

# Details of Fiscal Impact Statement for Hazard Index Rulemaking

## Cleaner Air Oregon

### REFORMING OREGON'S INDUSTRIAL AIR QUALITY REGULATIONS

Inviting Oregonians to help create new regulations that protect what we all care about: the health of our people, a clean environment, and the economic vitality of our communities.

Sept. 23, 2019

CleanerAirOregon

# What is Required?

- ORS 183.335: Agency must provide notice of fiscal impact for proposed rules
  - Impacts can be both positive and negative
- If significant small business impact, consider mitigation

# Elements of the Fiscal Impact Statement

- Analysis of any significant fiscal impacts on
  - State and federal agencies,
  - Local government,
  - The public,
  - Large businesses, and
  - Small businesses
- Analysis of impacts to small businesses; possible mitigation measures
- Housing cost

# Fiscal Advisory Committee Process

## Fiscal Advisory committee:

- Reviews fiscal impact statement
- Provides observations and recommendations on:
  - Draft rule's fiscal impact
  - Extent of that impact
  - Significant adverse fiscal impacts on small businesses and potential mitigation

## DEQ:

- Documents and considers committee input
- Revises fiscal impact statement if necessary

# Scope of Draft Impact Statement

The potential fiscal impacts of 154 noncancer toxic air contaminants being regulated at a Hazard Index of 3 rather than 5 at existing facilities.

# Relationship to CAO Program Impact Statement

Impacts of existing CAO program rules considered in previous rulemaking

- No change in applicability of CAO program rules to sources
- Incremental impacts to existing facilities posing risks over existing benchmark of 5
- May require reductions or controls at facilities that otherwise would not have been required.

CAO program FIS provides comprehensive discussion of potential health impacts and likely health benefits of controlling emissions.

# Three Fiscal Impact Statement questions

- Will the proposed rules have a fiscal impact?
- What is the extent of that impact?
- Will the draft rules have a significant adverse impact on small businesses and if so, what are recommendations for potential mitigation?

# Draft Hazard Index Rule Fiscal Impacts

Proposed HI rules are not expected to generate significant statewide fiscal and economic impacts beyond those already resulting from the main CAO rules adopted in 2018. However, there could be more significant impacts on a limited number of individual existing facilities required to take action at the lower risk level.

Proposed rules may result in health benefits to the public, which may lower health costs.

Exact cost impacts (and health benefits) cannot be quantified.

# Potential Fiscal Impacts to State, Federal and Local Facilities

Overall, minimal or no fiscal impacts to categories of facilities

Potential significant impacts to local, state, and federal facilities if required to reduce emissions, based on lowered benchmark, that otherwise would have not been required to.

Increased potential assessment costs considered minimal.

# Potential Fiscal Impacts to DEQ

Potential increased costs to DEQ if additional assessment or review is required for facilities now required to reduce emissions.

Potential impacts considered minimal.

# Potential Fiscal Impact to Public

Potential to reduce exposure and related health care costs.

Not possible at this time to predict potential reduced medical costs.

# Large businesses – more than 50 employees

Potential significant impacts to large businesses if required to reduce emissions, based on lowered benchmark, that otherwise would have not been required to.

Ranges of costs available based on information from CAO FIS.

DEQ does not have adequate information to estimate potential total costs to existing facilities regulated under the proposed rules.

# Small businesses – 50 or fewer employees

Minimal additional fiscal impacts are expected, although exact fiscal impact cannot be calculated with currently available information.

Potential significant impacts to large businesses if required to reduce emissions, based on lowered benchmark, that otherwise would have not been required to.

Ranges of costs available based on information from CAO FIS.

Approximately 1,090 small businesses have air permits that will be subject to the HI rules.

# Cost Ranges- Potential Emission Reduction Measures

Control Device Type	Types of Pollutants it can reduce	Examples of facilities where this is used	Initial costs		Annual Operating Costs	
			low	high	low	high
Fabric filter (baghouse)	PM, hazardous air pollutant (HAP) PM	Asphalt batch plants, concrete batch kilns, steel mills, foundries, fertilizer plants, and other industrial processes. Colored art glass manufacturers.	\$360,000 - \$18,500,000		\$180,000 - \$6,200,000	
Electrostatic precipitator (ESP)	PM, HAP PM	Power plants, steel and paper mills, smelters, cement plants, oil refineries	\$320,000 - \$7,100,000		\$100,000 - \$7,600,000	
Enclosure	Fugitive PM or volatile organic compounds (VOCs)	Any process or operation where total emissions capture is required, i.e., printing, coating, laminating	\$14,000 - \$420,000		\$400 - \$10,000	
HEPA filter	Chrome emissions	chrome plating	\$13,000 - \$240,000		Application specific	
Wet scrubber (packed towers, spray chambers, Venturi scrubbers)	Gases, vapors, sulfur oxides, corrosive acidic or basic gas streams, solid particles, liquid droplets	Asphalt and concrete batch plants; coal-burning power plants; facilities that emit sulfur oxides, hydrogen sulfide, hydrogen chloride, ammonia, and other gases that can be absorbed into water and neutralized with the appropriate reagent.	\$25,000 - \$170,000		\$19,000 - \$830,000	

# Mitigation of Impacts to Small Businesses

- Cost impacts may be reduced through other methods (pollution prevention, product substitution)
- Tiered implementation of the CAO program would delay/defer regulatory costs for most smaller businesses
- Additional time for compliance with risk levels through extensions and postponement proposal (established in CAO program rules)
- DEQ to do level 1 risk assessments for sources on General and Basic Air Contaminant Discharge Permits
- DEQ and OHA staff positions for technical assistance.
- Others?

# Questions?

# Three Fiscal Impact Statement questions

- Will the proposed rules have a fiscal impact?
- What is the extent of that impact?
- Will the draft rules have a significant adverse impact on small businesses and if so, what are recommendations for potential mitigation?

# Next steps

- Additional comments from FAC members due to DEQ by 4 p.m., Monday, Oct. 7. Comments considered for revisions to draft FIS.

Submit comments via email to Susan MacMillan:  
[MacMillan.Susan@deq.state.or.us](mailto:MacMillan.Susan@deq.state.or.us)

## Anticipated public involvement for draft proposed rules:

- Public comment period opens mid October, closes late November
- Hearing - tentative date of Nov. 18
- Informational item at November EQC meeting
- Present proposed HI rules to EQC 1st quarter 2020

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