## ATTACHMENT E

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

Chapter 340

Proposed Rulemaking

### STATEMENT OF NEED AND FISCAL AND ECONOMIC IMPACT

<table>
<thead>
<tr>
<th>Rule Caption</th>
<th>Propose to increase Title V permitting fees by 3.4 percent.</th>
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<tbody>
<tr>
<td>Title of Proposed Rulemaking:</td>
<td>Oregon Title V Operating Permit Program CPI Fee Increase</td>
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<tr>
<td>Need for the Rule(s)</td>
<td>This proposed rule amendment is necessary to cover increases to personnel service costs for all state employees, for existing staff supporting the Title V program for fiscal year (FY) 2007 (July 1, 2006 – June 30, 2007). To respond to the increases, the Department is proposing to increase Title V fees by approximately 3.4%, which is equal to the change in the Consumer Price Index (CPI) from FY 2005, when Program fees were last increased. Oregon statute provides for fee increases according to the CPI in order to maintain the Program as approved. The federal Clean Air Act requires states to assess fees to fully fund their Title V programs, and Oregon law authorizes the Department to increase the Title V fee by the CPI if needed to keep pace with inflation.</td>
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| Documents Relied Upon for Rulemaking | Documents relied upon to provide the basis for this proposal include:  
1) 2005-2007 Biennium Legislatively Approved Budget  
2) Fiscal Year 2007 Projected Title V Revenue  
3) Department of Administrative Services Consumer Price Index Projections (December, 2005)  
4) Federal Clean Air Act Amendments of 1990  
5) Oregon Statutes (ORS 468.065, ORS 468A.040, and ORS 468A.315)  
Copies of these documents may be reviewed at the Department of Environmental Quality’s office at 811 S.W. 6th Avenue, Portland, Oregon. |
| Fiscal and Economic Impact | The Title V Program applies to small and large businesses with emissions large enough to trigger Title V thresholds. The Department received full program approval from the U.S. Environmental Protection Agency (EPA) in 1995, which delegated program authority from EPA to the Department. Oregon statute provides for assessing an annual Base Fee, Emission Fees (per ton), Special Activity Fees, and authorizes annual fee increases according to the Consumer Price Index (CPI) in order to maintain the Program as approved.  
ORS 183.335(2)(b)(G) requests public comment on whether other options should be considered for achieving the rule’s substantive goals while reducing negative economic impact of the rule on business. |
| General public | The general public is not expected to be affected except for the possibility that fees are passed through, which may result in a modest increase in costs for products or services from Title V sources. |
| Small Business (50 or fewer employees – ORS183.310(10)) | a) Estimated number and types of businesses impacted  
Typically, the Title V program covers larger businesses, but applicability is dependent on potential emission levels rather than business size, so some smaller businesses, such as fiberglass. |
reinforced plastic manufacturers, and smaller wood product and cabinet surface coating operations, are subject to the Program because their potential emissions are high enough to trigger Title V thresholds.

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<tr>
<th>b) Additional reporting requirements</th>
<th>There are no additional reporting requirements for Title V sources to comply with this rule.</th>
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<tr>
<td>c) Additional equipment and administration requirements</td>
<td>There are no additional equipment and administrative requirements for Title V sources to comply with this rule.</td>
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<tr>
<td>d) Describe how businesses were involved in this rulemaking</td>
<td>A mailing on the rule and information regarding the public hearing scheduled in March of 2006 was sent to Title V sources and interested parties on February 15, 2006. The public hearing provided a forum for both larger and smaller Title V businesses and interested parties to comment on the rule.</td>
</tr>
</tbody>
</table>

The annual increase to a small Title V business that emits 50 tons per year would be $176, for both Base and Emission fees.

### Large Business

The Oregon Title V Operating Permit Program covers the highest emitters of regulated air pollutants in the state. Approximately 65 percent of Title V businesses emit between 100 to 1000 tons of regulated pollutants per year. The proposed increase for businesses subject to Title V (small or large) is $111 increase to Base Fees, and $1.30/ton increase to Emission Fees. This would equate to an increase of $241 for a source that emits 100 tons per year and $1411 for a source that emits 1000 tons per year.

### Local Government

Currently, Coos County and Metro are the local government agencies that are required to have a Title V operating permit. With approximately a 3.4% increase, Coos County would pay projected annual fees of $12,315 for FY 2007, an increase of $405 over current fees; Metro would pay $5,504 for FY 2007, an increase of $181 over current fees. These projections assume emissions are the same in comparative years.

### Other State Entities

Oregon State University and Oregon Health Sciences University are currently the only state entities required to have Title V Operating Permits. Oregon State University would pay projected annual fees of $12,670 in FY 2007, an increase of $417 over current fees. For FY 2007, Oregon Health Sciences University would pay annual fees of $10,012, an increase of $329 over current fees. These projections assume emissions are the same in comparative years.

### DEQ

The Department of Environmental Quality will not incur any additional costs to implement this proposed rulemaking. Even with the proposed fee increase, the Department has reduced the Title V staffing level by 3 positions to balance the budget for FY 2007.

### Other agencies

No other agencies will be affected by this proposed rulemaking.

### Assumptions

Estimated revenue forecasts and expenditures are based on the assumption that all facilities subject to the Program have been identified, and that facility emissions will remain at the same level as in previous years. The Department projects approximately 128 sources will be subject to Title V permitting and fee requirements in FY 2007.

### Housing Costs

The Department has determined that this proposed rulemaking will have no effect on the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single family dwelling on that parcel.

### Administrative Rule

An advisory committee was not convened to develop the proposed rules because
| Advisory Committee | no policy issues were identified. A mailing on the rule and information about the March 15, 2006 public hearing was distributed to Title V businesses and interested parties in February, 2006. |