

Memorandum

Date: Dec. 31, 2025

To: Environmental Quality Commission

From: Leah Feldon, Director

Subject: Agenda item C, informational item: Water Quality Fees 2026
Jan. 15-16, 2026, EQC meeting

Purpose and importance of item

The Oregon Department of Environmental Quality's Water Quality Program is proposing amendments to Oregon Administrative Rules Chapter 340 to update water quality program fees under Oregon Revised Statutes 468B.051. The amendments include both the maximum statutory annual 3% adjustments and the legislatively authorized recalibration increases under policy option package 120 (POP 120) as per ORS 468.051(2):

The commission may not increase a fee described in subsection (1) of this section more than once each calendar year. The amount of the annual increase may not exceed the anticipated increase in the cost of administering the program to which the fee is applicable or three percent, whichever is lower, unless a larger increase is provided for in the Department of Environmental Quality's legislatively approved budget.

The 2025 legislature approved POP 120 and authorized DEQ to increase fees by more than 3% for the Underground Injection Control, 401 Dredge and Fill Certification, Onsite Wastewater Management, and Wastewater Operator Certification programs.

These changes are essential to sustain core surface water permitting, licensing, certification, and groundwater protection services. The fee updates support DEQ's mission by ensuring programs have the resources needed to protect water quality and public health.

Prior EQC involvement

This 2026 fee increase continues the commission's multi-year oversight of inflation-based and legislatively authorized program fee adjustments. Table 1 provides an overview of fee increases for the past 10 years.

Table 1: Water Quality Program fee increases 10-year history

Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
401*	-	-	-	-	-	-	-	-	3%	3%
UIC	-	-	-	7%	-	-	-	-	3%	3%
Onsite	-	3%	-	-	-	-	-	-	17%	3%
Operator Certification**	-	-	-	-	-	-	-	-	3%	3%
NPDES/WPCF/Stormwater	12%	3%	7%	3%	13%	11%	3%	3%	3%	3%

Translation or other formats

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*The current 401 fee structure was implemented in 2013 and there were no increases until the 3% increase in 2024.

**The last recalibration increase for Operator Certification was 2013.

Background

Until 2023, the EQC's authority to increase fees by up to 3% annually applied to only part of DEQ's water quality programs. House Bill 3208 (2023) expanded this authority to include the Onsite, Operator Certification, Section 401 Dredge and Fill, and Underground Injection Control programs, allowing for consistent and predictable inflationary adjustments. However, many of these programs had gone 6 to 12 years without any significant fee increase, causing revenues to lag far behind the actual cost of administering the programs.

While annual 3% increases help maintain stability, they are not sufficient to close these long-standing gaps. As a result, DEQ sought legislative approval in 2025 for larger "recalibration" adjustments to realign fees with the actual cost of providing current service levels and ensure programs remain financially sustainable (POP 120).

Water Quality Program fee increases

The Water Quality Program is presenting proposed fee adjustments for the National Pollution Discharge Elimination System, Water Pollution Control Facility, Underground Injection Control, 401 Dredge and Fill, Onsite, and Operator Certification programs to address revenue gaps created by rising personnel costs, cost-of-living adjustments, and increasing contract and technology expenses. Current fees are no longer sufficient to sustain program operations, and revenues would fall short without both the proposed annual increases and the recalibration adjustments. These changes are designed to maintain stable fund balances through the 2027-2029 biennium and avoid larger fee spikes in future rulemaking cycles. Importantly, the proposed increases are intended to maintain existing service levels and support compliance with federal and state requirements. The proposed increases do not represent an expansion of program services.

The **NPDES and WPCF permitting programs (including Stormwater)** (OAR 340-045-0075) regulate water pollution by controlling discharges of pollutants into surface waters and groundwater. The 3% annual fee increase supports 89 full-time employees who develop and implement more than 300 NPDES individual permits, nearly 200 WPCF individual permits, over 1,000 general permit registrants, and extensive stormwater coverage, including 22 municipal separate storm sewer system, or MS4, permits and more than 2,300 stormwater registrants. Additionally, the increase is necessary to maintain staffing levels needed to meet DEQ's 2018 settlement commitment to update 90% of significantly backlogged NPDES permits by 2028 (currently at 54%).

The **UIC Program** (OAR 340-045-0075) relies on fee revenue to protect underground drinking water sources by regulating systems such as drywells, geothermal wells, aquifer recharge wells, and remediation wells. With 2.4 full-time employees overseeing approximately 45,000 UICs, an 18% total fee increase (3% annual plus 15% recalibration) is needed to prevent a funding shortfall by 2028 and maintain timely reviews, complaint response, and technical assistance.

The **401 Dredge and Fill Certification Program** (OAR 340-048-0055) reviews federal license and permit projects for compliance with Oregon water quality standards. The proposed 18% fee increase (3% annual plus 15% recalibration) supports four full-time employees who provide applicant assistance and conduct roughly 250 certification reviews and modifications annually, ensuring consistent implementation of Section

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401 of the Clean Water Act.

The **Onsite Wastewater Management Program** (OAR 340-071-0800) oversees the siting, installation, and operation of residential and small commercial septic systems. The proposed 33% fee increase (3% annual plus 30% recalibration) supports 12 full-time employees who implement the program in three counties, process over 850 applications each year, provide oversight and technical assistance across 33 counties, and administer licenses, permits, product approvals, training, and support timely evaluations and customer service.

Finally, the **Wastewater Operator Certification Program** (OAR 340-049-0065) administers wastewater operator testing, certification, renewals, continuing education credit review, and coordination with the Oregon Health Authority. The proposed 17% and 12% fee increases (3% annual plus 14% recalibration for 2026 and 12% recalibration for 2027) address rising operational costs and system maintenance after more than a decade without a significant adjustment. This fully fee-supported program supports 2.3 full-time employees who provide customer service for approximately 1,400 certified operators employed at 400 publicly owned treatment works.

Additionally, the certification program is proposing updated language specific to Operator Certification in OAR 340-049-0055(10). The updated language will enable updating the scoring methodology based on best practices. The current language is: *A minimum score of 70 percent is required to pass an examination.* The proposed language is: *A minimum score of 70 percent is required to pass an examination or as determined by the examination contractor.* This update is proposed to help the exam contractor, Water Professionals International to update the scoring methodology in line with best practices. WPI provides standardized exams for over 40 other states, provinces, and territories. Using the same scoring methodology is beneficial for reciprocity, which is critical as we lose experienced operators to retirement.

Table 2 below presents the justification for the 3% annual increase. Over the 2023-2025 biennium, the average cost per full-time employee covered by the fee increase has risen approximately 6.76% per year. The rate of increase is based on a comparison of the 2023-2025 Legislatively Adopted Budget and the current 2025-2027 LAB. DEQ is proposing a 3% annual increase per ORS 468B.051(2): *The amount of the annual increase may not exceed the anticipated increase in the cost of administering the program to which the fee is applicable or three percent, whichever is lower.*

Table 2: 2023-2027 Rate of Increase

Budget Period	Cost per FTE
2023-25 Legislatively Adopted Budget	\$375,976
2025-27 Governor's Recommended Budget	\$426,788
Percent increase over two-year period	13.51%
Percent increase over one-year period	6.76%

Key issues

Affected parties include individuals, businesses, municipalities, and government agencies holding NPDES or WPCF permits, UIC authorizations, wastewater operator certifications, 401 certifications, or onsite system approvals. The proposed increases apply to both new applications and annual renewals.

Impacts vary depending on permit type and scale. For example, annual fees for a 1200-CA construction stormwater permit for a public agency would increase by approximately \$47; UIC Individual permit fees for

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large municipalities would increase by roughly \$88; and a medium-risk residential driveway UIC application would rise from \$142 to \$167. Indirect impacts may occur if permit holders adjust customer rates to recover costs.

DEQ convened a fee increase rulemaking advisory committee in December 2025. The committee met once and included representatives from local governments, industry, WQ permit holders, and environmental and community involvement organizations. Information about the committee can be found on the [Water Quality Fees 2026 Rulemaking web page](#).

The committee members were:

Table 3: 2026 Water Quality Fee Increase RAC

Name	Organization	Background, Title or Role	Interest Represented
Jason Green	Oregon Association of Water Utilities	Executive Director	Water Utilities and Wastewater Treatment and Collection
Lisette Hamer-Richardson	Affordable Septic	O&M Installer	Business Owner – Residential Onsite
Mark Landauer	Special District Association of Oregon	Executive Director	Utilities – Stormwater, NPDES, WPCF, General Permits
Geoff Rabinowitz	Oregon Association of Clean Water Agencies	Executive Director	Publicly Owned Treatment Works
Peggy Lynch	League of Women Voters	Natural Resource Coordinator	Conservation Organization – General Interest
Jenny MacKrell	Klamath County	Senior Permit Technician	Local Government
Jared Kistner	Port of Portland	Water Quality Specialist	Water Quality Permitting Perspective
Jackie White	Northwest Pulp and Paper Association	Director of Regulatory and Technical Affairs	Regulated Industry

The RAC supported regular modest fee adjustments and emphasized transparency in the use of technology fees. They requested that DEQ illustrate the potential cumulative impacts of the proposed fee increase on an entity that holds multiple permits. An example is provided below:

Table 4: Fee Increase Examples

Example	Current fees	Proposed increase	Proposed fees
NPDES individual permit Annual compliance fee 1MGD, Type C2a	\$10,696	3%	\$11,017
Operator Certification Program support fee ADWF 1.0 — 1.999 MGD	\$381	3% + 17%	\$457
Operator Certification Renewal fee Grade II certificates, per person	\$168	3% + 17%	\$201

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1200-U UIC General Permit Annual fee City with 14 medium risk, and four high risk UICs	\$1,492	3%	\$1,534
401 WQC for Wetland impact fee	\$1,044	3% + 20%	\$1,284

The examples listed in Table 4 do not include the Your DEQ Online technology fee that was established under Senate Bill 58 in 2021. The technology fee allows DEQ to pay for continued maintenance and operation of the Your DEQ Online system. DEQ can only collect the amount needed to cover these continued costs. The fee is currently 4%, but that figure may decrease over time as more programs begin using Your DEQ Online. All programs under this rulemaking use the Your DEQ Online system except for the residential Onsite Program. The residential Onsite Program is closely tied to local building and planning departments, and for consistency across the state, the Onsite Program uses the same system that the local building and planning departments use.

Notification of the rule change proposal, the RAC meeting, and the Dec. 17, 2025, public hearing was provided to interested parties via GovDelivery, the Secretary of State Bulletin, direct emails to legislative committees and the DEQ website. A clerical error resulted in incorrect Section 401 Dredge and Fill fee amounts being included in the public notice. Because the corrections are minor and favorable to fee payers, DEQ determined that additional public notice is not warranted. DEQ reviewed and responded to all comments received by the Dec. 31, 2025, deadline, including concerns about cumulative costs and recommendations for enhanced transparency.

EQC involvement

DEQ is providing this informational item in January 2026 and will return in March 2026 seeking EQC approval of the fee increase and updated language rulemaking.

Supporting materials

Attachment A: Proposed Fee Increases and Effective Dates
Attachment B: Draft Rules – Edits Highlighted
Attachment B: Notice of Proposed Rulemaking

Report prepared by:

- Jason Simpson, DEQ Water Quality Policy Analyst
- Rebecca Bodnar, Water Quality Permit and Program Development Manager

Non-discrimination statement

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