weapons Demilitarization activity

Since the submittal of the Agency Request Budget, additional adjustments were made to the underlying cost assumptions during development of the Governor's Balance Budget and actions taken by the Legislature:

- The PERS rate was lowered to 19.07% of salary in the Governor's Balanced Budget from an original rate of 19.73%. Legislative action further lowered the PERS rate to 14.67% of salary.
- The Lottery revenue forecast was updated significantly lower, resulting in the need to implement \$813K in reductions to bring the Lottery budget back in balance.
- The assessments charged to Agency Management for statewide services provided to DEQ were reduced by \$253K at the GBB, and an additional \$306K during legislative session.

Policy Package Requests

Attachment B contains an updated prioritized list of the DEQ policy package requests, with the packages that were not recommended shaded in gray. All of the policy packages recommended in the 2013-15 Governor's Balanced Budget were included in SB5520, with the exception of:

- Package 110, Clean Fuels, which was withdrawn at DEQ's request.

- Package 182, requesting to re-purpose the Sewer Assessment Deferral Loan Program funds to help small communities. The bulk of these funds were instead shifted to the state general fund in House Bill 2322.
- Package 120 was modified at the agency's request to remove the proposed time of transfer position and instead restore 0.5 FTE of statewide On-site planning, all of which resulted from the passage of Ballot Measure 79 in November 2012, which effectively prohibited the implementation of DEQ's proposed time of transfer fee for on-site systems.

In addition to DEQ requested policy packages, the Governor's proposed several packages which resulted in both increases and decreases to the DEQ budget:

- Package 090 adjustments, which proposed:
 - General Funding of \$700K for 3 FTE in wastewater permitting that were previously fee funded and cut by DEQ in the Agency Request Budget.
 - General Funding of \$813K to restore 3 FTE that were cut to balance to a reduced Lottery revenue forecast.
- Package 091, which implements a placeholder for \$1.14M of future savings in the administrative functions of Information Technology, Human Resources, Financial Services, and Procurement.
- PERS reform packages, which will ultimately be reflected by the reduced PERS rate discussed previously:
 - Package 092, which implements \$330K of PERS savings from the Governor's proposal to change the law regarding retirement benefits for out of state retirees who currently get payments to help compensate for Oregon state income tax on their retirement income.
 - Package 093, which implements \$2.79 million of PERS savings from the Governor's proposal to cap COLA adjustments to the first \$24,000 of annual retirement income.

Other Adjustments

For several biennia, DEQ has been contemplating the elimination of the Cross Program segment of the DEQ budget since it did not parallel the organizational structure and contained only a small fraction of the budget. The Legislative Fiscal Office implemented a budget technical adjustment to shift:

- 2.4 FTE of Regional Solutions Team (RST) and associated general fund to the Air, Water, and Land programs. The remaining 3.6 RST FTE were already budgeted in these program budgets.
- Tax credits and green permits to Agency Management.
- Network exchange grants to Water Quality, consistent with the current focus of these grants on WQ projects.
- Pollution Prevention grants limitation to Air Quality.

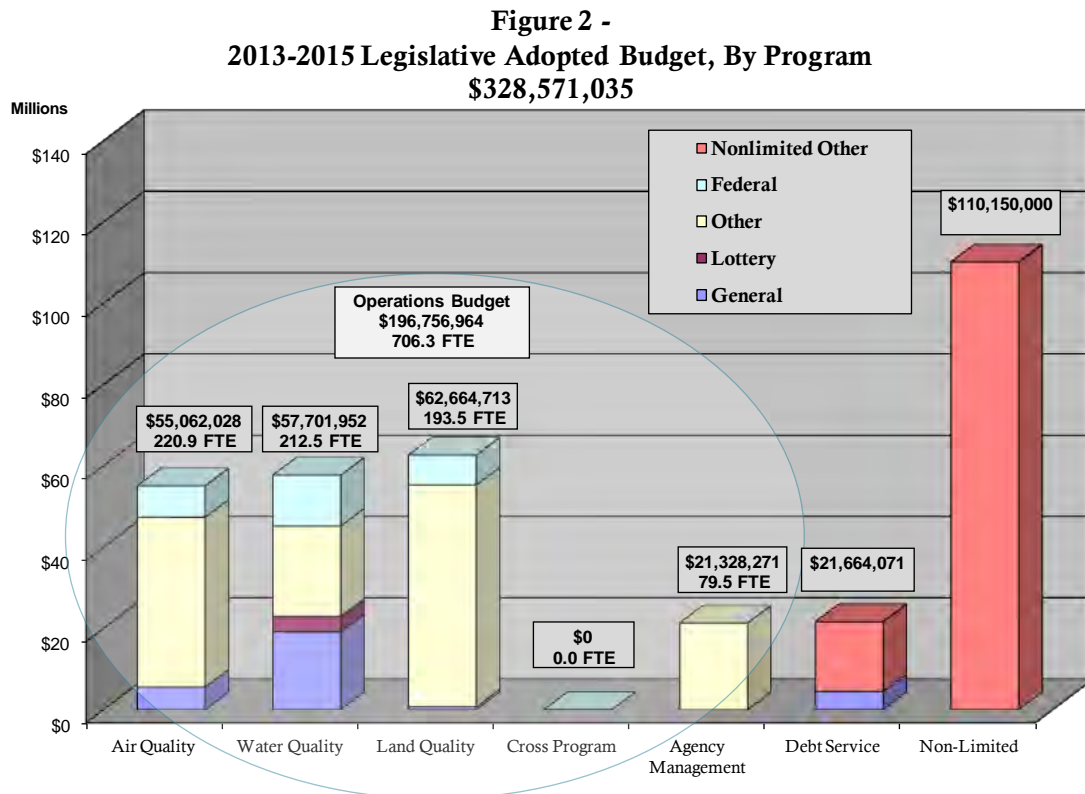
The 2013-15 LAB did *not* implement any of the previously submitted options for reducing General or Lottery fund expenditures. The budget did adopt a \$206,000 reduction in General

Fund debt service that was proposed by DEQ during the legislative session. As the agency discussed with the Commission in March 2013, DEQ pursued refunding of the 2003 issuance of Orphan Bonds, which was successfully completed May 30, 2013. The refunding allowed the state to save a total of \$280,000 on GF debt service in the next 10 years, with about \$206,000 focused in the 2013-15 biennium.

Although not strictly a General Fund reduction, the legislature implemented a hold back of General Fund appropriation equal to 2% of all General Fund (excluding debt service), that is subject to review for re-appropriation at the February 2014 legislative session. There is no assurance that this hold back of \$523K of General Fund will be appropriated in February 2014, and DEQ will have to incorporate this possibility into planning for the 2013-15 biennium. The 2% hold back is incorporated in the Legislative Adopted Budget, any re-appropriation in February 2014 would result in an increase in the 2013-15 LAB.

2013-15 Legislative Adopted Budget

Figure 2 shows the total 2013-15 Legislative Adopted Budget incorporating all budget adjustments and legislation:



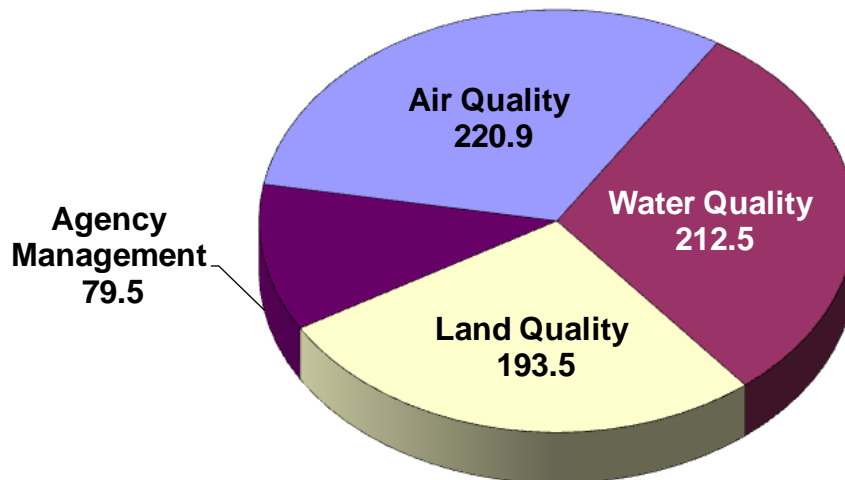
- Total Legislative Adopted Budget is \$328.6M, 706.3 FTE.
- The Operations Budget is roughly 60 percent (\$196.8M) of total budget, comprised of
 - \$ 25.4 million General Fund
 - \$ 3.8 million Lottery Fund

- \$ 140.0 million Other Fund
- \$ 27.6 million Federal Fund
- The single largest budget item continues to be for Clean Water State Revolving Fund loans, represents one-third (\$110 million) of the total budget.

The 2013-15 Legislatively Approved Budget represents the agency's *authorization* to spend, but it does not necessarily represent its *ability* to spend. As discussed in prior presentations to the commission, DEQ's ability to spend is limited by the actual funding provided by federal grants, through fee collections, and via cost recovery and similar work for which the agency is directly reimbursed.

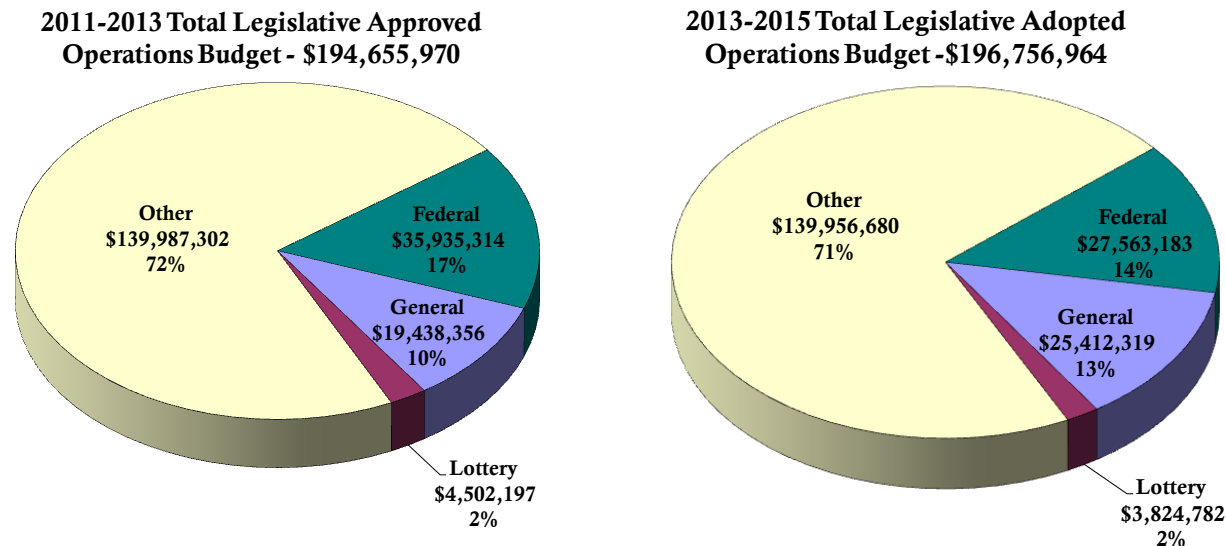
In terms of Full Time Equivalent, or FTE, position authority, **Figure 3** provides a summary of the 2013-15 Legislative Adopted Budget, by program area

**Figure 3 -
2013-2015 Legislative Adopted Budget By Program
TOTAL FTE - 706.3**



Comparing the 2013-15 Legislative Adopted Budget to the currently approved budget in **Figure 4**,

Figure 4 – Comparison of Funding Sources 2011-13 to 2013-15



- Overall, the DEQ operations budget has increased by \$2.1 million, but still pays for 4 less FTE than in 2011-13.
- General and Lottery Fund have increased by approximately \$5.3 million, comprised of shifting \$2.5 million of work funded by Pacific Coastal Salmon Recovery Funding (PCSRF) in 2011-13 back onto General Fund in 2013-15, \$1.6 million in increased cost of current services and \$1.9 million of additional funding requested in policy packages.
- The Federal Funds budget has decreased by \$8.4 million, mostly due to the end of ARRA stimulus funding in the Air Quality Division clean diesel and Land Quality Division underground storage tank cleanup activities, as well as the phase-out of the Umatilla Chemical Weapons Demilitarization activity.

In terms of FTE, **Figure 5** shows that comparison of the 2011-13 Legislative Approved Budget to the 2013-15 Legislative Adopted Budget, by program. The increase in Water Quality Division FTE resulted mostly from passage of several policy option packages. The slight increase in Agency Management was due to a net shift of FTE from the programs as part of centralizing Information Technology help desk services into Agency Management.

Figure 5 -
2011-2013 Approved vs 2013-2015 Legislative Adopted Budget 706.33 FTE

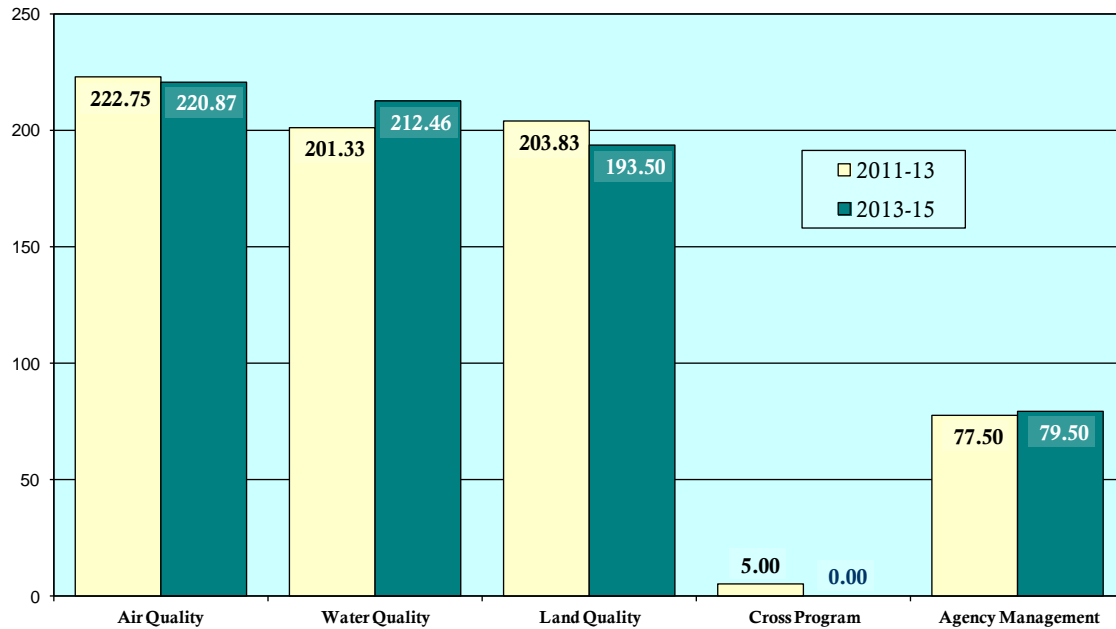
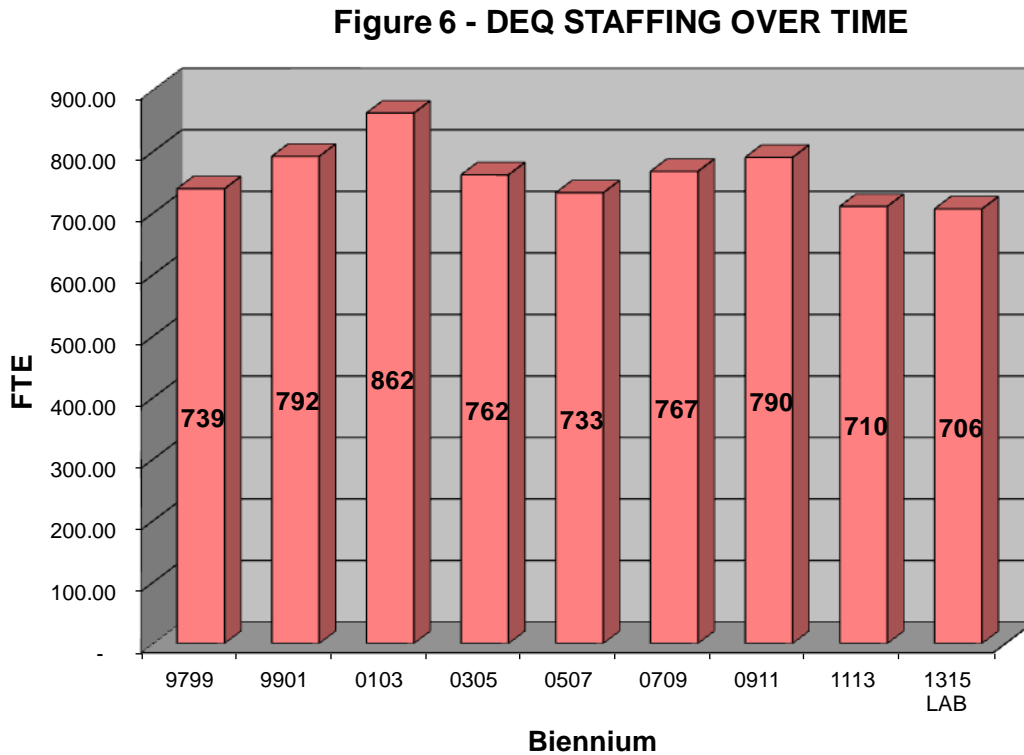


Figure 6 shows the 2013-15 Legislative Adopted Budget resulting in a drop of approximately 4 FTE from the level of budgeted staffing in 2011-13.



Biennium 2001-03 through 2005-07 FTE included limited duration vehicle inspectors for enhanced testing, which has since been discontinued.

NEXT STEPS

2013-15 Legislatively Adopted Budget (LAB)

DEQ budget staff have prepared the internal and statewide budget development systems for audit submittal. Start of the budget audit process has been delayed awaiting the Governor's signature on two of the bills affecting DEQ's budget, HB 5008 and HB 2322. These bills were signed on August 14th. Once audit has been passed, DEQ will prepare the final, 2013-15 Legislative Adopted Budget (LAB) book, estimated for completion in September 2013. Passing the audit is also required before the 17 new positions approved by the legislature can be made available for DEQ use.

2013-15 Operational Budget

In parallel with finishing the Legislative Budget process, DEQ is preparing the 2013-15 Operational Budget, which is the execution plan for the 2013-15 Legislative Budget. The Operating Budget is prepared at the beginning of the biennium by updating the Legislatively Approved Budget with current revenue and cost estimates, assessing the planned workload in each activity, and calculating the surplus or deficit in funding balances expected at the end of the biennium.

Updating the Legislative Budget revenue and cost factors prior to implementation allows DEQ to more accurately set the stage for 2013-15 since many of the factors were estimated or set during Agency Request budget development in the spring of 2012. Some potential areas of change include:

- Workload or special project updates not incorporated into the legislative budget.
- Updating Other Fund balances with actual balances on July 1, 2013.
- Updated fee fund estimates, interagency and special project agreement revenues.
- Federal grant revenue estimates with updated information on post sequestration funding levels.
- Update projected salary steps for positions that have new incumbents since April 2012.
- Spending plans for capital purchases, contracts, and payments to other organizations.
- Adjusting the PERS and pension obligation bond rates to reflect DEQ conditions. DEQ's Tier 1/2 population represents 60% of all staffing dollars, whereas statewide averages used in budget development estimate only 33% are Tier 1/2.
- Collective bargaining agreements affecting Cost of Living Allowances (COLAs), salary steps, medical benefits, and other provisions. Collective bargaining typically concludes after legislative session is over, and results aren't included in the legislatively *adopted* budget, but are typically handled at a subsequent emergency board or during the short February session, and then only for General Fund portion of the budget. The 2013-15 legislative adopted budget had \$86 million in General Fund set aside for bargaining, with actually bargaining results estimated to exceed that set aside.

For activities that are estimated to run a deficit ending balance, or have a positive ending balance that is significantly below that required for ongoing cash management requirements, the program then adjusts the Operating Budget to try to bring ending balances back into alignment. Adjustments can include:

- Reallocating fungible general fund or federal grant funds between activities.
- Shifting staff assignments out of underfunded activities and into activities with available funding.

- Identifying positions that must be maintained vacant for the all or part of the biennium.
- Revising/reducing planned capital outlay and contract expenditures.
- In extreme cases, laying off staff.

For the 2011-13 biennium, the Legislatively Adopted Budget required DEQ to lay off some staff, and the operating budget implementation increased that number. For the 2013-15 biennium, the adoption of the legislative budget will require no layoffs, but DEQ will not know if staff layoffs can be avoided until after completion of the operating budget adjustments to implement the 2013-15 budget. The overall funding situation for DEQ has improved since the start of the 2011-13 biennium, but that doesn't necessarily mean that some specific activities might not have fiscal difficulties this biennium.

The Agency has a schedule laid out to complete the operating budget in mid October, at which time we will be communicating further with the Commission as to any impacts that might arise from the plan.

Attachment B - 1315 DEQ Legislatively Adopted Budget (SB5220)
Policy Option Packages

Pkg No.	Agency rank	Agency	Program*	POP Title/description	GF	LF	OF	FF	TF	Pos	FTE	Comments
090		DEQ	002 Water Quality	Restore Wastewater Permitting Pkg 070 OF Reduction with GF	700,000				700,000	3	3.00	Restores 3 wastewater permitting positions that were cut at ARB due to being unaffordable on fees
090		DEQ	002 Water Quality	Restore Lottery Funded Pkg 070 Reductions with GF	813,072				813,072	3	3.00	Restores 3 lottery funded positions that were cut in package 070 at GBB due to lower Lottery revenues. To implement the reductions, DEQ utilized the 10% Lottery Fund reductions plus an additional position. Package 090 restores this work on GF
110	2	DEQ	001 Air Quality	Implement Phase One of OR Clean Fuels Program		-	429,999	-	429,999	2	1.31	Policy package provides limited duration staffing (1.5 FTE beginning 10/1/13) and contract funding for the initial two year reporting phase of the clean fuel standard authorized by the 2009 Legislature. Funding for the package contingent on passage of fee authorization legislative concept - LC 548. Fees would be assessed on regulated parties including fuel distributors and biofuel producers (approximately 70).
111	5	DEQ	001 Air Quality	Maintain an Effective ACDP Program			810,671		810,671	3	3.67	Policy package restores 3.67 of 6.67 FTE that are not affordable at current ACDP fee levels. The restorations are based on a fee increase of approximately 20%. The positions perform permitting, inspections, source testing and planning and are needed to maintain an effective and timely program. Permitting process improvements will enable the reduced number of FTE. The last fee change was a 20% increase in 2007.
120	4	DEQ	002 Water Quality	Onsite Septic System Program			274,454		274,454	1	1.50	Fee increase and restoration package. Increases the license fees for installers and pumpers, increases the county surcharge fee and eliminates the surcharge exemption for licenses. Restores 0.5 FTE statewide policy effort plus a position that provides information and assistance to the public, precluding the need to centralize program administration in one office and eliminate face-to-face application assistance in various locations throughout the state.
122	12		002 Water Quality	Oregon Plan Monitoring	238,161				238,161	2	1.25	Provides staffing to restart DEQ's collection of water quality and biological data for assessing watershed health conditions in areas with ESA-listed fish. Monitoring would be coordinated with other agencies to fill data gaps and to better understand the efficacy of restoration activities. Two permanent, full-time positions are phased in.
124	3	DEQ	002 Water Quality	Water Quality 401 Project Certification			544,677		544,677	3	2.50	Fee increase and restoration package. Revises fee table as directed by HB 2185 (2009). Adds three positions to address the increased complexity of dredge and fill project applications submitted for certification, greater complexity of water quality regulations, and increased requests for technical assistance, pre-application meetings and site visits.
126	6	DEQ	002 Water Quality	Operator Certification Program			71,198		71,198	0	0.20	Fee increase and restoration package. Revises fee table in order to maintain an adequate level of funding and staffing for the program and pay for program's portion of updated online licensing software.

Attachment B - 1315 DEQ Legislatively Adopted Budget (SB5220)
Policy Option Packages

Pkg No.	Agency rank	Agency	Program*	POP Title/description	GF	LF	OF	FF	TF	Pos	FTE	Comments
127	10	DEQ	002 Water Quality	IWRS: Implementation of Integrated Water Resources Strategy	474,187				474,187	3	2.25	Accelerate achievement of environmental outcomes by collaborating cross-agency on development and implementation of salmon recovery plans and water quality improvement plans (e.g., TMDLs, AgWQMPs) and an integrated monitoring strategy. Strategically align efforts with state agencies and other partners to leverage resources and implement projects that achieve multiple goals. Support local integrated water resource planning efforts by providing technical assistance and water quality information. Three permanent, full-time positions are phased in.
128	11	DEQ	002 Water Quality	IWRS: Statewide Groundwater Monitoring Program	460,000				460,000	2	0.66	Implement an ongoing statewide GW quality monitoring program to assess status and trends and identify vulnerable areas and populations at risk from GW contamination. Conduct 2 assessments per year, with entire state being assessed every 10 years. \$325K of this is Capital outlay for first biennium only.
131	7	DEQ	003 Land Quality	Paint Product Stewardship					-	0	0.00	Revenue package only; no limitation or FTE. Legislative concept makes pilot program permanent and sets both plan submittal and annual fees at \$15,000, \$5,000 more than the pilot. Expect to collect one plan submittal and one annual fee during 13-15, for a total of \$30,000.
181	9	DEQ	008 Non Limited	Clean Water SRF Capitalization Grant Loans			30,150,000		30,150,000	0	0.00	Authorization to make loans for \$30M of new CWSRF Capitalization Grants. Includes \$150K for issuance costs of two \$5M bonds. Tied in with Pkg 191
182	8	DEQ	008 Non Limited	Small Community Clean Water Grant Program			1,789,306		1,789,306	0	0	DEQ has submitted an LC (LC 550) that proposes to repurpose the SADLP fund in order to provide grants to small communities for upgrading, construction or repair of wastewater treatment and disposal systems. Funding for wastewater treatment grants and loans has traditionally resided in the non-limited portion of DEQ's budget, and DEQ proposes to have the entire fund spent in 2013-15, with expenditures shown as Non-limited Other Funds as Special Payments. Since this is a non-limited expenditure, a specific amount of limitation is not required to be addressed in the enabling legislation, but DEQ will show the expenditures in its non-limited budget, if approved.
191	9	DEQ	009 Debt Service	Clean Water SRF Bond Debt Service			10,020,000		10,020,000	0	0.00	Debt service for two new \$5M bonds for state match on CWSRF capitalization grants requested in Package 181
320	1	DEQ	002 Water Quality	Pesticide Stewardship Partnership (PSP) Program	-		747,942		747,942	5	4.00	Joint POP with ODA's Pkg 320. Together, these POPs establish a stable source of funding for the PSP program and enable its expansion to a statewide program. DEQ's positions include staff to organize the program, work with the ODA and stakeholders on implementation of PSPs and pesticide collection events, facilitate the monitoring activities and schedules, assist with stewardship activities, and evaluate, interpret and communicate pesticide monitoring data. The Other Funds would come to DEQ via a revenue transfer in ODA's Pkg 320.



Oregon Department of Environmental Quality - 2013 Session

Legislation and Budget Note Summary

July 2013

Enacted Legislation

SB 33 / Emergency Preparedness

- Modifies list of state agencies required to designate liaison for emergency preparedness and response.
- Requires that liaison be an individual with authority during an emergency to allocate agency resources and assets.
- Establishes task force to facilitate implementation of Oregon Resilience Plan and requires the submittal of a legislative report on or before Oct. 1, 2014.
- Signed by the Governor on June 26, 2013.

SB 52 / Final Orders – Contested Case proceedings

- Requires state agencies to provide the Oregon State Bar with electronic copies of final orders in contested case proceedings for inclusion their legal search engine.
- Signed by the Governor on May 16, 2013.

SB 112 / Bottle Bill – Enforcement

- Authorizes the Oregon Liquor Control Commission (OLCC) to impose a civil penalty of at least \$50 but not more than \$500 for violations of Oregon's beverage container return law.
- Authorizes OLCC to review or audit the records of a distributor cooperative or any non-participating distributor to verify beverage container return data.
- Signed by the Governor on May 16, 2013.

SB 116 / Ballast Water Task Force

- Reauthorizes the Shipping Transport of Aquatic Invasive Species Task Force (a diverse of stakeholders appointed by DEQ Director).
- Requires the task force to study and make recommendations pertaining to the Ballast water program and to deliver a legislative report no later than June 1, 2014. The task force may submit additional reports as necessary.
- Sunsets the task force on Jan. 2, 2019.
- Signed by Governor on July 1, 2013.

SB 117 / Bottle Bill – Redemption Centers

- Amends Oregon's beverage container return law to authorize OLCC to approve one or more redemption centers beyond the initial pilot redemption center.
- Specifies the requirements for participating retailers to manage the return of beverage containers including hand counting, drop-off service, and number of containers accepted daily (350 containers per person per day or, for drop-off service, 125 containers per person per day).
- Specifies the requirements for those large retailers not participating in the redemption center to manage the return of beverage containers including posting of notices and certain number of reverse vending machines.
- Directs that OLCC shall specify up to two convenience zones for each redemption center. The initial zone shall be a radius of not more than two miles and, within that zone, participating large retailers may refuse to accept any containers. The second zone shall begin on the border of the initial zone and not exceed a radius of more than 3.5 miles. Within this zone, participating large retailers are only required to accept 24 containers per person per day. In either convenience zone, non-participating large retailers must accept up to 350 containers per person per day and smaller retailers are only required to accept 24 containers per person per day.
- Provides these convenience zones do not apply to a retailer located a specified distance from the redemption center based on the shortest driving distance available.
- Requires OLCC to submit a legislative report no later than March 1 of each odd-numbered year that provides information on statewide container returns, number of redemption centers operating and proposed, and number of container returns in areas before and after the operation of a redemption center.
- Signed by the Governor on May 13, 2013.

SB 249 / Diesel Grant program

- Provides that federal funding deposited in the Clean Diesel Engine Fund may be used to reduce diesel engine emissions consistent with federal law.
- Signed by the Governor on April 18, 2013.

SB 306 / Study – Clean Air Tax

- Directs the Legislative Revenue Officer to submit a report on the feasibility of imposing a statewide clean air fee or tax as a new revenue option to augment or replace portions of existing revenue.
- Provides that a written preliminary report shall be submitted on or before Dec. 1, 2013 and a final report, on or before Nov. 15, 2014.
- Awaiting action by the Governor.

SB 462 / Composting

- Requires the applicant for commercial composting facilities to hold a pre-meeting with the local governments, DEQ and, as necessary, other state and local entities before filing an application for local land use approval.
- Requires the applicant to also hold a community meeting with the public.
- Prohibits both DEQ and Metro from issuing permits for new commercial composting facilities within Metro's jurisdiction (Clackamas, Multnomah & Washington counties) if the proposed facility is within 1500 feet of a school located in a rural exception area.
- Signed by the Governor on June 26, 2013.

SB 463 / State grants - Racial & Ethnic Statements

- Requires grants awarded to corporations or other legal entities by state agencies to include a racial and ethnic impact statement.
- Requires the Oregon Criminal Justice Commission, at the written request of one legislative member from each political party, to prepare a statement on proposed legislation's affect on racial and ethnic composition of criminal offender population or recipients of human services.
- Sunsets in 2018.
- Signed by the Governor on July 1, 2013.

SB 476 / Cleanup Settlements

- Requires DEQ to provide notice and an opportunity to participate to prospective purchasers in substantial compliance with their agreements when DEQ is negotiating with responsible parties over the same contaminated property.
- Provides judicial guidance if such a prospective purchaser challenges a proposed consent judgment between DEQ and the responsible parties.
- Signed by the Governor on June 13, 2013.

SB 814 / Insurance – Environmental Claims

- Provides that general liability insurance policy that contains provisions requiring consent of insurance company before rights under policy are assigned may not prohibit assignment in certain cases.
- Modifies provisions related to contribution for environmental claims.
- Prohibits certain unfair environmental claim settlement practices.
- Requires insurers to provide independent counsel to defend insured in certain cases.
- Signed by the Governor on June 10, 2013.

SB 838 / Suction Dredge Mining

- Bans the use of motorized equipment to extract precious metals from placer deposits in or near waters of the state or where vegetation may be disturbed in a manner that may impact water quality as Jan. 2, 2016. The moratorium applies up to the line of ordinary high water and 100 yards perpendicular to this line in any river or tributary thereof containing essential salmonid habitat or naturally reproducing populations of bull trout.
- Repeals the moratorium as of Jan. 2, 2021.
- Imposes certain conditions on mining from Jan. 1, 2014 and before Jan. 2, 2016 including specified distances between motorized dredge equipment, prohibition on unattended equipment, and limitations on hours of operation.
- Limits general authorizations issued by the Dept. of State Lands to no more than 850 during the period of Jan. 1, 2014 and before Jan. 2, 2016.
- Directs that the Governor's Office in consultation with affected agencies (DEQ is named) and stakeholders study and consider:
 - Consolidation of state permitting;
 - Adequate fee structure to cover administration, compliance, monitoring, enforcement and outreach / education;
 - Displays of identification and permission while mining;

- Restrictions on mining designed to protect and recover in-stream and riparian habitat that is important to water quality and recovery of certain species;
 - Establishing management zones relating to mining activities and prohibition on mining in specified waterways, including waterbodies listed as impaired for certain constituents and scenic waterways; and
 - Waterway use issues including safety, noise, navigation, cultural resources, etc.
- Provides that the legislative report, including the proposed regulatory framework and any necessary legislation and funding be presented, to the Legislature on or before Nov. 1, 2014.
- Authorizes the EQC to revise statutory fees for mining permits relating to the use of a suction dredge.
- Directs that a \$150 surcharge be imposed on any suction dredge mining permits issued from Oct. 1, 2013 – Dec. 31, 2015. The purpose of the surcharge is to fund the collection and reporting of suction dredge mining data.
- Awaiting action by the Governor.

SB 5506 / Bond Bill

- Authorizes the issue of general obligation bonds for the 2013 – 15 biennium for the Clean Water Revolving Loan program.
- Signed by the Governor on July 30, 2013.

SB 5520 / DEQ Budget

- Appropriates funding to DEQ and establishes expenditure limitations for the 2013 – 15 biennium.
- Signed by the Governor on June 26, 2013.

HB 2048 / Paint Stewardship Program

- Removes the June 30, 2014 sunset, converting this pilot legislation into a permanent program.
- Sets a specific standard for permanent collection sites and collection events to increase convenience and drive up the collection of unwanted paint.
- Enhances outreach and education requirements to make consumers more aware of the program.

- Requires the submittal to and approval by DEQ of a four year plan and budget for the collection, transportation, and processing of unwanted paint. DEQ can require plan amendments under specified circumstances (falling recycling rate, increasing collection costs, excessive budget reserve, etc.)
- Requires submittal of annual report to DEQ, describing for the prior year collection results, costs and revenue, disposition of paint, progress towards goals, etc. Annual report must also include a projected budget for the next calendar year.
- Authorizes DEQ to impose civil penalties on retailers, producers and stewardship organizations.
- Increases administrative fees paid to DEQ.
- Directs DEQ to submit a 2018 report to the Legislature.
- Signed by the Governor on July 29, 2013.

HB 2233 / Derelict & Abandoned Vessels

- Mostly pertains to which entities have the legal authority to remove abandoned or derelict vessels and the required steps in that process.
- Provisions specifically relating to DEQ clarify the following:
 - Definition of “threatened spill or release” (of oil or hazardous materials) includes a ship in imminent danger of sinking;
 - DEQ’s authority to board ships for purposes of investigation, control and management of threatened and actual spills or releases; and
 - In the case of threatened spills or releases, that DEQ can document facts supporting the belief that the ship represents a threat of a spill or release.
- Signed by the Governor on July 29, 2013.

HB 2560 / Appointments to Rulemaking Advisory Committees

- Prohibits agencies that are required by law to appoint a rulemaking advisory committee from appointing an officer, employee, or agent of the agency to serve as an official member on the required advisory committee.
- Applies to advisory committees appointed for proposed rules for which notice is given under the Administrative Procedures Act (ORS 183.335 (1)) on or after Jan. 1, 2014.
- Signed by the Governor on June 4, 2013.

HB 2612 / Postpartum Placentas

- Provides that postpartum mother may remove placenta from health care facility pursuant to rules adopted by Oregon Health Authority.

- Signed by the Governor on May 14, 2013.

HB 2620 / Alignment of State and Regional Economic & Community Development Programs

- Requires the Governor, in coordination with DAS, to develop a plan for aligning state economic and community development programs with regional and community based development programs. The plan must be submitted for consideration in the 2014 session.
- Directs the Governor to ensure that natural resource agencies participate in regional solution teams and are available at regional solution centers to the maximum extent possible.
- Appropriates \$200,000 for the purpose of promoting more collaboration between state agencies and regional local program and priorities.
- Awaiting action by the Governor.

HB 2643 / Small Business Assistance

- Directs the Secretary of State to study the amount and impact of state and local government fees on small businesses and to develop strategies for lessening the economic impact of fees on small businesses.
- Directs SOS to implement a program that will help small businesses obtain fee waivers or deferrals when doing business, such as obtaining permits, with the state.
- Signed by the Governor on July 1, 2013.

HB 3103 / Oil Spilling Planning

- Authorizes DEQ to require oil spill contingency planning for bulk facilities exporting 10,000 gallons or more of oil (just as bulk facilities importing have been required to do).
- Excludes marinas or public fueling stations engaged exclusively in the direct sale of fuel from these requirements.
- Signed by the Governor on May 28, 2013.

HB 3109 / Study of Pole Creek fire

- Requires Director of Oregon Health Authority and State Forester to jointly report regarding impacts of 2012 Pole Creek wildfire on public health, fish and wildlife and aquatic habitat to Legislative Assembly no later than February 10, 2014.

- Signed by the Governor on May 29, 2013.

HB 3172 / Sellers' Disclosure Statement

- Amends the sellers' disclosure statement to include more information about the condition of the onsite septic system and the location of the system's components on the property.
- Signed by the Governor on June 18, 2013.

HB 3258 / State Chief Information Officer

- Establishes a state Chief Information Officer within the Department of Administrative Services, appointed by the governor.
- Directs that the CIO must adopt a statewide IT and telecommunications plan in consultation with DAS, state agencies and the Legislature.
- Signed by the Governor on July 29, 2013.

HB 3294 / Emails – Public Records

- Exempts email addresses in possession or custody of state and local governments from disclosure under public records law.
- Exemption does not apply to state employees' state email addresses.
- Signed by the Governor on July 1, 2013.

HB 3364 / Integrated Pest Management

- Establishes Integrated Pest Management Coordinating Committee consisting of State Integrated Pest Management Coordinator, representative of Oregon University System and integrated pest management coordinators of state agencies (including DEQ) and public universities required to implement integrated pest management practices.
- Requires committee to report biennially to legislative committee related to pest management.
- Amends list of state agencies required to implement integrated pest management practices (DEQ is added).
- Amends definition of "integrated pest management" for state agencies and public universities required to implement integrated pest management practices.

- Amends integrated pest management coordinator qualifications for state agencies and public universities required to implement integrated pest management practices
- Signed by the Governor on June 4, 2013.

HJM 7 / Drinking Water State Revolving Fund & Clean Water State Revolving Fund

- Urges Congress to increase investment in Drinking Water State Revolving Fund and Clean Water State Revolving Fund.

Failed Legislation

SB 212 / Vehicle Inspection program operation

- Requires EQC to prepare revisions to Oregon's State Implementation Plan to model the Vehicle Inspection program after the Washington program to the greatest extent possible.

SB 488 / Clean Fuels Program

- Removes the existing December 2015 sunset on the EQC's authority to implement the program.

SB 523 / Water Quality Discharges – Posted Signs

- Requires water quality permit holders who discharge persistent bioaccumulative toxins into Oregon waters at concentrations that cause waters to fail to meet water quality standards to pay for installation and maintenance of marker systems.

SB 800 / Pesticide Reporting

- Requires reporting of commercial or governmental pesticide applications to DEQ. Requires department to make copy of reported information available to state agencies and local governments upon request.
- Allows DEQ to charge reasonable fee for providing reported information.

HB 2047 / Water Pollution Control Revolving Fund

- Extends term of certain loans from Water Pollution Control Revolving Fund from 20 years to 30 years.

HB 2238 / Small Community Clean Water Grant Program

- Repurposes funding from the Assessment Deferral Loan Program Revolving Fund for use in a newly created Small Community Clean Water Grant Program Revolving Fund. Specifies conditions for grants made from fund.

HB 2274 / Greenhouse Gas Emissions Reporting

- Modifies information that EQC may require utilities to report.

HB 2336 / Title V Air Permits

- Requires EQC to adopt by rule provisions requiring that certain permit applications include analysis regarding toxic air emissions.
- Requires commission to adopt by rule mechanism that ensures that DEQ provides copies of certain permit applications to certain governing bodies of local governments.

HB 2412 / Vehicle Inspection program operation

- Requires EQC to contract with unit of local government or private individual, partnership or corporation to implement the Vehicle Inspection program.

HB 2841 / Recreational or small scale mining

- Requires that at least 30 days before agencies give notice of intended action to adopt, amend or repeal rules specifically regulating recreational or small scale mining, agencies shall perform certain consultation and consider certain studies.
- Requires that at least 30 days before agencies issue order pertaining relating to recreational or small scale mining, agencies shall perform certain consultation, make efforts to notify and meet with certain persons and shall consider certain studies.

HB 2938 / Rechargeable Batteries

- Requires retailers and battery manufacturers to establish recycling program and to fulfill certain other requirements relating to rechargeable batteries.
- Establishes civil penalties for violation of provisions relating to recycling of rechargeable batteries.

HB 3011 / Remedial action costs

- Provides that state may not require certain persons to pay certain remedial action costs.

HB 3030 / Brownfields

- Directs Oregon Business Development Department, in consultation with DEQ, to provide financial assistance to owners of contaminated properties.
- Recapitalizes the Brownfields Redevelopment Fund within the Oregon Business Development Department in the amount of \$10 million.

HB 3040 / Prohibition on Nonfarm Uses in EFU Lands

- Prohibits specified nonfarm uses including solid waste facilities on land zoned for exclusive farm use.
- Directs State Department of Agriculture and Department of Land Conservation and Development to analyze and report on use of land zoned for exclusive farm use. Directs Department of Land Conservation and Development to convene work group to review report and make recommendations to interim legislative committees by January 1, 2015

HB 3162 / High Priority Chemicals – Children’s Products

- Requires Oregon Health Authority to maintain list of designated high priority chemicals of concern for children's health used in children's products.
- Requires manufacturers of certain children's products to provide notice to authority regarding chemicals on list. Provides that, five years after chemical is placed on list, manufacturer must seek waiver if manufacturer continues to sell children's product containing chemical
- Requires manufacturers to submit certain hazard assessments to authority.

HB 3335 / Internal Management Directives

- Provides that certain internal management directives of EQC and DEQ must be adopted by rule. Provides that commission and department must appoint advisory committee before giving notice of intent to adopt certain internal management directives.

HB 3337 / Ecosystem Services

- Directs the Governor’s Office to convene a workgroup on ecosystem services. Encourages state agencies and local governments to use natural infrastructure.

HB 3443 / State Implementation Plan – Vehicle Inspection Program

- Requires EQC to prepare certain revisions to Oregon's State Implementation Plan under federal Clean Air Act to exempt late model vehicles from the Vehicle Inspection Program.

HB 3492 / Air Toxics

- Mandates that Title V sources either submit or revise a toxic reduction plan as required under DEQ's Toxics Use Reduction program to address air toxics.

Budget Notes

South Deschutes/North Klamath Onsite Committee

- DEQ is instructed to continue to support the South Deschutes County and North Klamath County Groundwater Protection Project Steering Committee to finalize recommendations to address groundwater protection from onsite septic systems in the South Deschutes County and North Klamath County geographic area. Prior to taking action on any recommendation, DEQ will report back to the Ways and Means Subcommittee on Natural Resources or to the House Committee on Energy and Environment no later than the February 2014 Legislative session on its evaluation of the committee's recommendations.
- DEQ shall also research how other states have conducted cost-benefit analyses of the cost of septic system upgrades relative to environmental impacts and public health risks. DEQ shall report to the legislative committee no later than the 2014 Legislative session on its findings and its plans for undertaking such an evaluation for South Deschutes and North Klamath counties.

Onsite Septic Systems Workgroup

- Directs DEQ to work with cities, counties and other stakeholders to identify ways to increase the quality and efficiency of how onsite septic services are delivered across the state.
- Provides that the Association of Oregon Counties will provide staff support for these efforts and that DEQ will report back during the 2014 legislative session with recommendations for improving the onsite septic program.

Vehicle Inspection Program

- Directs DEQ to report to the Seventy-Eighth Legislative Assembly (2015 Session) on the status of the national ambient air quality standard for ozone and the department's plan

and timetable for developing and implementing a comprehensive strategy to meet the revised standard.

- Provides that the plan shall also describe how DEQ will assess the Vehicle Inspection Program, including but not limited to:
 - What, if any, modifications to the program are needed to meet the ozone standard and reduce other pollutants such as air toxics;
 - Impact on affected economic sectors of any changes to the Vehicle Inspection Program;
 - Options for exempting vehicles from the inspection requirement and the impact on the vehicle registration process of any changes to the Vehicle Inspection Program.
- Requires DEQ to consult with ODOT on the exemption options and impact analysis