

2023 Legislative Outcomes Report



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Executive Summary

The Oregon Legislature adjourned the 2023 Regular Session on June 25th. There were 2,970 bills, memorials, and resolutions introduced during this session, 653 of which ultimately passed.

DEQ staff participated extensively throughout the session, providing expert testimony at hearings, work sessions and informational sessions on key environmental topics. Staff also met with legislators and staff and provided detailed policy information on everything from electronics recycling to air quality permitting, and onsite septic systems, among other topics.

DEQ tracked hundreds of bills this session and those included in this report are measures that made it to final passage and either directly impact the agency's work or will likely impact future agency activities.



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Legislation passed

Due to the uncertainty created by prolonged failure to achieve quorum in the Senate Chamber, legislators combined bills that were related to the same topic into a number of omnibus bills. This allowed for the session to proceed at a quicker pace once quorum was achieved, with little time left to move bills through the process before the legislature was required to adjourn the session. DEQ is affected by a number of components in two of these omnibus bills: House Bill 3409 (“Climate Package”) and House Bill 2010 (“Drought Package”).

Agency-originated bills

- DEQ introduced seven bills for the 2023 session; six achieved passage. Each of the bills that passed are summarized in this report under the relevant agency division.
- House Bill 3195 – Clean Water State Revolving Fund Eligibility (Passed)
- House Bill 3196 – Community Climate Investments (Included in HB 3409)
- House Bill 3207 – Domestic Well Testing Data Collection (In committee on adjournment)
- House Bill 3208 – Water Quality Fee Annual Adjustments (Passed)
- House Bill 3220 – E-Cycles Modernization (Passed)
- House Bill 3229 – Stabilizing the Title V Program (Passed)
- House Bill 3273 – Sunsetting the Dry Cleaner Program (Passed)

Air Quality Division

HB 3229 – Stabilizing the Title V Program (Agency Bill)

DEQ operates the Title V air quality permitting program under authority delegated by the US Environmental Protection Agency. The program currently regulates roughly 100 sources across the state. The Clean Air Act requires 100% of the funding required to administer and enforce the program to be covered by fees on regulated permittees. The statutory Title V permit fees had not been increased since 2011.

The Title V program has faced a significant reduction in staff capacity due to the long period of time between significant fee increases and the depletion of reserve funds in recent years. The result of that lack of funding is longer timelines for permit issuance and less capacity to conduct oversight and enforcement of permitted facilities to ensure permit compliance.

DEQ proposed to increase the permit fees by 80% for 2023 and another 3% in 2024 and to delegate authority to the Environmental Quality Commission to evaluate and adopt, with stakeholder input a more sustainable fee structure, as a way of stabilizing program funding

going forward and beginning to fill vacant positions. Legislators amended the bill such that fees will increase 43% in 2023 and another non-compounding 40% in 2024, and removed EQC fee authority from the base bill. Passage of HB 3229 will allow the program to begin filling vacancies in 2025 and build back to full strength in future years.

The legislation also requires DEQ to evaluate alternative fee models for the program, and to report back the findings and any recommendations to the legislature no later than December 31, 2023. The agency budget bill, HB 5018, contains a budget note to the same effect as well as a budget note related to reporting on Title V program staffing (see Budget Notes section).

Program Impacted: Title V Program

Passed House 31-22; Passed Senate 17-8.

HB 3409 – Omnibus Climate Package

HB 3409 combined a number of policy bills and investments related to climate. Bills of note that relate to DEQ's Air Quality Division are summarized here. Other components of HB 3409 are mentioned in the Land Quality and Water Quality sections of this report.

- The contents of HB 3916 (Agency Bill), related to Community Climate Investments. The Community Climate Investments Program provides compliance flexibility for fuel suppliers regulated under DEQ's Climate Protection Program. Regulated fuel suppliers have the option to provide funds to non-profit entities to invest in Oregon-based projects designed to reduce greenhouse gas emissions, reduce emissions of other air contaminants, promote public and environmental health, and accelerate the transition to clean energy – with a focus on environmental justice communities. In exchange for these investments, regulated fuel suppliers can receive additional compliance instruments under the CPP.
HB 3196 authorizes the Environmental Quality Commission to establish a fee to cover costs borne by DEQ to oversee the CCI program. The fee will be on funds received by non-profit CCI Entities and is capped at a maximum of 5%. This fee is critical for DEQ to provide the necessary oversight of the CCI program to ensure that CCI investments are delivering the promised results for Oregon communities.
- The contents of HB 2714, which directs DEQ to establish a program to provide rebates to persons who purchase qualifying medium or heavy duty zero-emission vehicles. The bill allocates \$3 million from the general fund to a new Zero-Emission Medium and Heavy Duty Vehicle Incentive Fund, and stipulates that 40% of rebates be provided to vehicles located in communities disproportionately burdened by diesel pollution. It is anticipated that federal funds may become available that could augment the state investment in this program.
- The contents of HB 3590, which directs the College of Forestry at Oregon State University, in consultation with DEQ and Department of Forestry, to study the

development of low carbon fuels that could be derived from woody biomass residues from forestry operations.

- The contents of HB 3483, which modifies membership and duties of The Global Warming Commission and changes the name to the Oregon Climate Action Commission. It directs Oregon Climate Action Commission to prepare a detailed forecast of expected greenhouse gas emissions reductions and periodically evaluate the greenhouse gas emissions reduction goals. It directs state agencies to report to the commission on the respective state agencies' efforts to make progress toward the greenhouse gas emissions reduction goals prepare inventory. It also directs the Commission to track and evaluate the carbon sequestration and storage potential of natural and working lands.

Programs impacted: Climate Protection Program, Clean Fuels Program, Transportation Strategies Passed House 34-15; Passed Senate 18-7.

SB 85 – Confined Animal Feeding Operations

SB 85, while primarily impacting the Water Quality Section (*see below*), requires DEQ to provide a report to the legislature within 180 days of the EPA finalizing the National Air Emissions Monitoring Study. The report must summarize how the EPA's findings related to air emissions by confined animal feeding operations may inform an understanding of emissions of air contaminants by animal feeding operations in Oregon. The report must identify existing Oregon laws and rules, and permit requirements, and may identify a process for developing recommendations to reduce emissions of air contaminants by animal feeding operations.

Programs impacted: AQ Planning, AQ Technical Services Passed Senate 17-8; Passed House 31-19.

SB 488 – Air Quality Monitoring at Municipal Solid Waste Incinerators

SB 488 requires owners or operators of municipal solid waste incinerators to develop a plan, in consultation with DEQ, to continuously monitor or sample certain emissions and provide that data to the agency. The bill requires DEQ to update a facilities permit consistent with the monitoring plan. The measure also caps the combustion of hospital, medical, or infectious waste at 18,000 tons per year. The legislation only applies to one facility in the state, Covanta Marion, which is located in Brooks.

Program Impacted: Regional Passed Senate 17-8; Passed House 34-21.

Notable bills that failed to pass:

- HB 2571 – Rebate program for electric bicycles
- HB 2613 – Additional funding for Oregon Clean Vehicle Rebate Program

- HB 2614 – Zero-emission vehicle targets for transportation network companies
- HB 2658 – Carbon Emissions Fee for motor vehicles
- HB 2700 – Incentives for zero-emission farm equipment
- SB 512 – Reducing fees for VIP certificates of compliance at DEQ Too locations
- SB 803 – DEQ study on phasing out use of on-road fossil diesel fuel
- SB 1083 – Exempting newer vehicles and EVs from needing VIP certification

Water Quality Division

HB 3195 – Clean Water State Revolving Fund Eligibility (Agency Bill)

The Clean Water State Revolving Fund Program is a federal-state partnership that provides low-cost financing to communities for a wide range of water quality infrastructure projects. Prior to passage of HB 3195, Oregon’s definition of eligible recipients excluded some public agencies, such as domestic water supply districts that do not have wastewater system authority. That definition is more restrictive than what is allowable under federal CWSRF program regulations, and has prevented some communities from being able to utilize this financing solution for projects that otherwise meet CWSRF eligibility criteria.

HB 3195 modified the definition of “public agency” to expand eligibility for Water Pollution Control Revolving Fund financial assistance and modified the “treatment works” definition and state policy to incorporate references to nonpoint source management activities. A key objective of the bill is to provide public water systems (not just those with wastewater system authority) the ability to access CWSRF nonpoint source loan options for drinking water protection projects.

Programs impacted:

Passed House 56-1; Passed Senate 25-0.

HB 3208 – Water Quality Fee Annual Adjustments (Agency Bill)

HB 3208 provides the Environmental Quality Commission with the authority to annually adjust water quality (WQ) fees up to 3% per calendar year for certain programs in a manner consistent with DEQ’s other water quality permitting programs. Programs impacted include those supporting onsite septic permitting and inspections; CWA Section 401 dredge and fill certifications; underground injection control permits, and wastewater operator certification.

The bill streamlines the process of adjusting fee’s for the specified programs in order to sustain current program service levels. Additionally, this change will enable routine small fee increases that are easier for the regulated community to implement rather than larger fee increases that become necessary when fees are adjusted infrequently.

*Programs impacted: Water quality permitting broadly
Passed House 34-23; Passed Senate 17-8.*

HB 2010 – Drought Package

HB 2010 was an omnibus bill that contained the text of a number of water-related bills that were introduced during the session. The following bill elements are of particular relevance to DEQ water quality programs:

- Requires the Oregon Watershed Enhancement Board to establish a program to provide grants to water suppliers to protect, restore or enhance sources of drinking water. At the request of OWEB, DEQ may be consulted with as part of the rulemaking process and grant application review (introduced as HB 2813).
- Expands authorized uses of funds from the Water Well Abandonment, Repair and Replacement Fund, administered by Water Resources Department, to include the replacement of water wells used for household or drinking water purposes in areas of ground water contamination, if contaminant levels in the water from the water wells exceed drinking water standards. When evaluating applications, WRD shall consult with the Department of Environmental Quality and the Oregon Health Authority to establish criteria related to identifying areas of ground water contamination and assessing contaminant levels.
- Establishes a collaborative process to develop a shared understanding of water management in the Chewaucan River watershed, and to identify broadly supported actions related to the watershed. The primary state agencies with direct regulatory or management responsibilities related to water management and ecological health issues in the Lake Abert and Chewaucan watershed are the Water Resources Department and the Department of Fish and Wildlife, but DEQ expects to play a supporting role, consulting on water quality implications, where appropriate, to support this Oregon Consensus led process (introduced as HB 3099).
- Amends requirements associated with review and update of the Integrated Water Resources Strategy (IWRS). Requires agencies listed in the statute, including DEQ, to assist Water Resources Department in completing and furnishing information necessary to develop, update and implement the IWRS. Amends required elements and processes associated with the IWRS, including the frequency at which the Strategy is updated and requirements for development of interim workplans (introduced as HB 3100).
- Establishes a Place-Based Water Planning Fund, managed by the Water Resources Department, to provide grants to support place-based integrated water resources planning. The bill directs DEQ and other state agencies to assist in implementation of the bill, including development of rules, review of applications and to provide technical information and support to place-based planning initiatives and related activities (introduced as HB 3163).

- DEQ received authorization and funding for two new positions (NRS3) to support this work.
- Directs DEQ, in consultation with Water Resources Department and other relevant state agencies and interested parties, to develop recommendations and other resources to expand beneficial water reuse or recycled water programs or projects in the state. The bill requires DEQ to submit a progress report on the resources developed for this purpose to an interim committee of the legislature by December 31, 2023, and to submit a final report to interim committees of the legislature related to water by September 15, 2024 (introduced as HB 3231).
 - DEQ received limited duration funding and position authority (one NRS4) during the 2023-25 biennium to support this work.
- Directs DAS and Oregon Association of Water Utilities, in consultation with DEQ and other relevant entities, to conduct a study of the needs and vulnerabilities of small and very small community water systems, including issues related to technical, financial and managerial support (introduced as HB 3321).
- Requires the Oregon Business Development Department to establish and administer the Aquifer Recharge Due Diligence Grant Program. Associated activities may require sampling by DEQ to establish parameters for monitoring and sampling source water quality and aquifer water quality, as well as development of monitoring and sampling plans associated with limited license requirements (introduced as SB 455).

Programs Impacted: Watershed Management; Non-Point Source Pollution Control; Drinking Water Protection; Wastewater Permitting; Groundwater Quality Management; Clean Water State Revolving Fund

Passed House 51-5; Passed Senate 24-6.

HB 2647 – Harmful Algal Blooms

Included in HB 3409

Declares harmful algal blooms to be menace to public health and welfare and directs DEQ and Oregon Health Authority to be responsible for various tasks and activities related to HAB management and risk reduction. The bill specifically directs DEQ to develop a response strategy to harmful algal blooms, develop a system for regular monitoring and testing of susceptible water bodies, produce timely and high quality data to allow OHA to determine the risk level from the occurrence of a harmful algal bloom, produce and maintain relevant publicly accessible data. Furthermore, the bill directs DEQ to determine causes and identify point sources and nonpoint sources that contribute to HAB occurrence, develop and implement strategies to reduce pollutants, and work with communities to develop and implement pollution reduction plans for point sources and nonpoint sources in order to reduce HAB occurrence, frequency or severity.

- DEQ received funding and position authority to support this work, including: one full-time position in the Watershed Management Section and one seasonal position in the Water Quality Monitoring Section.

Program Impacted: Watershed Management; Non-Point Source Pollution Control; Total Maximum Daily Loads: Water Quality Monitoring

HB 3382 – Land Use Exemptions for Public Ports

HB 3382 specifies that deep draft navigational channel improvements (dredging) are a reason why a local government may adopt an exception to land use planning goals related to estuarine resources for the International Port of Coos Bay. The enacted bill specifies that it does not affect the rules or permitting authorities of DEQ, the Department of State Lands, the Department of Transportation, the Parks and Recreation Department, or the Department of Fish and Wildlife.

Program Impacted: Section 401 Water Quality Certification (Removal/Fill)

Passed House 53-3; Passed Senate 21-4.

SB 85 – Confined Animal Feeding Operations

SB 85 makes changes to the permitting of large confined animal feeding operations (CAFOs). It prohibits the Department of Agriculture and the Department of Environmental Quality from issuing general permits (individual facility permits may be issued) for a large CAFOs in a ground water management area when manure, litter, wastewater, or processed waste is applied to the land. The bill authorizes the issuance of nutrient application permits and requires certain CAFOs to submit water supply plans. Prior to applying for a permit, an applicant for a proposed CAFO must request a land use compatibility statement from the city or county the operation is proposed to be located in.

- DEQ received one limited duration position to support rule development and implementation of this work during the 2023-25 biennium

Program Impacted: Wastewater Permitting

Passed Senate 17-8; Passed House 31-19.

SB 835 and SB 931 – Onsite Septic Systems

Two bills related to onsite septic systems passed which prompt the need for agency rulemaking. The legislature provided funding to hire one Limited Duration OPA3 to assist with rulemaking and provide training and technical assistance to counties and other stakeholders.

- SB 835 directs the Environmental Quality Commission to adopt rules setting forth the conditions for approving a proposal to permanently connect an accessory dwelling unit (ADU) and a single-family dwelling to the same subsurface sewage disposal system.
- SB 931 directs the Environmental Quality Commission to adopt rules providing for additional considerations on permit conditions for subsurface sewage disposal system construction, related to determining whether a community or area-wide sewerage system is available. It also provides that, until January 2, 2025, DEQ must determine that a community sewerage system is not available unless the system is within 200 feet of the property to be served.

Program Impacted: Onsite Wastewater Management

SB 835 Passed Senate 23-2; Passed House 49-4. SB 931 Passed Senate 25-0; Passed House 52-1.

Notable water quality related bills that failed to pass:

- HB 3207 – Domestic Well Testing Data Collection (Agency Bill)

Land Quality Division

HB 3220 – E-Cycles Modernization (Agency Bill)

Oregon E-Cycles is a statewide program that requires electronics manufacturers to provide responsible recycling for computers, monitors, TVs, printers, keyboards and mice. The program is an example of a producer responsibility program, a waste management strategy that requires producers to share in the responsibility for the end-of-life management of their products and materials.

Despite the program’s success, in 2022, sites providing collection services faced instability because of how the program is structured under Oregon’s Electronics Recycling Law. HB 3220 helps stabilize the E-cycles collection network in several ways. The bill will eliminate DEQ’s annual process to set collection goals, which was a source of the instability, and increase the minimum number of collection sites required. It also expands the list of covered devices to include DVD players, gaming consoles, and other electronics, and streamlines administration by eliminating the state contractor program.

Program Impacted: Materials Management

Passed House 56-0; Passed Senate 23-1.

HB 3273 – Sunsetting the Dry Cleaner Program (Agency Bill)

DEQ’s Dry Cleaner Program was established by the legislature in 1995 with the purpose of creating a fund to ensure cleanup of environmental contamination resulting from chemicals

used in the dry cleaning process. It established a fee on dry cleaning owners and operators to fund these cleanups, and exempted them from liability. Since its inception, the program has completed roughly 50 cleanups at a cost of about \$8.4 million.

In recent years, fee revenue has not been adequate to pay for the costs of administering the program. Fewer dry cleaners are operating in the state, and most of them have transitioned away from using perchloroethylene, one of the most toxic solvents historically used in the industry. As a result, DEQ introduced HB 3273 to repeal the program and institute a prohibition on the use of perchloroethylene and n-propyl bromide for dry cleaning, to reduce the need for future mitigation. The legislature amended the bill to extend the solvent prohibition from January 1, 2027 to January 1, 2028.

Program Impacted: Dry Cleaner Program
Passed House 53-4; Passed Senate 25-0.

HB 2531 – Phasing Out Sales of Fluorescent Lamps

HB 2531 prohibits the sale or distribution in or into Oregon of new screw- or bayonet-base type compact fluorescent lamps on or after January 1, 2024. It prohibits the sale or distribution of pin-base type compact fluorescent lamps and linear fluorescent lamps on or after January 1, 2025. The bill allows the Environmental Quality Commission to adopt rules necessary to enforce these prohibitions and establishes a civil penalty for any person who violates the ban.

Program Impacted: Materials Management
Passed House 36-23; Passed Senate 17-8.

HB 2914 – Abandoned and Derelict Vessels

HB 2914 establishes the Oregon Abandoned and Derelict Vessel program in the Department of State Lands. The program will address abandoned and derelict marine vessels and ensure that state-owned submerged and submersible lands are managed for the public interests in fishery, navigation, commerce and recreation. It establishes the Oregon Abandoned and Derelict Vessel Fund. SB 5506 allocated \$18.7 million towards the program.

Program Impacted: Emergency Response Program.
Passed House 52-0; Passed Senate 24-0.

SB 123 – Digital Labeling of Recyclable Products

SB 123 follows up on some of the work of DEQ's Truth in Labeling Task Force. The bill requires, no later than December 31, 2027, a producer responsibility organization to consider and develop recommendations for the use of digital labeling to convey information to consumers

about recyclability. This is related to the work of DEQ to implement the Plastic Pollution and Recycling Modernization Act (SB 582) that the legislature passed in 2021.

Program Impacted: Materials Management
Passed Senate 21-7; Passed House 37-20.

SB 411 – Drug Take-Back Program Disposal Options

SB 411 makes a small modification to DEQ’s Drug Take-Back Program by specifying in statute that collected drugs may be disposed of at a hospital, medical and infectious waste incinerator that is permitted by the Environmental Protection Agency to accept pharmaceutical waste..

Program Impacted: Materials Management
Passed Senate 29-0; Passed House 54-0.

SB 522 - Changes to Global Warming Commission

Included in HB 3409

HB 3405 requires the Department of Environmental Quality, in consultation with the Oregon Climate Action Commission, to evaluate opportunities to reduce Oregon’s consumption-based greenhouse gas emissions.

Program Impacted: Materials Management

SB 543 – Phasing Out Polystyrene and PFAS Containers

SB 543 addresses polystyrene in foam foodware, packing peanuts and coolers; and also addresses the use of polyfluoroalkyl substances (PFAS) in food packaging. The bill prohibits food vendors from using polystyrene foam containers (including clamshells, bowls, cups, lids and plates) on or after January 1, 2025. It also prohibits the sale or distribution of polystyrene foam packaging peanuts and containers, and of foodware containers that contain PFAS on or after January 1, 2025.

Program Impacted: Materials Management
Passed Senate 20-9; Passed House 40-18.

SB 545 – Reducing Single-Use Plastic Waste

SB 545 directs the Oregon Health Authority to adopt rules allowing a restaurant to allow a consumer to use their own reusable cup or food container instead of those offered by the restaurant.

Program Impacted: Materials Management

Passed Senate 19-8; Passed House 39-17.

SB 869 and SB 871 – Resilient Efficient Buildings

Included in HB 3409

SB 869 and SB 871 were part of a package of bills aimed at reducing the greenhouse gas emissions associated with the built environment. The legislation requires DEQ to consult with the Department of Consumer and Business Services to identify options to reduce, through the building code or other means, greenhouse gas emissions attributable to building materials so that lower carbon materials may serve the same function and provide the same level of utility and reliability. It also requires DEQ to collaborate with the Department of Administrative Services and the State Department of Energy on new state agency building construction or major renovation projects to assist DCBS in developing and implementing sustainable development guidelines.

Program Impacted:

Notable bills that failed to pass

- SB 405 – Requires filters on washing machines to reduce impact of plastic particles
- SB 444 – Recycling Innovators grant program
- SB 542 – Right to Repair consumer electronic equipment
- SB 630 – Pilot program to develop housing on former landfill sites
- HB 2769/2770 and SB 64 – Studies on impacts of disposal of EV batteries and renewable energy facility components
- HB 3429 – Petroleum Spill Task Force

23-25 Legislatively adopted budget

HB 5018 – DEQ Agency Budget Bill

HB 5018 is the 2023-25 Legislatively Adopted Budget for DEQ, which includes \$716,723,487 in total funds and 857 positions (848.44 FTE):

- \$77,688,590 General Fund
- \$6,453,619 Lottery Funds
- \$300,125,567 Other Funds expenditure limitation
- \$41,103,911 Federal Funds expenditure limitation
- \$291,351,800 Other Funds Nonlimited

The 2023-25 budget increased 3.5% in total funds from the 2021-23 Legislatively Approved Budget.

Air Quality Division

HB 5018 includes a total funds budget of \$150,572,460, 279 positions (275.92 FTE) and the following Policy Option Packages:

- **POP 110 – Title V Stabilization.** As discussed, HB 3229 amended the fees for the Title V program in statute. The companion Policy Option Package restores positions that would otherwise be eliminated and provides commensurate Other Fund Expenditure Limitation.
- **POP 112 – Cleaner Transportation.** Authorizes new permanent positions in Headquarters and the Vehicle Inspection Program.
- **POP 114 – Reducing Greenhouse Gas Emissions.** Authorizes a permanent engineer position to implement part of the Climate Protection Program.
- **POP 115 – Community Climate Investment.** Authorizes four new positions and provides one-time General Funds to stand up and maintain oversight of the CCI program.

Water Quality Division

HB 5018 includes a total funds budget of \$109,974,878, 256 positions (249.33 FTE) and the following Policy Option Packages:

- **POP 123 - Ensure Protective Onsite Septic Systems.** Authorizes three new positions and a summer intern to provide improved regulatory oversight and staffing capacity for residential and large onsite septic system permitting programs across the state.

- **POP 126 - Protect Drinking Water Sources.** Authorizes three new general funded positions to improve DEQ staffing and resource capacity dedicated to protecting drinking water sources, with specific attention to areas experiencing contamination or threats to drinking water supplies. A statewide groundwater coordinator (NRS4) and soil scientist (NRS4) will improve agency capacity for addressing challenges in areas such as the Lower Umatilla Groundwater Management Area, and a water quality analyst (NRS3) will support dedicated efforts related to Harmful Algae Bloom risk reduction efforts.
- **POP 129 - Effectively Administer Grants and Contracts.** Provides general fund enhancements to make permanent an existing limited-duration program analyst position to proactively develop and effectively administer programs funded by new and expanded federal investments in water and water infrastructure. This package also authorizes needed Other Funds and Federal Funds expenditure limitation to continue the Onsite Septic System Financial Assistance Program, and to implement the Sewer Overflow and Stormwater Reuse Municipal Grant program.
- **POP 160 – Water Data Platform Implementation.** Provides \$1.2 million General Fund and authority for two limited duration positions to support continued development of the Oregon Water Data Portal.
- **POP 162 – Modernize CWSRF Loan Management Software.** Provides Other Funds expenditure limitation to complete procurement of a commercial off-the-shelf loan portfolio management software to replace the manual system currently used to administer the Clean Water State Revolving Fund.
- **POP 181/191 – CWSRF Non-limited and Debt Service.** Provides non-limited expenditure authority, and the debt service approval for General Obligation Bonds to provide the state match component, that are necessary to finance and expand Clean Water State Revolving Fund opportunities for communities across Oregon.

Land Quality Division

HB 5018 includes a total funds budget of \$110,576,116, 215 positions (218.39 FTE) and the following Policy Option Packages:

- **POP 130 – Statewide Emergency Response Capacity.** Establishes a new permanent full-time position to support the Emergency Response program.
- **POP 132 – Recycling Modernization Act Implementation.** Authorizes four additional positions to continue implementation of the Plastic Pollution and Recycling Modernization Act in HQ and the regions.
- **POP 133 – Strengthen Materials Management Program.** Authorizes six new positions to pursue strategic outcomes derived from the 2050 Vision for Materials Management. The package provides staff to adequately resource existing work including food waste diversion, solid waste policy coordination, compliance, permitting, technical assistance, information coordination and reporting, and administrative support in the HQ and the regions.

- **POP 135 – Stabilize Tanks Program.** This package makes existing one limited duration position permanent to administer the Underground Storage Tank program.

Agency management

HB 5018 includes a total funds budget of \$45,718,803, 107 positions (104.8 FTE) and the following Policy Option Packages:

- **POP 140 – Environmental Justice Coordination.** Permanent funding for an Environmental Justice Manager and agency coordinator positions.
- **POP 141 – Maintain Agency Support Staffing.** New positions for the Central Services Division, essential for supporting the mission of the agency.
- **POP 142 – Grants Management Support.** New positions to support grant application, tracking and management work.

Budget notes

HB 5018 contained four budget notes for the agency:

Budget note: Title V Permitting Program

No later than December 31, 2023, the Department of Environmental Quality is directed to report to the Legislature, in the manner provided by ORS 192.245, on an evaluation of alternative fee structures to support Oregon’s federal air quality operating permit program, known as the Title V program. In evaluating and reporting on alternative approaches the Department shall:

- Identify fee structures that require the owners or operators of facilities subject to the federal operating permit program to pay fees that are commensurate with the regulatory complexity of the facility or permit.
- Ensure that any recommended fee structures would result in fees that are sufficient to cover all reasonable direct and indirect costs of the federal operating permit program, as required by section 502(b) of the federal Clean Air Act.
- Review the fee structures of other state and local government agencies that administer a federal operating permit program.
- Solicit and consider input from owners or operators of facilities subject to the federal operating permit program and program stakeholders.

Budget note: Title V staffing

Assuming passage of HB 3229 (2023), which increases Title V permitting fees to restore program staffing to current service level, the Department will need to undergo significant hiring

throughout the 2023-25 biennium, aligning to available revenues. No later than April 1, 2025 the Department shall report to the Joint Committee on Ways and Means on the status of the Title V program staffing and productivity. This report shall include, but not be limited to, the following:

- Full and partial FTE working on Title V permitting and compliance;
- The timeliness and volume of permitting actions (including new permit, permit renewals, modification and amendments) issued by the program;
- The timeliness and volume of compliance evaluations conducted by the program;
- Progress on addressing the permit renewal backlog; and
- Progress in transferring Title V administrative processes to the agency's comprehensive data management system known as Your DEQ Online.

Budget note: Oregon Water Data Portal

The Department of Environmental Quality is directed to coordinate with other water-related agencies and contracted service providers to pursue stage 2 development of the Oregon Water Data Portal project, initiated by HB 5006 in the 2021 legislative session. The Department shall prioritize the following project objectives during the 2023-25 biennium, and provide a comprehensive report including, at a minimum, the following information:

- Identifying dedicated staffing, stage 2 project cost, and contract services with third party providers necessary to develop a pilot version of the data portal;
- Establishment of an inter-agency governance structure, agreements and standard operating procedures necessary to support continuation of project development;
- Analysis of the inventory of existing state agency water data to identify state data needs, tools, and efforts necessary to acquire additional data to support water-related decision making;
- Conducting Oregon tribal and stakeholder engagement to identify data priorities and inform further project development considerations;
- Engagement with the Department of Administrative Services, Enterprise Information Services Office, including status of the Stage Gate process; and
- Identification of risks, likely impacts, and mitigation strategies.

The Department, in coordination with an inter-agency steering committee, will report to the Joint Committee on Ways and Means, during the 2024 legislative session, with the status of the Oregon Water Data Portal project.

Budget note: Indirect Rate Model

The Department of Environmental Quality negotiates the allowable indirect rate with the U.S. Environmental Protection Agency based on the Department's approved budget and calculates it as a percentage of Personal Services expenditures in programs outside of the Agency

Management division. The Department is directed to undertake a comprehensive review of the Department's current indirect rate model used to assess agency programs for revenue, as the primary source of funding for the Agency Management division and develop an alternative model. This assessment shall include:

- Solutions to provide a more stable funding model that mitigates the impact of agency hiring practices;
- Significant collaboration, outreach, and feedback from other agencies that utilize an indirect rate model to fund centralized services;
- Significant collaboration, outreach, and feedback from the Department of Administrative Services, Chief Financial Office, as well as the Legislative Fiscal Office;
- Collaboration with the EPA to assure compliance with federal guidelines;
- Status of the Department's plan to implement agencywide changes to the model; and
- Any other considerations that support improvements towards a more stable and functional model.

The Department shall report to the Emergency Board no later than Nov. 30, 2024.

Agency information sessions

In addition to giving testimony related to various bills and their impact to DEQ's programs, DEQ staff gave testimony before committees for a number of information sessions related to the agency's past or ongoing work.

- Community Wildfire Smoke Response Planning
 - House Climate, Energy, and Environment Committee, April 24, 2023
 - Senate Natural Resources Committee, May 17, 2023
- Water Quality Permitting for Seafood Processor Facilities
 - House Climate, Energy, and Environment Committee, April 26, 2023
- Plastic Pollution and Recycling Modernization Act and Product Stewardship
 - Senate Energy and Environment Committee, April 18, 2023
 - House Climate, Energy, and Environment Committee, April 19, 2023