

Air Contaminant Discharge Permit Fees 2026

Draft Fiscal Impact Statement

Introduction

DEQ is proposing to raise air contaminant discharge permit fees by 20% or for a total of \$1,555,884 in additional revenue as authorized by the Oregon legislature during the 2025 session. This will allow the agency to support Policy Option Package 110 and recommendations in the 2025-2027 Governor's budget. The ACDP program is funded by a combination of permit fees, General Fund and federal funds. The amount of General and federal funds available for the program have declined since the 1990's. Permit fees now account for around 93% of program expenditures. Unlike the Title V program, the ACDP fee is not limited to a specific dollar amount by statute, nor is the fee indexed to the consumer price index to provide regular inflationary increases.

ACDP fees were last increased in 2020 by 70% with the estimate that the funding would be sufficient for the program until 2026. As predicted, inflation and personnel services cost increases have created a projected shortfall of fee revenue in comparison to resources required to maintain current services.

DEQ prepared this fiscal impact statement to be reviewed by the Rules Advisory Committee.

Fee analysis

These proposed rules would increase existing fees. EQC authority to act on the proposed fees is ORS 468.020, 468A.025, 468A.040 & 468A.310.

Brief description of proposed fees

DEQ proposes to update the cost of the fees associated with ACDP to increase total fee revenue by 20% or \$1,555,884 in additional revenue. The Department is committed to working with interested parties to determine the best approach to raise individual fees to obtain the required \$1,555,884.

Reasons

The ACDP program is funded by a combination of permit fees, General Fund and federal funds. The amount of General and federal funds available for the program have declined since the 1990's. Permit fees now account for around 93% of program expenditures. Unlike the Title V program, the ACDP fee is not limited to a specific dollar amount by statute, nor is the fee

indexed to the consumer price index to provide regular inflationary increases. ACDP fees were last increased in 2020 by 70% with the knowledge that the funding would be sufficient for the program until 2025.

As predicted, inflation and personnel services cost increases have created a projected shortfall of fee revenue in comparison to resources required to maintain current services. During the 2025 legislative session DEQ was approved to raise ACDP fees by 20% or for a total of \$1,555,884 additional revenue. This will allow the agency to support the recommended policy option package and recommendations set in the 2025-2027 Governor’s budget. The proposed fees would allow DEQ to address staffing shortfalls and address increased program costs.

The 20% fee increase will also apply to special activity fees. DEQ cannot predict the number of special activity fees in any given year and is unable to rely on those fees to reach the revenue goal. Special activity fees are less than 5% of ACDP fee revenue.

Fee proposal alternatives considered

Scenario 1: Assign 20% fee increases across all ACDP fee categories

A 20% ACDP fee increase provides DEQ \$1,555,884 in additional revenue to sustain the ACDP program and address staffing shortages. The \$1,555,884 can be achieved through applying a 20% fee increase to all permit fee categories or a combination of higher and lower fee increases applied to different permit types. Should the agency proceed with this scenario, the estimated fee revenue for fiscal year 2027 is \$7,513,321.

Table 1: (Scenario 1) Fee Increase by 20% across all categories

Permit Fee Category	Current Fee	Fee %	New Fee	# of Sources	FY2027 Fee Revenue
Basic ACDP #1-7	\$648	20%	\$778	200	\$155,520
Basic ACDP #8-9	\$1,469	20%	\$1,763	3	\$5,288
General ACDP - Fee Class One	\$1,469	20%	\$1,763	351	\$618,743
General ACDP - Fee Class Two	\$2,644	20%	\$3,173	289	\$916,939
General ACDP - Fee Class Three	\$3,818	20%	\$4,582	107	\$490,231
General ACDP - Fee Class Four	\$734	20%	\$881	1,183	\$1,041,986
General ACDP - Fee Class Five	N/A	N/A	N/A	N/A	N/A
General ACDP - Fee Class Six	\$490	20%	\$588	20	\$11,760
General ACDP - Attachment	\$245	20%	\$294	39	\$11,466
Simple ACDP - Low Fee	\$3,917	20%	\$4,700	55	\$258,522
Simple ACDP - High Fee	\$7,834	20%	\$9,401	114	\$1,071,691
Standard ACDP	\$15,759	20%	\$18,911	155	\$2,931,174

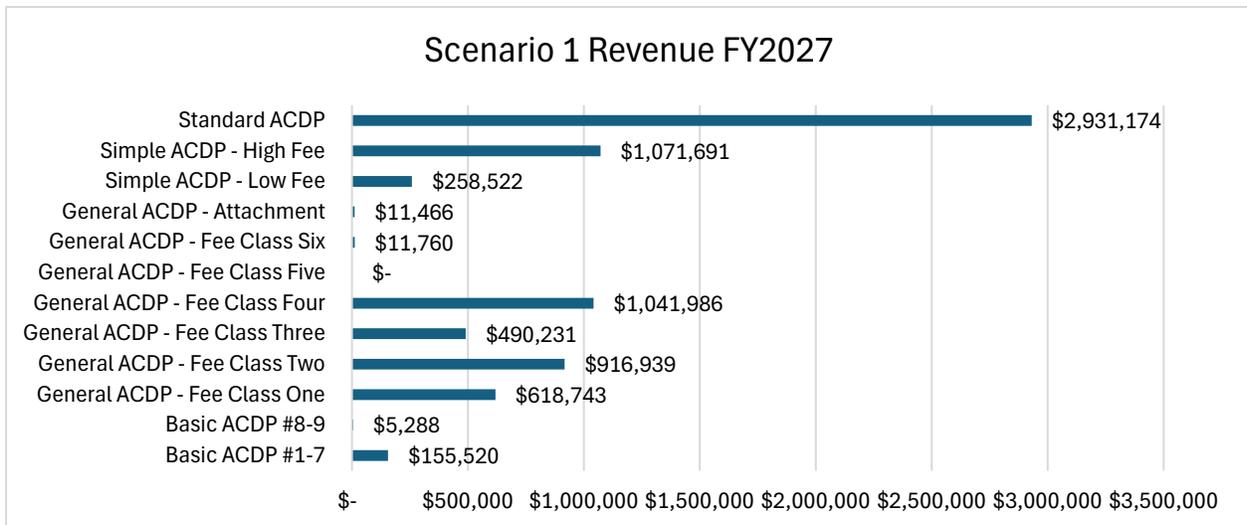


Figure 1 (Scenario 1) Graph of potential revenue generated by each fee category

Scenario 2: Assign different fee increases across ACDP fee categories based on complexity

The last fee increase for the ACDP program was in 2020. DEQ raised fees to obtain a 70% increase in revenue for the permitting program. Interested parties were concerned about the significant increase of the fees and potential impacts on small business.

In general, the more complex and the larger the facility is, the larger the ACDP fee. For the 2020 fee increase, the proposed fees were slightly adjusted so the larger facilities with more complex permits had slightly higher fees removing some of the burden on smaller business. For example, the Standard ACDP Fee, the most complex ACDP, would receive a 71% fee increase instead of a 70% increase.

The current fee increase of 20% can also be adjusted by fee category as long the total revenue goals are met. The following table is scenario 2. DEQ created this table as the scenario of having varied fee percentage increases to reach revenue goals. Should the agency proceed with this scenario, the estimated fee revenue for fiscal year 2027 is \$7,524,095.

Table 2: (Scenario 2) Fee Increase based on complexity of permit review

Permit Fee Category	Current Fee	Fee %	New Fee	# of Sources	FY2027 Revenue
Basic ACDP #1-7	\$648	15%*	\$745	200	\$149,000
Basic ACDP #8-9	\$1,469	15%*	\$1689	3	\$5,067
General ACDP - Fee Class One	\$1,469	15%*	\$1689	351	\$592,839
General ACDP - Fee Class Two	\$2,644	18%*	\$3,093	289	\$893,877

Permit Fee Category	Current Fee	Fee %	New Fee	# of Sources	FY2027 Revenue
General ACDP - Fee Class Three	\$3,818	20%	\$4,581	107	\$490,167
General ACDP - Fee Class Four	\$734	20%	\$880	1,183	\$1,041,480
General ACDP - Fee Class Five	N/A	N/A	N/A	N/A	N/A
General ACDP - Fee Class Six	\$490	20%	\$588	20	\$12,054
General ACDP - Attachment	\$245	20%	\$294	39	\$11,466
Simple ACDP - Low Fee	\$3,917	20%	\$4,700	55	\$258,500
Simple ACDP - High Fee	\$7,834	22%*	\$9,557	114	\$1,089,552
Standard ACDP	\$15,759	22%*	\$19,238	155	\$2,981,890

*Fee increase altered due to complexity.

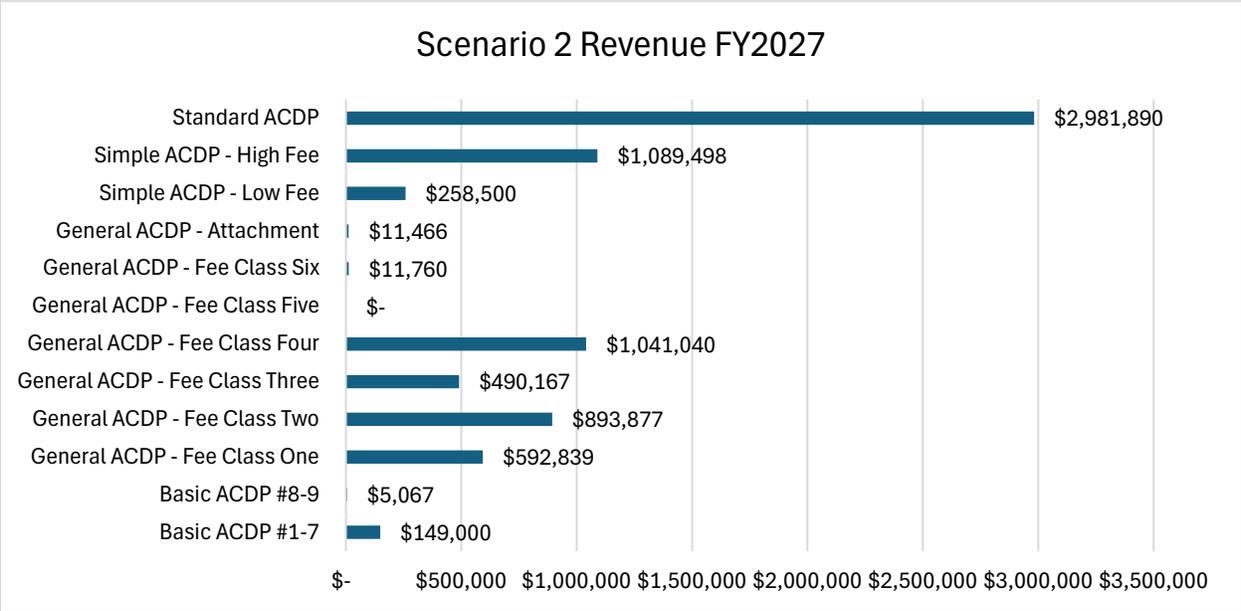


Figure 2: (Scenario 2) Graph of potential revenue generated in 2027 by increasing fees for more complex permits

Scenario 3: Other options for fee implementation

DEQ welcomes additional feedback and ideas on how to implement the 20% fee increase. Additional considerations could include increasing fees for smaller or larger sources, or factor in the number of sources in each category.

Fee payers

Fee payers are air quality permit-holders from across the state including, but not limited to, the activities and operations listed in Oregon Administrative Rules Chapter 340. DEQ has approximately 2,516 ACDP sources.

Fee payers are also individuals or companies who propose construction activities subject to the Type 2 construction notification requirements in OAR 340 Division 210.

The following table provides an overview of the number and types of sources by each fee category.

Table 3: Fee Category Table

ACDP Fee Category	# of Sources	Examples of Sources in each Fee Category
Basic 1-9	203	Autobody Shop, Rock Crushers, Crematories, Surface Coating
Fee Class One	351	Air Curtain Incinerators, Grain Elevators, Prepared Feeds, Seed Cleaning, Coffee Roasters, Bulk Gasoline Plants, Clay Ceramics, Metal Fab, Plating and Polishing, Surface Coating
Fee Class Two	286	Decorative Chrome Platers, Degreasers, Rock Crushers, Boilers, Electric Power Generators, Metal Fab, Paints and Allied Products
Fee Class Three	107	Hard Chrome Platers, Asphalt Plants, Sawmills
Fee Class Four	1175	Gasoline Dispensing, Wood Preserving, Metal Fab, Hospital Sterilizers,
Fee Class Five	0	N/A
Fee Class Six	19	Dry Cleaners
General ACDP Attachment	38	Gasoline Dispensing Facilities, Electric Power Generators, Metal Fabrication and Finishing,
Simple ACDP Low/High Fee	55/114	Liquid Storage Tanks subject to RACT (Div 232), Boilers, and Chemical Mfg.
Standard ACDP	158	Datacenters, Semiconductor Mfgs, Large Landfills, Emissions Potential = 100 tons criteria pollutant, or 10 tons Single HAP, or 25 tons Combined HAP.

ACDP Fee Class Four, which includes Gasoline Dispensing, makes up the largest number of ACDP permits. However, those permits are low complexity and so the cost of the fee is low resulting in low revenue received from these permits.

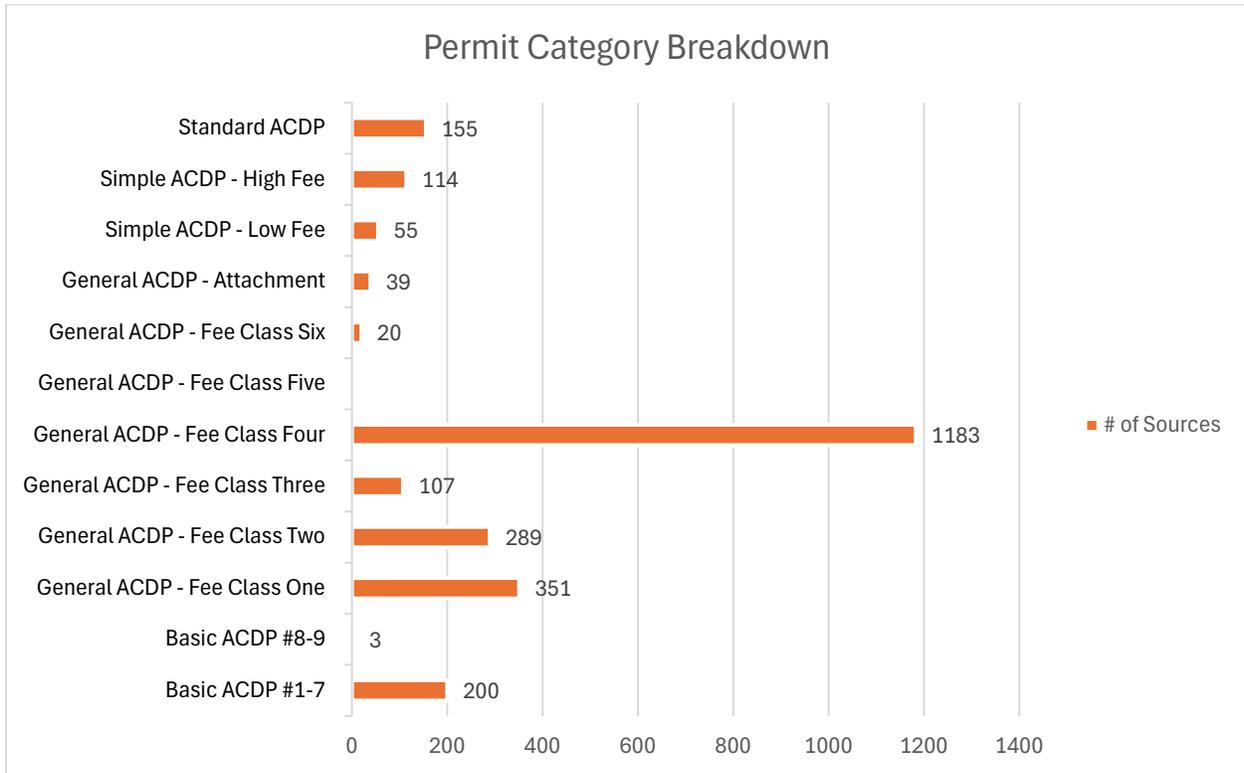


Figure 3: Graph comparing populations of fee-paying categories

Affected party involvement in fee-setting process

In addition to the efforts of the legislative direction for this action, DEQ sought out a diverse membership for participation in the rule advisory committee process. This membership includes representatives of fee payers, local governments, community advocates, small and large business, and various industries.

This committee will review the fiscal impact statement and provide DEQ recommendations on implementing the fee increase. There will also be a 30-day public comment period for all members of the public, including affected parties, to provide comment on the proposed rules.

Summary of impacts

The increase in Air Contaminant Discharge Permit fees would affect approximately 2,516 Air Contaminant Discharge Permit holders directly and increase annual program revenue by approximately 20 percent in the 2027 fiscal year.

The additional revenue allows DEQ to address staffing shortages and sustain the ACDP permitting program.

How long will the current fee sustain the program?

The legislatively approved fee increase provides DEQ the necessary revenue to sustain the program for four years.

Fee schedule

See Table 2 in 340-216-8020 in draft rules for the fee schedule. Invoicing for relevant fees anticipated to begin Fall of 2026.

Statement of fiscal and economic impact

Fiscal and economic impact

The increase in Air Contaminant Discharge Permit fees would affect approximately 2,516 Air Contaminant Discharge Permit holders directly and increase annual program revenue by approximately 20 percent in the 2027 fiscal year.

The additional revenue allows DEQ to address staffing shortages and sustain the ACDP permitting program.

Local governments

Local government should not be affected by this fee increase unless they require a DEQ Air Contaminant Discharge Permit. The permit fee increases and new fees for construction would affect these permit holders directly.

Public

Changes to fees could affect the public indirectly if businesses change the price of goods and services to offset any increased or decreased costs from paying a permit fee.

Large businesses - businesses with more than 50 employees

The type of permit required for a facility determines the permit fees regardless of the number of employees. The permit fee increases would affect these permit holders directly. Changes to fees could affect businesses indirectly if other businesses change the price of goods and services to offset any increased or decreased costs from paying a permit fee.

Small businesses – businesses with 50 or fewer employees

Generally, facilities with less complex permits experience a smaller economic impact from fee increases than larger facilities with more complex permits. Examples of these small businesses are dry cleaners, automotive body shops, chrome plating facilities, and sawmills.

Some small businesses, that hold more complex Simple and Standard permits, would experience higher fee increases. These would be complex facilities like data centers that may still employ fewer than 50 employees.

ORS 183.336 Cost of Compliance Effect on Small Businesses

Assuming businesses in the lower ACDP fee tier are small businesses, these proposed rules could affect 109 small businesses. The reporting requirements are less for small business and the Your DEQ Online platform makes compliance easier.

To ensure representation, DEQ recruited new Advisory Committee members from small businesses.

Documents relied on for fiscal and economic impact

Document title	Document location
2025-2027 Legislatively approved budget	Oregon Legislature Website
Oregon Revised Statutes – Air Quality	Oregon Laws Website
Senate Bill 5520	Oregon Legislature Website
SB 5520a Budget Report and Measure Summary	Oregon Legislature Website

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 detached, single-family dwelling on that parcel.

While the costs associated with the fee increases could be passed through by businesses providing products and services for such development and construction, the possible impact of these potential changes appears to be minimal. DEQ has determined the proposed rules would have little to no effect on development costs. DEQ cannot accurately quantify the impact at this time because the available information does not indicate whether the costs would be passed on to consumers and any such estimate would be speculative.

Racial equity

ORS 183.335(2)(a)(F) requires state agencies to provide a statement identifying how adoption of this rule will affect racial equity in this state.

Adoption of the proposed rule would affect ACDP fees statewide - across various sectors, public and private. Since the fee increase will apply equally across all ACDP permit categories, and there are no expected changes to practical implementation of the program activities as a result of this rule adoption, there is no expected impact on racial equity in the state. Increasing the fees, as proposed, will help maintain program services critical to protecting public health and the environment which may be particularly important in BIPOC or historically underserved communities.

Environmental justice considerations

ORS 182.545 requires natural resource agencies to consider the effects of their actions on environmental justice issues.

Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, culture, education or income with respect to the

development, implementation and enforcement of environmental laws, regulations and policies. DEQ is committed to incorporating environmental justice best practices into its programs and decision-making, to ensure all people in Oregon have equitable environmental and public health protections.

The DEQ Air Contaminant Discharge Permit program is designed to regulate and reduce emissions from sources of emissions in Oregon. Environmental justice communities are often fence-line communities that are disproportionately affected by pollution. Adopting the fee increases provides the necessary resources for DEQ to regulate these facilities in traditionally overburdened communities.

Non-discrimination statement

DEQ does not discriminate on the basis of race, color, national origin, disability, age, sex, religion, sexual orientation, gender identity, or marital status in the administration of its programs and activities.

For translation or other formats, visit DEQ's [Civil Rights and Environmental Justice page](#).