

Date: June 30, 2025
To: Environmental Quality Commission
From: Leah Feldon, Director
Subject: Agenda item D, Informational item: Legislative Session and Budget Update
July 10-11, 2025, EQC meeting

Purpose of item This item is an informational briefing for the commission on the 2025 legislative session. The briefing will include a summary of policy and budget outcomes from session impacting EQC and DEQ.

Background The legislature convened its regular session on Jan. 21, 2025. Since then, thousands of measures have been introduced for consideration, including over 100 bills related to DEQ's work.

As this report was prepared, there were nine days remaining before the constitutional sine die date of June 29, 2025. The outcomes of several key policy and budget matters remains uncertain, including transportation funding, wildfire mitigation and recovery funding, and end-of-session bond authorizations and budget appropriations.

In addition to the agency's budget bill, DEQ introduced three measures for the legislature's consideration during the 2025 session:

- House Bill 2569: This measure removes the expiration date of the fees that fund DEQ's High Hazard Rail Planning program. Established in 2019 by House Bill 2209, this program requires high-hazard rail transportation in Oregon to adhere to the same spill response planning requirements as vessels, pipelines, and facilities. Sunsetting the fee would cut all funding, halting future work. This would limit protections to Oregon's communities, prevent the development, oversight, and maintenance of Geographical Response Plans, and eliminate oversight and evaluation of future high-hazard rail contingency planning.

While House Bill 2569 did not advance, a related bill, House Bill 2384, did. House Bill 2384 extends the sunset on the fees that support the High Hazard Rail Planning program until mid-2029. The measure, which passed both chambers with broad support, was signed by the Governor on June 26, 2025.

- Senate Bill 830: This measure proposes to improve the financial assistance

programs available to support rural Oregonians who are struggling to address failing or poorly maintained onsite septic systems. Specifically, the bill expands the types of financial assistance that DEQ can provide, pending the availability of additional funding. It received strong bipartisan support in both chambers and was signed by the Governor on May 28, 2025.

- Senate Bill 5520: This measure is the agency’s budget bill for 2025-2027, which appropriates general funds and establishes expenditure limitation and position authority for the upcoming biennium. The bill was signed by the Governor on June 24, 2025.

DEQ staff will also brief the commission on policy bills that affect the agency and the commission. Topics will include groundwater quality protection, air quality permitting, water reuse, and PFAS contamination.

2025-2027 Legislatively Approved Budget

DEQ’s Legislatively Approved Budget includes many proposals from the agency’s Governor’s Recommended Budget and provides additional enhancements.

Highlights of DEQ’s Legislatively Approved Budget include:

- Restoration of Water Quality positions that would have been eliminated due to shortfalls of federal funds. These positions will now be funded through the General Fund.
- Protection against cuts to currently filled General Fund positions.
- Authorization of essential fee increases in the Air Contaminant Discharge, Greenhouse Gas Reporting, and Water Quality programs.
- Creation of new positions, using existing funds, in the Cleaner Air Oregon, Materials Management, Water Quality Grants, and Fuel Tank Seismic Stability programs.
- Establishment of an additional Environmental Law Specialist position for the Office of Compliance and Enforcement.
- Creation of three additional positions for the Climate Protection Program, focused on developing new regulations to prevent emissions leakage from energy-intensive and trade-exposed industries.

EQC involvement

DEQ welcomes questions about the outcomes of the legislative session, and input as the agency prepares to develop its 2027-2029 agency request budget.

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