

HOUSE COMMITTEE ON ENVIRONMENT

January 20, 2005 Hearing Room D

1:00 P.M. Tapes 2 - 3

MEMBERS PRESENT: **Rep. Gordon Anderson, Chair**

Rep. Bob Jenson, Vice-Chair

Rep. Mary Nolan, Vice-Chair

Rep. Phil Barnhart

Rep. Bill Garrard

Rep. John Lim

Rep. Diane Rosenbaum

STAFF PRESENT: **John Houser, Committee Administrator**

Mike Reiley, Committee Assistant

MEASURES/ISSUES HEARD:

Dept. of Environmental Quality Overview – Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 2, A

003	Chair Anderson	
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Calls the meeting to order at 1:04 p.m. Opens the informational meeting on the overview of the Department of Environmental Quality.

DEPARTMENT OF ENVIRONMENTAL QUALITY OVERVIEW – INFORMATIONAL MEETING

012	Stephanie Hallock	Director, Department of Environmental Quality (DEQ). Introduces Lauri Aunan.
020	Rep. Garrard	Commends work of Ms. Hallock and DEQ.
025	Hallock	Submits prepared overview of DEQ (EXHIBIT A) and begins summary. Explains history and structure of DEQ. Addresses budget and fees and importance of technical assistance programs.
340	Chair Anderson	Asks if money from assessed DEQ penalties goes to general fund or elsewhere.
350	Hallock	Explains that penalties go into the general fund, and are then allocated by the legislature.
375	Rep. Jenson	Asks for an explanation of the 2% DEQ receives from lottery funding.
380	Hallock	Explains that funds are for monitoring Total Daily Maximum Loads (TMDL) of waterways set forth by Oregon Plan.
385	Rep. Jenson	Asks if funds are used for monitoring.
388	Hallock	Answers that it is for monitoring and setting the load allocations.
390	Rep. Lim	Asks how much money 2% represents.
395	Lauri Aunan	Legislative Liaison, DEQ. Explains that the 2% is approximately \$3.5 million in lottery funds.

TAPE 3, A

002	Hallock	Continues overview. Discusses the state and federal cleanup programs for underground storage tanks and contaminated cleanup sites.
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022	Rep. Lim	Asks about grandfather exemptions for cleanup of underground storage tanks.
028	Hallock	Explains that 1998 was the date set for full compliance and identification of cleanup sites and describes forthcoming legislation.
050	Rep. Jenson	Asks about fines that are imposed by DEQ.
055	Hallock	Explains that they are civil fines that go into the state general fund.
060	Rep. Jenson	Asks how much revenue is generated by fines.
062	Hallock	Estimates that it is generally near \$1 million.
065	Rep. Jenson	Comments that the fines are significant. Asks to be kept informed about fines imposed on his constituents.
075	Rep. Garrard	Asks for clarification of brownfield projects.
080	Hallock	Clarifies that brownfield sites are related to the Superfund cleanup and greenfields are sites that have never been developed.
085	Rep. Garrard	Asks if there are abandoned sites that must still be cleaned up, and if cleanup would come from DEQ's budget.
095	Hallock	Answers that they are not all cleaned up, but they should all be identified. Explains Leaking Underground Storage Tank (LUST) Fund and Orphan Fund. Explains that Superfund and federal cleanup funds are decreasing. Discusses Alkali Lake near Klamath Falls.
124	Chair Anderson	Asks for explanation of Alkali Lake.
130	Hallock	Explains that it is a dried lake bed near Klamath Falls.
135	Rep. Rosenbaum	Asks if federal activities will affect DEQ operations.
140	Hallock	Explains her involvement in The Environmental Council of the States and National Association of State Environmental Directors and

relationship to Environmental Protection Agency (EPA) and the federal government in Washington, D.C.

- 189 Chair Anderson Asks if EPA policies for infrastructure improvement in rural communities are overlooked by DEQ if they are not able to be met.
- 192 Hallock Explains that the goal is to change the policy. Discusses improvements in stream water quality and monitoring.
- 245 Rep. Barnhart Recognizes wastewater treatment systems under review for replacement or installation in his district.
- 263 Hallock Notes that the National League of Cities is addressing the issue and notes designation of groundwater management area in Rep. Barnhart's district.
- 270 Chair Anderson Asks about Septic Tank Effluent Pumping Systems (STEP) programs and small diameter sewage treatment capacities to cut costs especially in rural areas.
- 280 Hallock Responds that DEQ will work on the issue. Addresses budget and legislative issues, funding concerns, and regulatory streamlining. Explains the general fund request for cleanup work on the Willamette River.
- 393 Rep. Garrard Recalls \$600,000 fund earmarked for DEQ education during the 2003 legislative session that was eliminated by Ways and Means committee.
- 415 Aunan Summarizes **(EXHIBIT A)** and DEQ legislative priorities. Mentions Clean Water State Revolving Fund (CWSRF) and proposed change to allow repayment of loans after construction projects have been completed.

TAPE 2, B

- 005 Rep. Barnhart Asks how the proposed change would affect the integrity of the CWSRF.
- 007 Aunan Explains that it should have no effect on the integrity of the CWSRF and describes the bonding process.

010	Rep. Lim	Asks how much money is in the CWSRF.
012	Aunan	Answers that it is approximately \$70 million.
013	Rep. Lim	Asks how much is left in reserve.
014	Aunan	Answers that she does not know, but will provide the information.
015	Rep. Barnhart	Asks if the amount in reserve is encumbered by bond indentures or commitments for new loans.
019	Aunan	Responds that she will have to get the information.
020	Hallock	Offers clarification of priority projects that are encumbered.
024	Chair Anderson	Asks for clarification of \$70 million versus \$497 million figure for CWSRF cited in DEQ testimony.
026	Hallock	Clarifies that \$497 million is amount paid out by DEQ since 1991.
030	Anderson	Asks if the CWSRF is currently at \$70 million.
034	Aunan	Answers that the fund replenishes as money comes in and it is approximately \$70 million. Explains Oregon's Toxics Use Reduction and Hazardous Waste Reduction Act of 1989 (TUR) and proposed legislative change in SB 43.
066	Chair Anderson	Asks if legislation will be introduced in the Senate.
068	Aunan	Answers yes and states that the legislation has been assigned to the Senate Environment Committee. Explains Underground Storage Tank Assistance and Oversight program and proposed legislative change in SB 44. Explains Water Quality Permit Program Improvements and proposed legislative change in SB 45. Addresses fee ratification and HB 2057 that is in Ways and Means Committee.
113	Rep. Garrard	Asks for clarification of DEQ's budget and asks if DEQ is spending \$1 million for four additional staff.
117	Aunan	

Clarifies that \$1 million figure is for both for keeping some staff members and adding additional staff.

- 130 Rep. Lim Asks when last water quality fee increase took place.
- 132 Aunan Answers that it was in 2001.
- 135 Rep. Lim Asks if currently proposed fee increase is the first since 2001.
- 137 Aunan Answers yes.
- 138 Chair Anderson Asks about SB 43 and if costs will be increased or decreased if the state aligns with the federal toxics list.
- 140 Aunan Answers that there is no fiscal impact to the state. Points out that companies must look at both state and federal lists to determine if they must complete a toxic waste reduction plan.
- 145 Rep. Barnhart Asks if there is a significant difference between the two lists and if it will help or hurt toxic waste reduction efforts.
- 153 Aunan Answers that it should improve efforts as the process moves to the federal list.
- 156 Rep. Barnhart Asks if the improvement would be because more companies would be required to be on the list or if it would be easier, so more companies would come into compliance.
- 160 Aunan Answers that the federal list is more comprehensive.
- 165 Chair Anderson Asks if there is still no need for an increase in funding.
- 168 Aunan Answers yes.
- 170 Chair Anderson Notes that the Superfund is the only cleanup fund that the state does not control. Asks if fees returned to the state cover federal needs or if the money is returned to Oregon taxpayers.
- 175 Hallock Answers that when Congress set up the federal programs, they acknowledged when writing the laws that the federal government

would not be able to do all of the work and some of it would be delegated to the states. Explains fee processes and the relationship of Oregon DEQ to EPA in doing cleanup work.

- 206 Chair Anderson Points out that it is an unfunded mandate.
- 208 Hallock Answers that it can be. Says that it is part of the relationship of states to EPA.
- 210 Rep. Barnhart Asks how Oregon fee payers would be if affected if programs were taken back from DEQ by the EPA.
- 212 Hallock Answers that the fees may go away. Explains that fee payers could examine programs and decide if it is worth it to pay DEQ rather than allow EPA to do the work.
- 225 Rep. Barnhart Asks if fee payers would prefer to continue to pay fees to deal with DEQ rather than EPA.
- 230 Hallock Explains that operating delegated programs is the best, most efficient way to protect the environment and deliver the services.
- 234 Rep. Jenson Asks how the state can be sure that if DEQ programs and fees ended, that the EPA would not assess fees.
- 240 Hallock Answers that she is unsure of EPA's authority to assess fees.
- 242 Rep. Jenson Points out that EPA has the authority to assess fines and does so.
- 245 Chair Anderson Asks if DEQ's requests for general fund revenues would offset the governor's \$1.1 million cuts.
- 250 Hallock Answers that most of the new general fund requests by DEQ are in the water program and that the governor's cuts are in the air program, so they would not directly offset.
- 253 Chair Anderson Asks if DEQ can shift funds between the programs.
- 255 Hallock Answers that DEQ is not allowed by legislature to shift funds between programs.

258	Rep. Jenson	Asks about for status of air quality and ethanol gas issue in the Portland metropolitan area.
265	Hallock	Gives background of the issue. Explains the maintenance plans for areas with air quality problems around Oregon. Describes the proposal to drop the requirement for Portland to use oxygenated fuels. Explains that oxygenated fuel has an additive (ethanol) to make it burn cleaner. Points out that the requirement will be dropped in two years. Explains that the governor's climate change advisory board has made recommendations that may be implemented.
308	Rep. Jenson	Asks if ethanol is produced domestically or imported.
315	Hallock	Answers that it made from corn and is largely from the Midwest. Notes that there are two Oregon companies that are interested in producing it.
320	Rep. Jenson	Asks if ethanol is imported from other countries.
323	Hallock	Answers that she does not know.
325	Chair Anderson	Asks for future update on Portland area Willamette River cleanup. Asks if DEQ can be more effective by contracting than staffing
348	Hallock	Answers that some contracting is being done currently. Explains that most cleanup work is done by contractors with DEQ oversight and explains other contracting done by DEQ.
394	Chair Anderson	Asks for total number of employees at DEQ and number of employees in each program.
400	Hallock	Answers that the total number is approximately 800, 500 of whom are in the field, with the remainder working at DEQ headquarters.
406	Rep. Jenson	Asks about diesel engines and pollution in off-road vehicles such as farm vehicles.
420	Hallock	Answers that the issue would be in the air toxics program at DEQ and describes West Coast Clean Diesel Initiative that DEQ has been involved in.

444 Rep. Jenson Asks if technology exists to clean up air emissions with biodiesel and economic development possibilities associated with biodiesel production.

TAPE 3, B

023 Hallock Explains DEQ activity and interest in biodiesel issues.

033 Rep. Jenson Speaks to possibilities of ethanol and potential for Oregon to develop it.

047 Chair Anderson Speaks to benefits of biodiesel. Notes that biodiesel will be addressed in future committee meetings.

060 Hallock Commends Oregon Department of Energy in alternative fuel issues.

065 Chair Anderson Closes the informational meeting on the DEQ overview. Adjourns the meeting at 2:37 p.m.

EXHIBIT SUMMARY

A. Department of Environmental Quality, prepared overview, Stephanie Hallock, 28 pp