



State of Oregon Department of Environmental Quality

# 2022 Regional Haze Fiscal Impact Statement

## Fiscal and Economic Impact

The proposed rule would document DEQ's submittal of the Round 2 Regional Haze Plan to EPA, upon EQC direction. The proposed rule has no fiscal nor economic impacts; it simply approves submission of the rules that the EQC has already and separately approved, and the orders and other plan elements that DEQ has already issued, to be submitted to EPA for approval as part of the SIP. The only potential fiscal impact from this rulemaking would be in a scenario where there is federal enforcement for a violation of the State Implementation Plan; EPA has authority to issue federal penalties.

## Statement of Cost of Compliance

### State agencies

No state agencies are regulated facilities under the proposed rule, so this rulemaking does not impose any mandatory requirements for state agencies and, accordingly, does not impose any direct compliance costs.

DEQ and possibly LRAPA staff will implement the 2018 – 2028 Regional Haze Plan but will do so with existing resources. DEQ does not expect any other state agency to be fiscally affected by the proposed rule.

### Local governments

No local governments are regulated under the proposed rule, so this rulemaking does not impose any mandatory requirements for local governments and, accordingly, does not impose any direct compliance costs. DEQ does not expect local governments to be fiscally affected by the proposed rule.

### Public

The rulemaking does not impose any mandatory requirements for the public at large and, accordingly, does not impose any direct compliance costs on the public.

Although not a direct result of this rulemaking, DEQ expects implementation of the Regional Haze Plan to have indirect, broad and positive fiscal effects on the public, particularly people living or working near regulated facilities or near activities affected by area source reductions documented in the Regional Haze Plan long term strategy. DEQ expects those indirect, positive fiscal effects would be through community health improvement and reduced health care costs.

The Regional Haze Plan long term strategies will reduce the general public's exposure to Round 2 regional haze pollutants: NO<sub>x</sub>, PM, and SO<sub>2</sub>.

Short-term health effects of NO<sub>x</sub> exposure include respiratory irritation, which can exacerbate existing respiratory diseases, like asthma. NO<sub>x</sub> also leads to secondary formation of PM and ozone, each of which can lead to short-term respiratory impairment and long-term health effects, such as greater susceptibility to respiratory disease.<sup>1</sup> Adverse health effects of PM exposure include both respiratory and cardiovascular impairment and damage, up to premature death for vulnerable populations.<sup>2</sup> Exposure to SO<sub>2</sub> causes short-term respiratory impairment and may lead to long-term respiratory damage and, as with NO<sub>x</sub> and PM exposure, most adversely affects older people, children, and those with respiratory diseases.<sup>3</sup>

### **Large businesses - businesses with more than 50 employees**

DEQ does not expect a fiscal impact for large business from the proposed rule that would simply document DEQ's submission of the Regional Haze Plan, upon EQC direction. However, DEQ acknowledges that it expects that large businesses to whom DEQ issued orders under the previously approved Division 223 rules will incur fiscal impacts from implementation of the Regional Haze Plan. DEQ broadly notified entities potentially affected by Division 223 fiscal impacts and considered public input on fiscal effects through the Division 223 rulemaking public procedures. The Division 223 Fiscal Impact Statement, Fiscal Advisory Committee materials, EQC staff report and final Division 223 rules that EQC adopted are posted on the Regional Haze Division 223 rulemaking webpage.<sup>4</sup>

### **Small businesses – businesses with 50 or fewer employees**

No small businesses would be regulated under the Regional Haze Plan, so this rulemaking does not impose any mandatory requirements for small businesses and, accordingly, does not impose any direct compliance costs.

Although not a fiscal impact from this rulemaking, some small businesses may be indirectly, positively affected by Regional Haze Plan implementation. The types of small businesses that may be impacted by Regional Haze Plan implementation include those in the tourism, leisure and hospitality industry in areas of the state welcoming visitors to wilderness areas, the Columbia River Gorge National Scenic Area, and Crater Lake National Park. According to the US Forest Service National Visitation Monitoring system, in 2016, more than 200,000 people visited the Mt. Hood Wilderness area and more than 3 million visited the Columbia Gorge National Scenic Area.<sup>5</sup> In 2019, approximately 27,000 people visited wilderness areas in the

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<sup>1</sup> Environmental Protection Agency. Basic information about NO<sub>2</sub>. <https://www.epa.gov/no2-pollution/basic-information-about-no2#Effects>, accessed 05/06/21.

<sup>2</sup> Ibid. Health and Environmental Effects of Particulate Matter. <https://www.epa.gov/pm-pollution/health-and-environmental-effects-particulate-matter-pm>, accessed on 05/06/21.

<sup>3</sup> American Lung Association. Sulfur Dioxide. <https://www.lung.org/clean-air/outdoors/what-makes-air-unhealthy/sulfur-dioxide>, accessed on 05/06.21.

<sup>4</sup> <https://www.oregon.gov/deq/Regulations/rulemaking/Pages/rhsip2021.aspx>

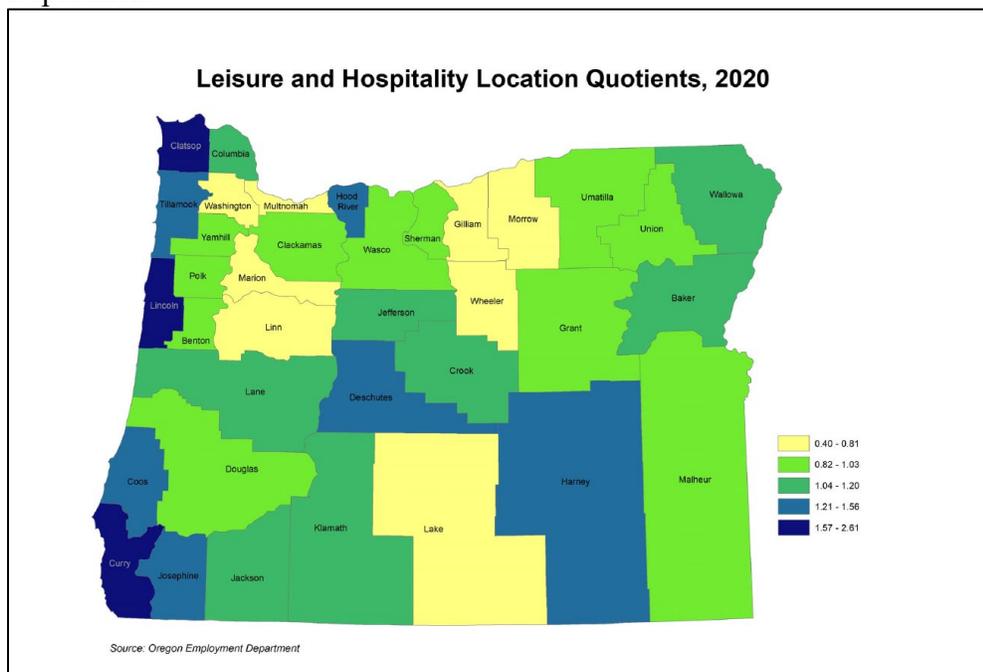
<sup>5</sup> US Forest Service, National Visitor Use Monitoring <https://apps.fs.usda.gov/nvum/results/A06022.aspx/FY2016>

Wallowa Whitman National Forest,<sup>6</sup> the largest of which are Eagle Cap and Hells Canyon (in 2016 and 2019, respectively) and more than 700,000 visited Crater Lake National Park.<sup>7</sup>

In Oregon, the tourism industry is mainly composed of small businesses, according to a recent report from the Oregon Employment Department, “Of Oregon’s 204,612 leisure and hospitality jobs in March 2020, 125,778 were in establishments with 10 to 49 workers.”<sup>8</sup>

According to the Oregon Employment Department, in 2019, approximately \$5 billion in wages were paid within the Leisure and Hospitality industry sector, employing more than 200,000 people in more than 14,000 businesses. Counties containing Class 1 wilderness areas and national parks, are among those deriving a relatively high percentage of employment income from travel and tourism, compared to all industry totals.<sup>9</sup> Note in Figure 1 relatively high leisure and hospitality quotients in Hood, Deschutes, Klamath and Wallowa Counties.<sup>10</sup>

**Figure 1:** Leisure and hospitality quotients in Oregon counties. Source: Oregon Employment Department



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

None of the businesses regulated through implementation of the Regional Haze Plan are small businesses. DEQ confirmed this through a review of the US business database, Reference USA.gov.

<sup>6</sup> *Ibid.*

<sup>7</sup> <https://www.nationalparked.com/crater-lake/visitation-statistics>, accessed on 05/06/21.

<sup>8</sup> Oregon Employment Dept. (March 2021), <https://www.qualityinfo.org/-/oregon-s-leisure-and-hospitality-industry>

<sup>9</sup> *Ibid.*

<sup>10</sup> *Ibid.*

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

None

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

None

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

DEQ did not involve small businesses in developing the proposed rule because no small businesses are regulated by the proposed rule or through Regional Haze Plan implementation.

## Documents relied on for fiscal and economic impact

Document title	Document location
US Business Database	ReferenceUSA.com
Oregon Employment Department. Oregon Leisure and Hospitality Industry (Tauer, G., 2021)	<a href="https://www.qualityinfo.org/-/oregon-s-leisure-and-hospitality-industry">https://www.qualityinfo.org/-/oregon-s-leisure-and-hospitality-industry</a>
US Forest Service. National Visitor Use Monitoring System	<a href="https://apps.fs.usda.gov/nvum/results/A06022.aspx/FY2016">https://apps.fs.usda.gov/nvum/results/A06022.aspx/FY2016</a>
Environmental Protection Agency. Basic information about NO2.	<a href="https://www.epa.gov/no2-pollution/basic-information-about-no2#Effects">https://www.epa.gov/no2-pollution/basic-information-about-no2#Effects</a> .
Environmental Protection Agency. Health and Environmental Effects of Particulate Matter.	<a href="https://www.epa.gov/pm-pollution/health-and-environmental-effects-particulate-matter-pm">https://www.epa.gov/pm-pollution/health-and-environmental-effects-particulate-matter-pm</a> .
American Lung Association. Sulfur Dioxide.	<a href="https://www.lung.org/clean-air/outdoors/what-makes-air-unhealthy/sulfur-dioxide">https://www.lung.org/clean-air/outdoors/what-makes-air-unhealthy/sulfur-dioxide</a> .

### Advisory committee fiscal review

DEQ did not convene a fiscal advisory committee for the proposed rule that would document submittal of the Regional Haze Plan to EPA for approval as part of the SIP, upon EQC direction. DEQ did appoint a fiscal advisory committee to review fiscal impacts of the Division 223 rulemaking that provided the authority for DEQ to issue the facility orders included in the Regional Haze Plan. DEQ summarized that committee's findings in the public notice documents and the DEQ staff report posted on the Regional Haze 2021 Division 223 rulemaking webpage.<sup>11</sup>

### 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

<sup>11</sup> <https://www.oregon.gov/deq/Regulations/rulemaking/Pages/rhsip2021.aspx>

detached, single-family dwelling on that parcel. A memorandum<sup>12</sup> pertaining to a study conducted by the University of Oregon to support Oregon Department of Land Conservation and Development rulemaking describes the major factors influencing the cost of residential housing construction. Cost components include land, material and labor and regulatory costs such as permits, compliance with zoning requirements and system development charges.

DEQ does not expect that the proposed rule would have the potential to affect housing development costs or would have any effect on the major cost components of residential construction such as cost of land, labor, or permitting or zoning regulations.

## **Alternative formats**

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email [deqinfo@deq.state.or.us](mailto:deqinfo@deq.state.or.us).

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<sup>12</sup> University of Oregon, 2016. Cost Components of Housing. [https://www.oregon.gov/lcd/UP/Documents/UO-Cost\\_Components.pdf](https://www.oregon.gov/lcd/UP/Documents/UO-Cost_Components.pdf) accessed on 05/07/21.