

**DEQ's mission is to be a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.**

# Hazardous Waste Proposed Fees Increase Rules

Oct. 18, 2018  
Portland HQ, 6<sup>th</sup> Floor

# Welcome and Introductions

# Permit Agenda

- New Developments
- Proposed Annual Compliance Determination Fee
- Proposed Permit Modification Fee
- Proposed Administrative Fee
- Key Questions
- Fiscal Impact

# New Developments

# Statutory Authority

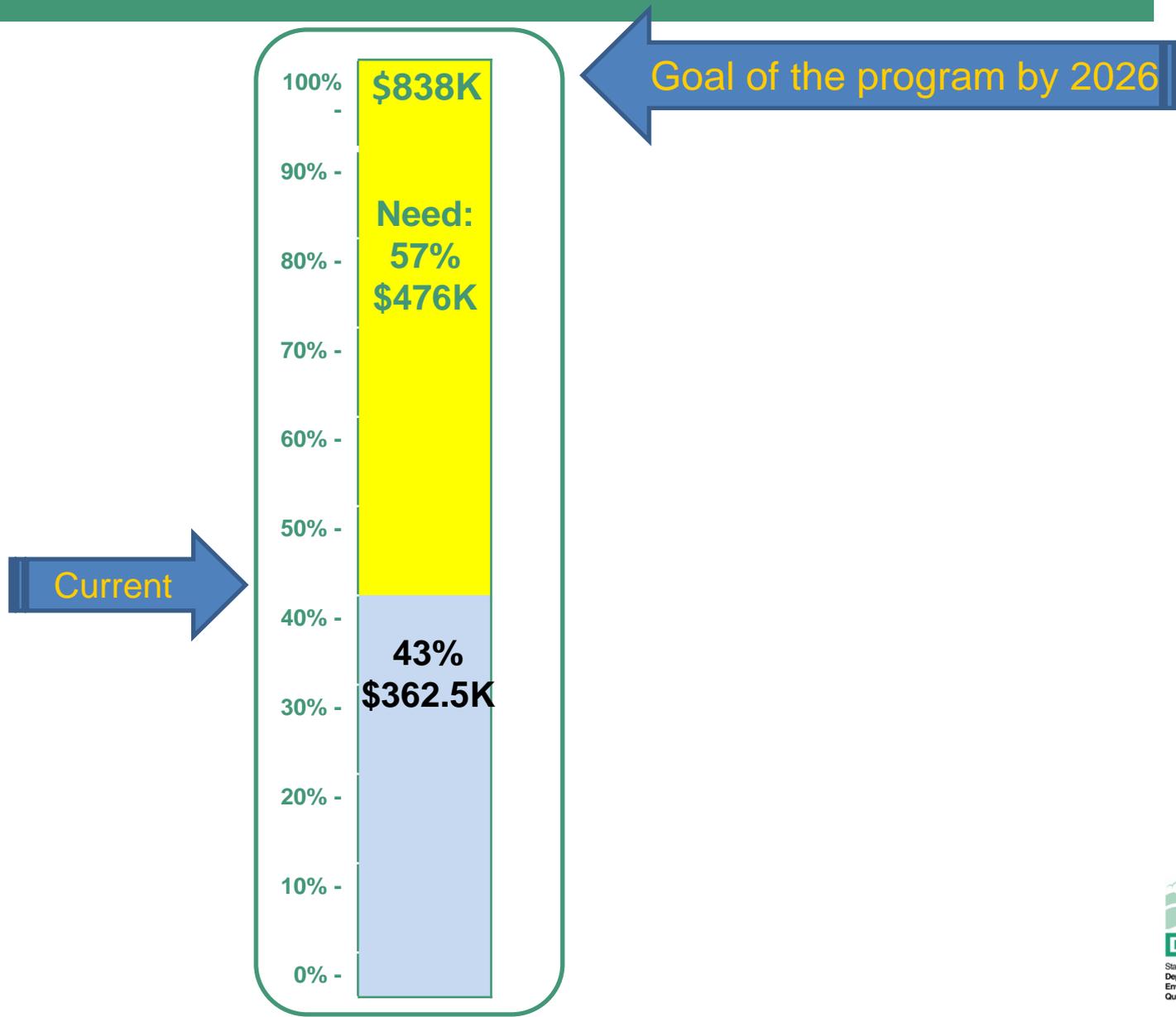
[ORS 466.045\(5\)](#)

# Proposed Annual Compliance Determination Fee

# Introduce Permit Key Questions

- What are the pros and cons associated with the permit proposal?
- What else should DEQ know as we consider the permit proposal?

# Permit Annual Funding



# Permitting Annual Fee Proposal - #1

Increase compliance determination 62% to match CPI:

Fee Type	Current Fee	Proposed Fee Increase 2019	Difference
Storage	\$18,750	\$30,375	\$11,625
Multi-Treatment	\$75,000	\$121,500	\$46,500
Multi-Disposal	\$150,000	\$243,000	\$93,000

For additional ~ \$162,750 revenue

# Permitting Annual Fee Proposal - #2

Increase compliance determination 31% to match CPI:

Fee Type	Current Fee	Proposed Fee Increase 2019	Difference
Storage	\$18,750	\$24,500	\$5,750
Multi-Treatment	\$75,000	\$98,500	\$23,500
Multi-Disposal	\$150,000	\$196,500	\$46,500

For additional ~ \$81,500 revenue

# Sample Permitting Annual Fee Proposal #2

## Current fees

Storage Fee	\$ 18,750
Treatment - Multi Tech Fee	\$ 75,000
Disposal - Multi Unit Fee	<u>\$ 150,000</u>
	<b>\$ 243,750</b>

## Proposed Increase

Storage Fee	\$ 24,500
Treatment - Multi Tech Fee	\$ 98,500
Disposal - Multi Unit Fee	<u>\$ 196,500</u>
<i>Difference \$75,750 or 31%</i>	<b>\$ 319,500</b>

\*Note that this chart represents one of two permitted facilities. The second permitted facility pays storage fee only.

# Permit Modification Fee Increase

# Permitting Modification Fee Proposal

## Increase all Modification Fees to High

Mod Class #	Workload	Current	New 59% CPI	Difference
Class 1	High	\$2,800	\$4,500	\$1,700
Class 2	High	\$20,000	\$31,800	\$11,800
Class 3	High	\$31,000	\$49,300	\$18,300

\$33,450 estimated potential revenue annually based on 20-yr average of three mod requests

# New Administrative Fee

# New Permit Annual Compliance Determination Fee Proposal - #1

Operating TSD Disposal administrative fee:  
\$3.47 per metric ton

Estimated additional ~\$312,750 revenue

*Estimate base: CWM ~ 90,000 tons annually*

# New Permit Annual Compliance Determination Fee Proposal - #2

Operating TSD Disposal administrative fee:  
\$5.50 per metric ton

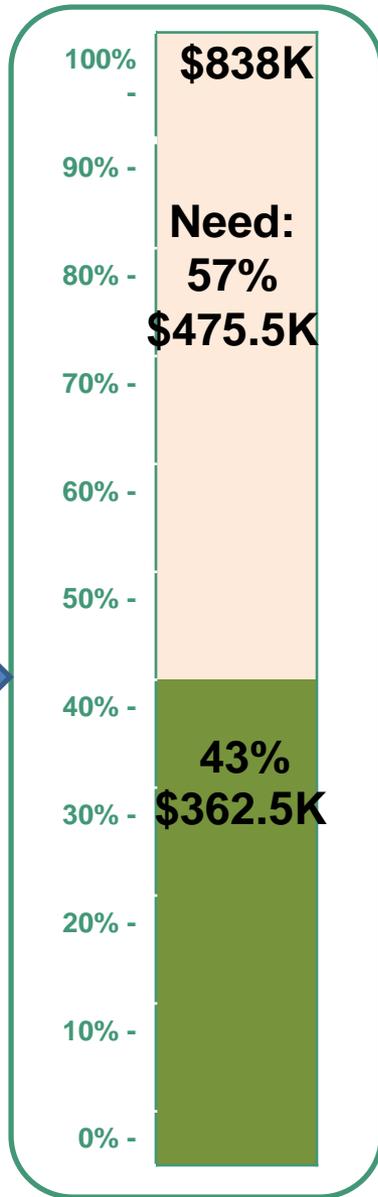
Estimated additional ~\$495,000 revenue

*Estimate base: CWM ~ 90,000 tons annually*

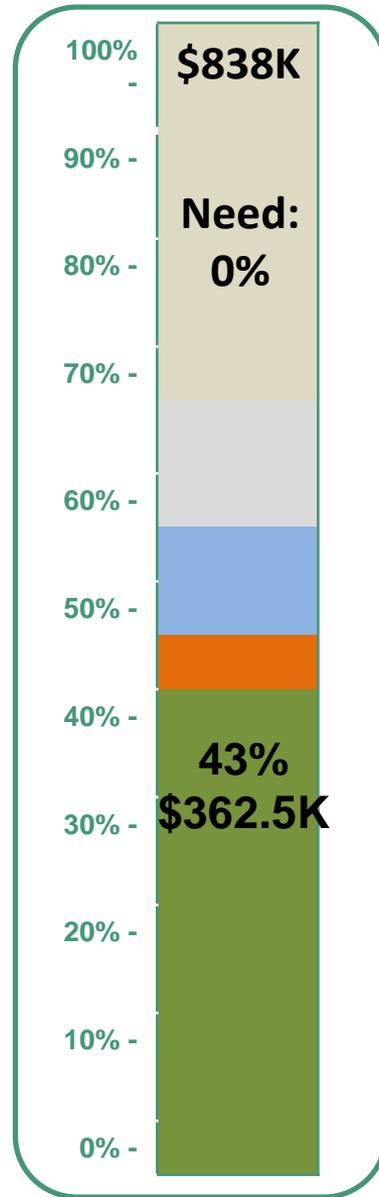
# Permitting Summary

- Current annual ~ \$362,500
- Need ~ \$476,000 fully fund
- Proposed Phase 1 changes include:
  - Annual fee increase
  - Mod fee increase
  - New Annual Compliance Determination fee

# Permit Annual Funding



Current



Goal of the program by 2026

+\$495K Admin

+ \$81K Annual

+\$33K Mod

# Discussion: Permit Key Questions

- What are the pros and cons associated with the permit proposal?
- What else should DEQ know as we consider the permit proposal?

# Fiscal Impacts

# DEQ's Fiscal Impact Statement - #1

- Permitted operating TSDs:
- One facility increase = \$11,625 annually
- Second facility increase = \$463,875 annually
  - \$162,750 for ACDP fee
  - + \$312,750 for new admin fee
- Variable Mod fee depends on request

# DEQ's Fiscal Impact Statement - #2

- Permitted operating TSDs:
- One facility increase = \$5,750 annually
- Second facility increase = \$495,000 annually
  - \$ 75,750 for ACDP fee
  - + \$495,000 for new admin fee
- Variable Mod fee depends on request

# Fiscal Impacts

- **Will the rules have fiscal impacts?**
  - If so, what is the extent of the fiscal impacts?
- **Will the rule have a significant adverse impact on small businesses (<50 employees)?**
  - If so, how can DEQ reduce the economic impact of the rule on small businesses?

# Mitigating Impacts to Small Business

## Mitigation Examples:

- Establishing differing compliance or reporting requirements or time tables for small business.
- Clarifying, consolidating or simplifying the compliance and reporting requirements under the rule for small business.
- Exempting small businesses from any or all requirements of the rule.
- Other less intrusive or less costly alternatives applicable to small business?

# Hazardous Waste Proposed Fees Increase Rules

Oct. 18, 2018  
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# Welcome and Introductions

# Agenda

- Advisory Committee 1 and 2 Recap
- New Developments
  - Permit Discussion
- Generator Discussion
- Budget & Fiscal Impact for Permits and Generators
- Next Steps

# Shake Out (*Exercise*)

# Recap Committee Meetings 1 & 2

- Impacts from declining revenue
- Ideal service levels for DEQ's Hazardous Waste Program?
- Pros & Cons of:
  - Proposals to maintain service level & future needs?
  - Incremental or one single fee increase?
  - Combine fee increases?

# New Developments

# Statutory Authority

ORS 466.165 Annual  
Fees

ORS 466.045(5)

# Permit Meeting Summary

Permitting needs an additional \$476K annually:

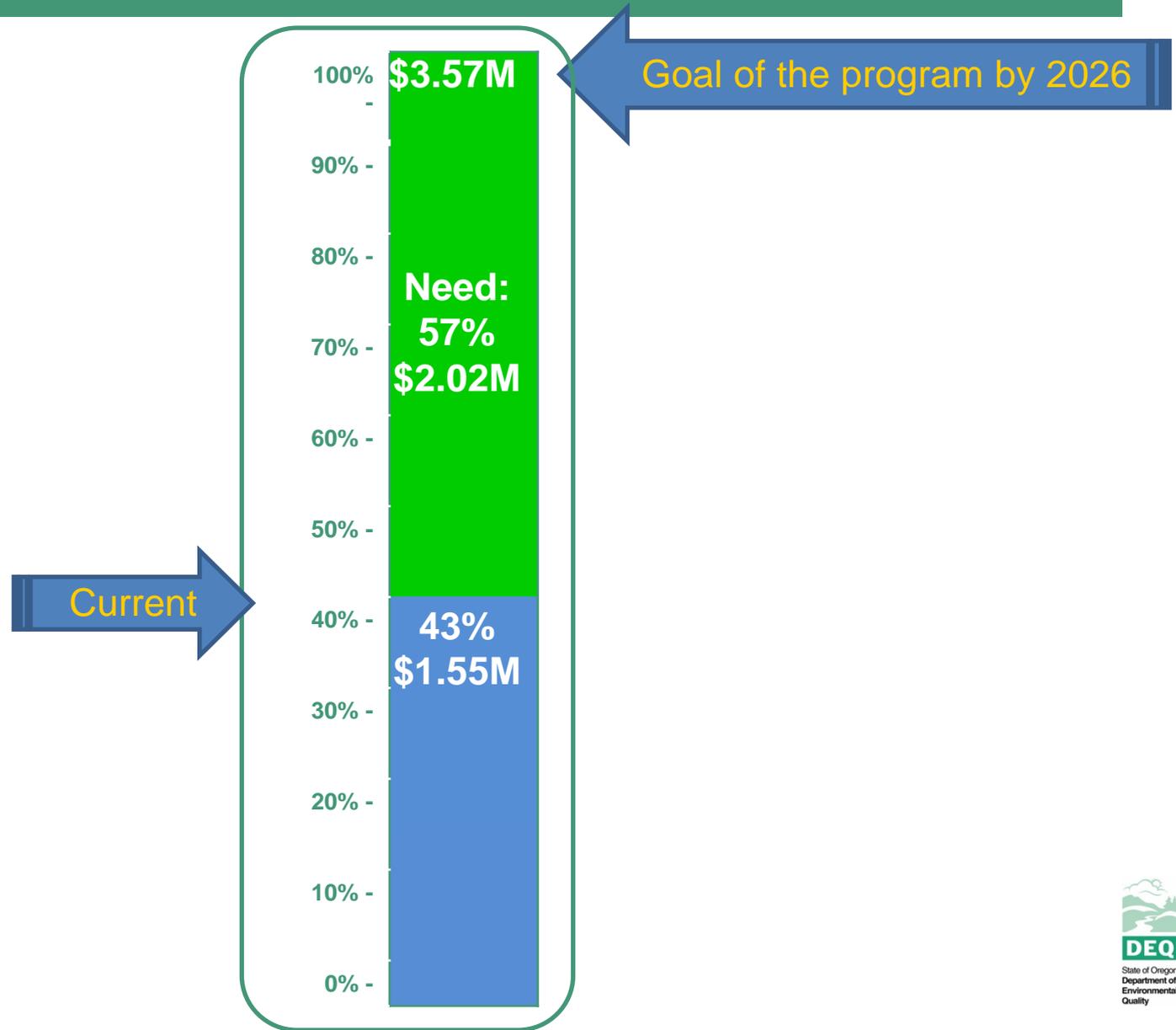
- Annual Compliance Determination Fee
  - Propose 31% increase for additional \$81,500
- Permit Modification Fee
  - Variable revenue stream, depending on requests.
- Administrative Fee
  - Propose \$5.50/metric ton for additional \$495,000

# Generator Fee Increase Proposal

# Generator Fee Key Questions

- What are the pros and cons associated with our current proposal?
- What else should DEQ know as we consider the generator fee proposal?

# Generator Fees Funding



# Proposed Generator Fee Increase

- Generator annual activity verification fee
- Management method factor

# Current Generator Fee Formula

**[Annual Hazardous Waste Generation Fee (metric tons x \$130 x management method factor)\*] + Activity Verification Fee**

**\* Subject to \$32,500 cap**

# Proposed Changes to Generator Fee Formula

**[Annual Hazardous Waste  
Generation Fee (metric  
tons x \$130 x management  
method factor)\*] + Activity  
Verification Fee**

**\* Subject to \$32,500 cap**

# Generator Invoice - Current Example

Item	Quantity	Factor	Amount
H01 Recovery Fee	1,816,862	0.50	\$118,096
H02 Incineration Fee	42,616	1.00	\$5,540
H03 Energy Recovery Fee	71,653	0.75	\$6,986
H05 Land Disposal Fee	2,410	1.50	\$470
H08 Off-Site Neutralization Fee	1,621	0.75	\$158
		Sub-Total:	<b>\$131,250</b>
		Total after Limitation:	<b>\$32,500</b>
Large Quantity Generator Status Fee			\$525
		Invoice Total:	<b>\$33,025.00</b>



# Phased-In Annual Activity Verification Fee

- To support current funding, increase our annual activity verification fee over three (3) years, starting July 2019:
- SQG base fee from \$300 to \$540 (80%); and
- LQG base fee from \$525 to \$945 (80%)
- For additional \$152,160 revenue annually.

# Phased-In Annual Activity Verification Fee

Generator Category	Current Fee	Jul 2019 (+25%)	Jul 2020 (+20%)	Jul 2021 (+20%)	Annual Difference from Current
LQG (196)	\$525	\$656	\$788	\$945	\$420
SQG (291)	\$300	\$375	\$450	\$540	\$240
Increase	N/A	\$47,550	\$47,550	\$57,060	\$152,160
Running Total (Current + Increase)	\$190,200	\$237,750	\$285,300	\$342,360	

Beyond 2021, the fee will remain at the last increase amount (July 2021) until changed through a future rulemaking.

# Management Method Factor Proposal

**Increase all factors incrementally through 2024.**

Year	Factor increase	Additional Revenue Generated	Total Revenue Generated
Jul - 2019	12%	\$166,999	\$166,999
Jul - 2020	17%	\$264,768	\$431,767
Jul - 2021	5%	\$91,111	\$522,878
Jul - 2022	8%	\$153,067	\$675,945
Jul - 2023	7%	\$144,648	\$820,593
Jul - 2024	7%	\$154,774	\$975,367

# Other Management Factors – Continued

Management method	Code	Current factor	Proposed final factor 70%
Metals recovery	H010	0.50	0.85
Solvent recovery	H020	0.50	0.85
Other recovery	H039	0.50	0.85
Elementary Neutralization (WWTU)	H121	0.50	0.85
Incineration	H040	1.00	1.70
Energy Recovery (reuse as fuel)	H050	0.75	1.28
Fuel Blending prior	H061	0.75	1.28
Aqueous Inorganic treatment	H070	1.00	1.70
Aqueous Organic treatment	H081	1.00	1.70
Aqueous Combined	H120	1.00	1.70
Sludge treatment	H100	1.00	1.70
Other treatment	H129	1.00	1.70
Stabilization	H110	1.00	1.70
Neutralization (offsite)	H121	0.75	1.28
Land disposal	H132	1.50	2.55
Management method unknown	-	2.00	3.40

# Generator Invoice Example

Example of Medium LQG	Option if Annual & Mgmt Increase		
Item	Quantity	Factor	Amount
H01 Recovery Fee	1,816,862	0.85	\$200,763
H02 Incineration Fee	42,616	1.70	\$9,418
H03 Energy Recovery Fee	71,653	1.28	\$11,923
H05 Land Disposal Fee	2,410	2.55	\$799
H08 Off-Site Neutralization Fee	1,621	1.28	\$270
		Sub-Total:	<b>\$223,173</b>
		Total after Limitation:	<b>\$32,500</b>
Large Quantity Generator Status Fee			\$825
		Invoice Total:	<b>\$33,325.00</b>



# Proposal Increase Summary

Proposal	Jul 2019	Jul 2020	Jul 2021	Jul 2022	Jul 2023	Jul 2024	Total Increase
Annual Activity Verification Fee	\$47,550	\$47,550	\$57,060	None	None	None	<b>\$152,160</b>
Mgmt Method Factor	\$166,999	\$264,768	\$91,111	\$153,067	\$144,648	\$154,774	<b>\$975,367</b>
<b>Total Increase</b>	\$214,550	\$312,318	\$148,171	\$153,067	\$144,648	\$154,774	<b>\$1,127,527</b>

# New Management Factor – Continued

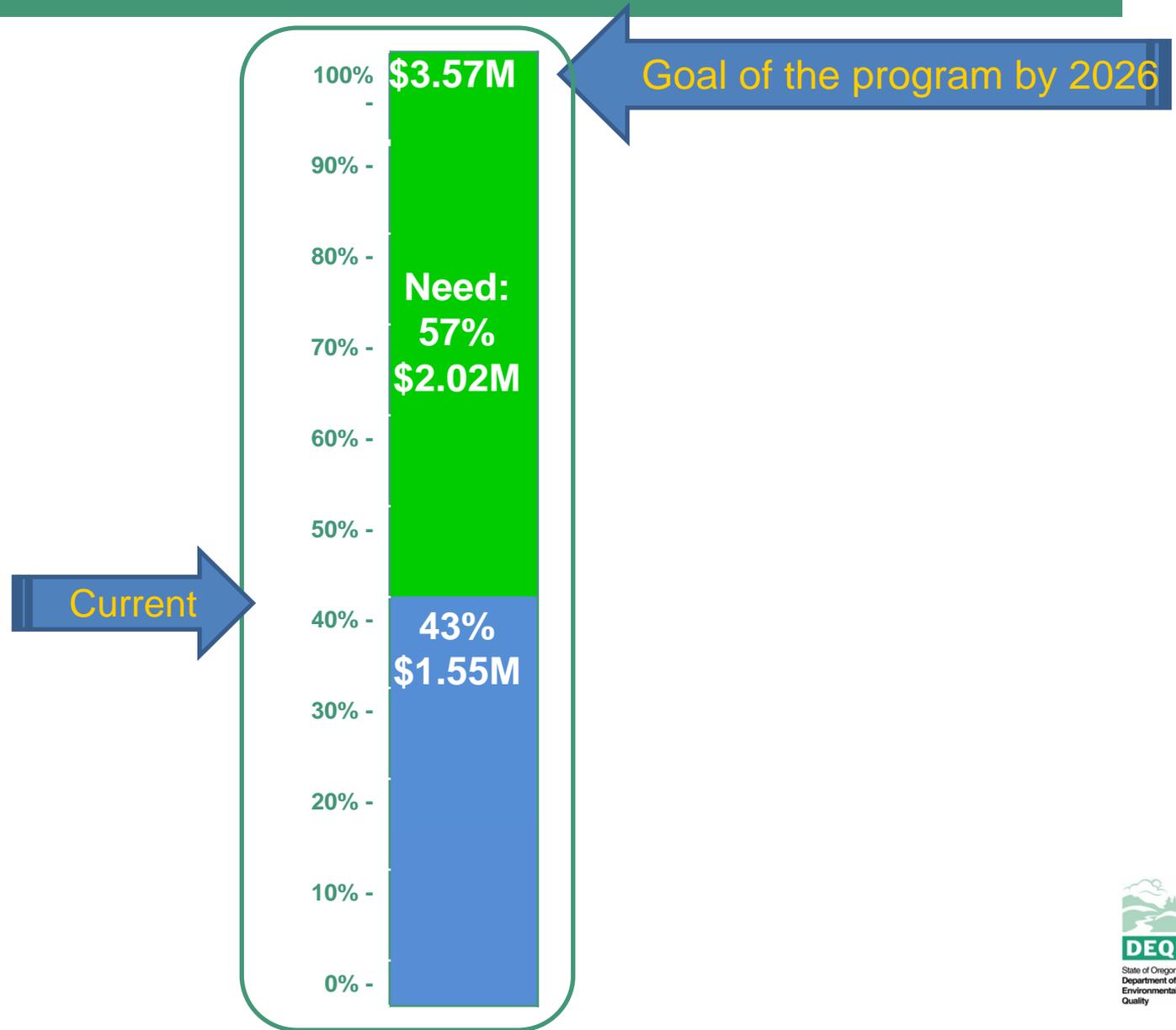
Management method	New factor
RCRA-Exempt (CU or Brownfield)	0.00

Grant-funded ~~government~~ environmental cleanup of a Brownfield or orphaned industrial property involving hazardous waste residues for off-site treatment and/or landfill disposal.

# Reminder: Generator Fee Cap

- Statute last increased in 2008
- Currently \$32,500
- Affects approximately 18 currently capped LQGs plus 10 additional LQGs by 2024.

# Generator Fees Funding



# Discussion: Generator Fee Key Questions

- What are the pros and cons associated with our current proposal?
- What else should DEQ know as we consider generator fee proposal?

# Fiscal Impact

# Business Case

# Building a Business Case - Generators

Activity	2018	Jul-19	Jul-20	Jul-21	Jul-22
% Increase		13.84%	17.70%	7.13%	6.88%
Revenue	\$1,550,000				
Annual Gen Fee		\$47,550	\$47,550	\$57,060	
Mgmt Factor		\$166,999	\$264,768	\$91,111	\$153,067
Add'l revenue	<b>0</b>	\$214,549	\$312,318	\$148,171	\$153,067
Goal	<b>\$3,572,000</b>	\$1,807,451	\$1,495,133	\$1,346,962	\$1,193,895
Difference	<b>\$2,022,000</b>	(\$1,807,451)	(\$1,495,133)	(\$1,346,962)	(\$1,193,895)
Projected Revenue	\$1,550,000	\$1,764,549	\$2,076,867	\$2,225,038	\$2,378,105

# Business Case – Generators Continued

Activity	Jul-23	Jul-24	Jul-25	Jul-26
% Increase	6.08%	6.14%	5.78%	5.46%
Revenue				
Flat Fee				
Factor	\$144,648	\$154,774	\$154,774	\$154,774
Add'l revenue	\$144,648	\$154,774	\$154,774	\$154,774
Goal	\$1,049,247	\$894,473	\$739,699	\$584,925
Difference	(\$1,049,247)	(\$894,473)	(\$739,699)	(\$584,925)
Projected Revenue	\$2,522,753	\$2,677,527	\$2,832,301	\$2,987,075

# Building a Business Case - Permitting

Activity	2018	Jul-19	Jul-20	Jul-21	Jul-22
% Increase		131.17%	0.00%	0.00%	0.00%
Revenue	\$362,500	\$838,000	\$838,000	\$838,000	\$838,000
ACDP		\$162,750	\$162,750	\$162,750	\$162,750
Admin Fee		\$312,750	\$312,750	\$312,750	\$312,750
Add'l reveune	<b>0</b>	\$475,500	\$0	\$0	\$0
Goal	<b>\$838,000</b>				
Difference	<b>\$475,500</b>	\$0	\$0	\$0	\$0
Projected Revenue	\$362,500	\$838,000	\$838,000	\$838,000	\$838,000

# Fiscal Impacts

# DEQ's Fiscal Impact Statement – Permits # 1

## Facility 1 Increase

- \$11,625 annually for the Annual Compliance Determination Fee

## Facility 2 Increase

- \$463,875 annually:
  - \$162,750 for Annual Compliance Determination fee and
  - \$312,750 for new Administrative fee
- Modification fee will vary annually depending on requests.

# DEQ's Fiscal Impact Statement – Permits #2

## Facility 1 Increase

- \$5,750 annually for the Annual Compliance Determination Fee

## Facility 2 Increase

- \$570,750 annually:
  - \$75,750 for Annual Compliance Determination fee and
  - \$495,000 for new Administrative fee
- Modification fee will vary annually depending on requests.

# DEQ's Fiscal Impact Statement - Generators

## Annual Activity Verification Fee

Generator Type	Current Fee	Proposed Fee	# Generators	# Small Businesses
SQG	\$300	\$540	291	118
LQG	\$525	\$945	196	71

## Management Method Factor

Generator Type	Current Fee	Proposed Fee	#Generators	# Small Businesses
SQG	\$296	\$503	291	118
LQG	\$6,654	\$11,322	196	71

# Fiscal Impacts

- **Will the rules have fiscal impacts?**
  - If so, what is the extent of the fiscal impacts?
- **Will the rule have a significant adverse impact on small businesses (<50 employees)?**
  - If so, how can DEQ reduce the economic impact of the rule on small businesses?

# Mitigating Impacts to Small Business

## Mitigation Examples:

- Establishing differing compliance or reporting requirements or time tables for small business.
- Clarifying, consolidating or simplifying the compliance and reporting requirements under the rule for small business.
- Exempting small businesses from any or all requirements of the rule.
- Other less intrusive or less costly alternatives applicable to small business?

# Communicating to the Regulated Community

# Multi-Phase Timeline

Phase I: *2018-2019*

Change by Rule

- Generator & Permit annual base fees
- Management Method Fee
- Permit modification fee

Phase 2: *2021 or 2023*

Increase by statute or rule

- Generator annual metric ton fee
- Generator reporting cap fee
- Inflation index
- Permit renewal fee or others

Phase 3: *2021-2026*

Increase by rule or statute

- Any additional funding need

# Next Steps

- Consider today's discussion
- Draft key meeting notes
- Share notes with Committee for review
- Draft rulemaking documents

# Rulemaking Anticipated Timeline

- Finalize committee notes/follow-ups Mid-Oct – Nov 2018
- Draft Public Notice; redline rules Sept-Oct 2018
- Planning for hearing (Ptld) Oct 2018
- Internal Notice Review Nov 23, 2018
- File Notice/Public Comment Opens Dec 7, 2018
- Notice published in State Bulletin Jan 2019
- Public Hearing Jan 10, 2019
- Public Comment closed Jan 14, 2019
- [EQC Meeting](#) May 7-8, 2019
- Rules effective upon state filing May 2019
- Generator Outreach/Communications May – Jul 2019
- [Published on Secretary of State Web](#) Jun 1, 2019

# Contacts

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Thank  
You