

2027 Water Quality Program Fee

Rulemaking

Draft Fiscal Impact Statement

Introduction

Not more than once per year, the Department of Environmental Quality proposes rule amendments for adoption by the Environmental Quality Commission to update Water Quality Permitting and Certification Program fees provided by Oregon Revised Statute 468B.051. The EQC has authority to adjust fees by up to 3% per year for fees associated with:

- Stormwater Permitting Program
- Water Pollution Control Facility Permitting Program
- National Pollution Discharge Elimination Systems Permitting Program
- General Permits Program
- 401 Dredge and Fill Water Quality Certification Program
- Underground Injection Control - Rule Authorization Program
- Onsite Wastewater Management Program (Septic Systems)
- Wastewater Operator Certification Program

The Water Quality Program's mission is to protect and improve Oregon's water quality. This is accomplished through the cohesive teamwork of DEQ WQ staff. Starting with the collection and evaluation of WQ data to develop WQ standards and clean water plans, providing grants and technical assistance to reduce nonpoint pollution sources, lending to communities to build and upgrade treatment facilities, assuring wastewater operators are certified to ensure wastewater treatment facilities run smoothly and effectively, protecting waters during and after construction, and finishing the cycle by implementing the Clean Water Act and ORS through the issuance of water quality permits and follow-up compliance inspections. Protecting and improving Oregon's rivers, lakes, streams and groundwater quality keep Oregon's waters protected for drinking water, fish habitat, recreation, irrigation and other beneficial uses.

Fee funded programs require periodic fee increases to keep pace with rising costs to support current service levels. DEQ program fee-payers clearly indicated a preference for more frequent, smaller fee adjustments, rather than infrequent adjustments that require larger magnitude increases.

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800-452-4011 | TTY: 711 | deqinfo@deq.oregon.gov

ACRONYMS USED IN THIS DOCUMENT

DEQ	Department of Environmental Quality
EPA	U.S. Environmental Protection Agency
EQC	Environmental Quality Commission
FTE	Full Time Equivalent
LAB	Legislatively Adopted Budget
NPDES	National Pollutant Discharge Elimination System
OAR	Oregon Administrative Rules
ORS	Oregon Revised Statutes
OS	On-site Wastewater Management Program
POP	Policy Option Package
RAC	Rules Advisory Committee
UIC	Underground Injection Control
WPCF	Water Pollution Control Facility
WQ	Water Quality

Fee Analysis

DEQ will present a rulemaking package to the EQC in March 2027. Approval of this rulemaking may be delegated to DEQ Director Leah Feldon. If approved, existing fees will increase by 3% for the programs listed in the introduction of this document, except for the Wastewater Operator Certification Program. Results of the fee analysis have shown that the 3% fee increase is not necessary for the Wastewater Operator Certification Program in 2027.

ORS 468B.051 authorizes the EQC to act on the proposed fees below:

Fees for water quality programs and permits:

- 1) Subject to subsection (2) of this section, the EQC may increase the fees established under:
 - a) ORS 448.410, 454.745, 454.755, 454.792, 468B.047 or 468B.195; or*
 - b) ORS 468.065 for permits issued under ORS 468B.050.**
- 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 3%, whichever is lower, unless a larger increase is provided for in the Department of Environmental Quality's legislatively approved budget.*

The fee increase rulemaking consists of a 3% increase for the following fees, effective July 1, 2027 (pending Rule Advisory Committee feedback):

a) Stormwater, Water Pollution Control Facility Permits, National Pollution Discharge Elimination System Permit, and General Permits.

OAR 340-071-0140:

- WPCF Permit Fees; Table 9D

OAR 340-045-0075:

- Industrial NPDES and WPCF Individual Permits Application and Modification Fees; Table 70A
- Industrial NPDES and WPCF Individual Permit Annual Fees; Table 70B
- Domestic NPDES and WPCF Individual Permits, Application, Annual Modification Fees; Table 70C
- Municipal Separate Storm Sewer System Permits, Application and Modification Fees; Table 70C
- Municipal Separate Storm Sewer System Permits; Annual Fees Table 70H
- Domestic NPDES and WPCF Annual Population Fees, Table 70D
- Annual Pretreatment Fees, Table 70E
- All NPDES and WPCF Permits, Technical Activity, Plan Review and Other Fees, Table 70F
- General NPDES and WPCF Permits, Application and Annual Fees, Table 70G, **excluding** 700PM fees under authority ORS 468B.118
- Underground Injection Control Permits Application Fees, Annual Fees, and Surcharges, Table 70I, UIC fees authorized by rule, ORS 468B.195 and ORS 468B.196

b) Underground Injection Control Permits and Surcharges

OAR 340-045-0075

Fees authorized by rule shown in table 70I would be increased by 3%.

c) 401 Dredge and Fill Water Quality Certifications

OAR 340-048-0055

All fees described in this section would be increased by 3%.

d) Onsite Septic System Permits and Surcharges

OAR 340-071-0800

All fees in Tables 9 A – F would be increased by 3%

Reasons

Permitting fees support these programs and must be increased to accommodate inflation-based increases in the cost of providing services. The annual increases

help offset rising costs and reduce the frequency of larger fee increases that are needed to keep pace with the actual cost of maintaining current service levels.

Without fee increases these programs will need to reduce staffing levels and seriously jeopardize program services. The following paragraphs summarize specific circumstances associated with each program area necessitating the fee increase:

NPDES and WPCF Permitting Programs associated with fees in OAR 340-045-0075:

The proposed fee increase cover will allow the NPDES and WPCF Permitting programs to continue protecting Oregon's surface waters, groundwater and land permitting and compliance activities for industrial, commercial and domestic wastewater discharges. NPDES-permitted facilities are those which discharge pollutants from any point source, such as a pipe to state waters. If a facility discharges to land, it is a WPCF facility. NPDES and WPCF Permitting programs oversee 307 NPDES Individual permits, 191 WPCF Individual permits, 987 General Permit registrants, 21 Municipal Separate Storm Sewer System permits and 2,384 Stormwater General Permit registrants.

UIC Program associated with fees in OAR 340-045-0075:

The proposed fee increase will enable the UIC Program to continue protecting Oregon's underground drinking water sources and aquifers by preventing groundwater contamination, as required under the Safe Drinking Water Act. The UIC Program regulates systems that inject fluids below the ground surface—such as drywells, geothermal return wells, aquifer storage and recovery wells, and remediation wells—to ensure these activities do not threaten groundwater quality or public health. The fee revenue supports critical program functions including inspections, complaint response, and technical assistance to environmental consultants and local governments. The UIC program oversees approximately 44,000 registered UICs and process hundreds of new applications each year.

401 Dredge and Fill Program associated with fees in OAR 340-048-0055:

The proposed fee increase will allow the 401 program to continue reviewing and evaluating water quality compliance under Section 401 of the Clean Water Act for projects that require a federal license or permit to conduct activities that may result in a discharge to waters of the U.S. Section 401 of the CWA requires states to certify that such federally licensed or permitted activities will comply with state water quality standards and other applicable requirements. The 401 Dredge & Fill program provides education and customer service to applicants and reviews approximately 200 new applications and/or modification requests for 401 water quality certifications per year.

Onsite Wastewater Management Program with fees in OAR 340-071-0800:

The proposed fee increase will enable the Onsite program to continue conducting permitting activities for residential and commercial septic systems, and sewage disposal service licensing, pumper truck inspections, annual report evaluations, and

product approvals for materials authorized for use in Oregon. The Onsite Program provides direct service for residential permitting in 3 counties, program oversight in 33 contract counties, manages 833 sewage disposal service provider licenses, 387 maintenance provider certifications, and 678 WPCF-OS Individual Permits.

Fee proposal alternatives considered

Not increasing fees

Without the fee increase, water quality programs will be unable to provide ongoing permit, licensing, and certification program functions at current service levels. This could result in the programs struggling to maintain staffing at current levels and struggling to process the volume of permits and certifications required to fulfill DEQ's mission. Ancillary expenses (electronic infrastructure, exam administration, e-Permitting) may also be significantly impacted. The reduction of staffing and ancillary budget may result in a restructuring of services, delays in permitting and certifications, improper maintenance of systems and facilities, permit violations, and subsequent harm to public health and the environment.

Fee payer

The proposed fees would affect individuals, businesses and government agencies that hold, apply for, or renew the following permits, licenses and/or certifications:

- National Pollutant Discharge Elimination System permits (Individual and General)
- Water Pollution Control Facility permits (Individual and General)
- WPCF UIC permits
- UIC rule authorization permits
- Dredge and Fill 401 Water Quality certifications
- Onsite Wastewater Management Program applications
- WPCF-OS permits

Affected party involvement in fee-setting process

A Rule Advisory Committee will convene for this rulemaking with interested parties representing the impacted communities including business, industries and municipalities.

Summary of impacts

With existing data, the Water Quality Program cannot determine the extent to which the proposed fees would affect each consumer. Some indirect impact on the public is anticipated if the permit holder increases the cost of goods and services or fees charged to ratepayers to offset the fee increase.

Examples: The annual fee for stormwater construction activity performed by public agencies under a 1200-CA permit in OAR 340-045-0075, Table 70G would increase by approximately \$46, divided by the population served by the public agency. For WPCF UIC Individual permit holders (large municipalities typically with populations exceeding 10,000 people), the fee would increase by approximately \$89. The cost of an application for a residential home builder for a medium risk UIC to drain a

driveway area would increase by \$5. The annual fee for a UIC General Permit holder would increase by approximately \$27.

How long will the current fee sustain the programs?

Current fees are not sufficient to sustain the water quality programs covered by the proposed 3% fee increase. The cost to administer the programs increases every biennium while the total amount of fees paid remains relatively constant, with some fluctuation in fees paid for activities that are influenced by economic conditions. Cost of living adjustments from 2025 state collective bargaining and the addition of a step to all salary ranges during the 2025-27 biennium will increase costs by greater than the proposed 3% fee increase allowed by statute. The full impact of the 2025-27 compensation adjustments will be experienced in the 2027-29 biennium.

Table 1 below outlines the cost justification for the 3% fee increase. Over two years, the average cost per FTE covered by the fee increase is estimated to rise 10.28%, or approximately 5.14% per year. This rate of increase is based on a comparison of the current service level in the 2027-29 Agency Request Budget with the 2025-27 Legislatively Adopted Budget.

Table 1. Budget Cost Increases (September 3, 2026)

Budget Period	Cost per FTE
2025-27 Legislatively Adopted Budget	\$425,444
2027-29 Agency Request Budget	\$469,184
Percent increase over two-year period	10.28%

DEQ proposes the maximum allowed 3% fee increase across several WQ programs to address increased administrative costs. For NPDES/WPCF and stormwater programs, the 3% increase still leaves the 2027–29 agency request budget about 25% short of maintaining current service levels, requiring a future fee recalibration to restore five positions that are not affordable. For the Onsite program, the 3% increase leaves a 1% gap but is expected to sustain operations through the 2029–31 biennium before a fee recalibration is needed. For the UIC program, revenues are already lower than expected from the previous fee recalibration, and although the 3% increase helps sustain the program through the 2027–29 biennium, additional cost saving measures may still be needed. For CWA Section 401 certifications, the 3% fee increase slightly exceeds expenditures but results in a very small ending fund balance. A decline in 401 certification applications has reduced revenue more than anticipated, and the program may soon need a fee recalibration or staff reductions despite this year’s fee increase.

Statement of Fiscal and Economic Impact

Fiscal and economic impact

Increasing permitting fees will help the WQ Program sustain its current level of service. This change increases costs for entities that hold the affected permits or that require fee-based services.

State and federal agencies

The effect of the proposed fee increases on state agencies depends on the permit type. Oregon state agencies currently offer 165 water quality permits.

Examples of the increase on selected permit types include:

- Industrial WPCF fee permits for Tier 2 sources, dairies and fish hatcheries, and facilities that dispose of wastewater only by evaporation from watertight ponds or basins, will increase between \$117 and \$126. This affects approximately two state agencies (OAR 340-045-0075, Table 70B).
- Annual fees for WPCF individual permits will increase between \$21 and \$657. This affects approximately 13 state agencies (OAR 340-045-0075, Table 70C).
- Annual fees for general NPDES and WPCF permits will increase between \$15 and \$27. This affects approximately 43 state agencies (OAR 340-045-0075, Table 70G).
- Annual compliance determination fees for WPCF permits will increase between \$2 and \$47. This affects approximately eight state agencies (OAR 340-071-0140, Table 9D).
- Annual fees for WPCF UIC General Permit holders will increase by \$26. This affects one state agency (OAR 340-045-0075 –Table 70I).
- Annual fees for 401 Dredge and Fill Water Quality Certification permit holders will increase between \$38 and \$548. This affects approximately three state agencies and five federal agencies (OAR 340-048-0055 – Table 9G).
- The impact to state or federal agencies is the same as for individuals seeking to obtain an approval, permit or license from the Onsite Wastewater Management Program.

Local governments and public entities

The effect of the proposed increase of permitting fees on local governments depends on the permit type. Oregon local governments hold approximately 600 total active water quality permits.

Local government entities include water districts, irrigation districts, cities, towns, ports, sanitary districts, library districts, counties and school districts. For this fiscal analysis, DEQ considered ports and school districts as separate local governments from the city or county government they are contained within.

Examples of the fee increase on selected permit types include:

- Annual fees for general NPDES and WPCF permits will increase between \$15 and \$48. This will affect an approximate total of 91 local government permits (OAR 340-045-0075, Table 70G).
- Annual permit processing fees for onsite systems and compliance determination fees for WPCF permits will increase between \$1 for holding tanks to \$48 for an on-site sewage lagoon with no discharge. This will affect approximately 70 local government permits (OAR 340-071-0140, Table 9D).
- Annual fees for WPCF UIC Individual permit holders will increase \$125, annual fees for WPCF UIC General Permit holders will increase by \$26. This affects 28 local governments and public entities (OAR 340-045-0075 –Table 70I).
- Annual fees for 401 Dredge and Fill WQ Certification permit holders will increase between \$246 and \$3,420. This affects approximately 400 local governments and public entities (OAR 340-048-0055).
- The OS surcharge increases from \$159 to \$163 will not be paid directly by local government entities, unless they apply for a license or submit a septic application.

Large businesses - businesses with more than 50 employees

The 3% fee increase would affect approximately 141 wastewater permit holders that are large businesses. For example, large businesses that require an Industrial NPDES permit (pulp, paper, or other fiber pulping industries) would pay an additional \$1,003 in annual fees.

The 3% fee increase would affect approximately 21 WPCF UIC Individual Permit holders that are large businesses. For example, a grocery chain with an individual UIC permit would pay an annual fee increase of \$122.

Onsite Wastewater Management Program (septic systems)

A few large businesses will be impacted by this fee increase. Product manufacturers of alternative treatment technologies (secondary treatment systems used in some septic systems) applying for product review approval and listing will pay \$79 to \$158 more in application fees and annually \$24 more per model to renew their listing. Applying for a one-time tank approval will cost \$23 more in increased application and surcharge fees. For a larger business obtaining a permit for a 2500 gallon per day onsite system, the additional fiscal impact on the development would be about \$158 which includes fees for a site evaluation application, permit application, and plan review (an increase from \$5,340 to \$5,498). There is also a surcharge applied to all applications that will increase from \$159 to \$163 per application (increase of \$8 total over the two applications).

Some licensed sewage disposal services are considered large businesses. Below is the expected impact:

Sewage Disposal Service License Fees

	Current Fees	Proposed Fees
Onsite Surcharge for each three-year license application	\$159	\$163
Site Disposal Service 3-year license - NEW	\$700 per year	\$721 per year
Site Disposal Service 3-year license - RENEWAL	\$528 per year	\$543 per year

Small businesses – businesses with 1-50 employees

According to 2023 data from the Oregon Employment Department, the fee increase may affect approximately 3,300 small businesses. However, no information is available to determine how the fee increases would affect each permit holder. For example, if a small business is categorized as a Tier 2 facility for food or beverage processing, including produce, meat, poultry, seafood, or dairy for human, pet, or livestock consumption, then under OAR 340-045-0075, fee Table 70B, their annual permit fee would increase by an estimated \$214 over the previous year's annual fee. For a small business having five, rule-authorized, high risk UICs (e.g. a truck sales and repair operation), the annual fee would increase from \$665 (currently \$133 per UIC x 5 UICs) to \$680 (\$136 per UIC x 5 UICs).

a. Estimated number of small businesses, the types of small businesses, and the industries with associated small businesses subject to proposed rule

DEQ estimates the fee increases would affect approximately 3,300 small businesses. Examples of small businesses are food processors, mining operations, dairies, fish hatcheries, smelting and refining operations, timber processors, wood products manufacturers, retail operations, seafood processors, gravel mining, wineries, construction companies, petroleum hydrocarbon cleanup operations, and vehicle and equipment wash water operations.

Of the 833 licensed onsite sewage disposal businesses, most are small businesses. Annual costs for a new three-year sewage disposal service license will increase from \$700 to \$721 per year. License renewal costs will increase from \$528 to \$543 per year. There is also a surcharge applied to all applications that will increase from \$159 to \$163 per application. Oregon-based septic tank manufacturers are also primarily small businesses and obtain a one-time product approval that will cost \$23 more than current fees; the application fee would increase from \$790 to \$813, in addition to a surcharge increase from \$159 to \$163 per application.

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

No additional activities are required to comply with the proposed rules.

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

No additional resources are required to comply with the proposed rules.

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

The WQ Program will meet with a RAC on October 27, 2026. The RAC is composed of a diverse group of interested parties representing a wide cross section of permit and certification holders, including small businesses. During and after the meeting, committee members' input will be requested concerning potential impacts to small businesses and how impacts can be reduced. During the public comment period, the WQ Program will request input on whether to consider other options for achieving the rules' substantive goals while reducing the rules' negative economic impact on small businesses.

Documents relied on for fiscal and economic impact

Document title	Document location
Fee increase calculations	DEQ Headquarters
Recommendations and Implementation Plan	DEQ web page: https://www.oregon.gov/deq/FilterDocs/WaterQualityProgram-FinalReport.pdf
DEQ 2025-2027 Legislatively Adopted Budget	DEQ Headquarters
DEQ 2027-29 Agency Request Budget	DEQ Headquarters
DEQ's water quality permit database	DEQ Headquarters
Businesses by size or firm of 50 or fewer employees	Oregon Employment Department website reports 875 Union Street NE Salem, OR 97311 A Snapshot of Oregon Firms by Size Class, 2023 - A Snapshot of Oregon Firms by Size Class, 2023 - QualityInfo

Advisory committee fiscal review

DEQ appointed a RAC. As ORS 183.333 requires, DEQ will ask for the RAC's recommendations on:

- Whether the proposed rules would have a fiscal impact
- The extent of the impact
- Whether the proposed rules would have a significant adverse impact on small businesses
- Whether, if there is a significant adverse impact on small businesses, DEQ has reduced the impact on small businesses as ORS 183.540 requires

The RAC will review the draft fiscal and economic impact statement.

Housing costs

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would affect 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.

DEQ determined the proposed fee increase could affect the development cost through:

- Requiring the builder to pay an additional \$42 for a construction stormwater permit if the parcel is part of a common plan of development disturbing one or more acres. Assuming the 3% increase, this would raise the fee from \$1,429 to \$1,471.
- Requiring the builder to pay an additional \$38 to \$548 for a dredge-fill 401 water quality certification if the parcel contains wetlands and/or waters proposed for impact.
- Increasing Systems Development Charges for implementing local stormwater or wastewater programs.

DEQ does not anticipate the proposed fee increase will affect the development cost through:

- Building costs that could be passed on to the home buyer.
- Parcels that are not part of a common plan of development disturbing one or more acres due to these types of parcels not requiring a construction stormwater permit from DEQ.

Onsite Wastewater Management Programs (Septic Systems)

Having adequate area for a septic system on a 6,000 square foot lot for new construction would be challenging due to the areas needed for a drainfield and well setbacks. However, an additional treatment unit that provides a higher quality effluent and thus allowing for a smaller drainfield and community water system, may be possible. The estimated increased costs for DEQ to evaluate and permit the lot would be approximately \$102.

Total Cost of an Alternative Treatment Technology System for New Construction

	Current Fees	Proposed Fees
Onsite Surcharge	\$159	\$163
Site Evaluation*	\$1,121	\$1,154
Onsite Surcharge	\$159	\$163
Type D Permit*	\$2,037	\$2,098
Total	\$3,476	\$3,578

* These fees would apply in Curry, Jackson, and Josephine counties. The other 33 Oregon counties are administered by a local government agency that sets the permit fees.

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 wastewater permitting fees statewide - across various sectors, public and private. Since the proposed fee increases will apply equally across all permit categories and tiers, and there are no expected changes to practical implementation of the permitting program activities as a result of this proposed rule adoption, there is no expected impact on racial equity in the state. Increasing the fees, as proposed, will help maintain uniform program services critical to protecting public health and the environment, such as permit compliance assurance, inspections and enforcement.

Environmental justice considerations

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

182.545 Duties of natural resource agencies. In order to provide greater public participation and to ensure that all persons affected by decisions of the natural resource agencies have a voice in those decisions, each natural resource agency shall:

- (1) In making a determination whether and how to act, consider the effects of the action on environmental justice issues.
- (2) Hold hearings at times and in locations that are convenient for people in the communities that will be affected by the decisions stemming from the hearings.
- (3) Engage in public outreach activities in the communities that will be affected by decisions of the agency.
- (4) Create a citizen advocate position that is responsible for:
 - (a) Encouraging public participation;
 - (b) Ensuring that the agency considers environmental justice issues; and
 - (c) Informing the agency of the effect of its decisions on communities traditionally underrepresented in public processes.

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

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.

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