



Draft Fiscal Impact Statement

2022 Asbestos Fee Rulemaking

Introduction

This is a draft fiscal impact statement developed by DEQ for the 2022 Asbestos Fee Rulemaking. This document is being presented to the Fiscal Advisory Committee for their input before being finalized for inclusion in the public notice.

Fee Analysis

These proposed rules would increase existing fees for the asbestos program, including notification fees, certification fees, licensing fees, and accreditation fees. EQC authority to act on the proposed fees is ORS 468 & 468A.

Brief description of proposed fees

DEQ proposes to increase fees for the Asbestos Program sufficient to generate a \$300,000 increase in revenue. This would include fees for notification, certification of asbestos workers and supervisors, licensing of asbestos abatement contractors, and accreditation of asbestos training providers.

Reasons

The proposed fee increase would address the legislatively approved changes to DEQ's budget. Policy Option Package 2026, approved in the 2021 legislative session, authorized an increase in revenue by \$300,000 to sustain the increased costs of the asbestos program.

The proposed fees would address increased program and staff costs including cost-of-living adjustment and benefits. Asbestos fees for notifications were last raised in 2007, and fees for licensing, certification, and accreditation were last increased in 1992. DEQ tries to keep program costs down and does not raise fees unless necessary. The revenue from the asbestos program has sustained it so far, however the program has expanded in the last two biennia as more renovations and demolitions take place in Oregon. As the program expands and DEQ asbestos specialists perform more inspections and provide more technical assistance, fees need to be raised to implement the program successfully.

Fee proposal alternatives considered

DEQ considered the following alternatives:

- No fee increase, which does not allow DEQ to maintain current service levels.
- Increase all asbestos fee categories across-the-board to reach the targeted \$300,000 revenue increase. This would increase all fees 23% to 27%.
- Increase asbestos fees selectively to reach the targeted \$300,000 revenue increase. This would increase notification fees by 20%, and increase licensing, certification, and accreditation fees by 70%.

Fee payer

Fee payers are asbestos abatement contractors, certified asbestos workers and supervisors, and accredited asbestos training providers.

Fee payers may also include homeowners and/or property owners who are indirectly affected when hiring asbestos abatement contractors.

Affected party involvement in fee-setting process

DEQ will convene a Fiscal Advisory Committee including appointees representing a variety of industries directly and indirectly affected by the proposed fee increase. The FAC will meet on Jan. 18, 2022 to discuss ways to employ the fee increase to allow DEQ to generate the required revenue.

The Fiscal Advisory Committee will also provide comments to the following questions:

- Will the proposed rules have a fiscal impact?
- What is the extent of the impact?
- Will the proposed rules have a significant adverse impact on small businesses? If so, how can DEQ reduce the impact?
- How will adoption of this fee increase affect racial equity in the state?

Summary of impacts

[OAR Chapter 340 Division 248 Sections -0180 and -0260](#)

Notification fees would increase by 26% in an across-the board fee increase (Option 1), or by 20%, in a selective fee increase (Option 2). See table below.

Certification fees would increase by 26% in an across-the-board fee increase (Option 1), or 70% in a selective fee increase (Option 2). See table below.

Licensing fees would increase by 27% in an across-the-board fee increase (Option 1) or 70% in a selective fee increase (Option 2). See table below.

Accreditation fees would increase by 23% in an across-the-board fee increase (Option 1), or 70% in a selective fee increase (Option 2). See table below.

Asbestos Fees			
Notification Fee	Current Fee	Increased Fee Option 1 26%	Increased Fee Option 2 20%
Friable (Annual)	\$750	\$945	\$900
Non-Friable (Annual)	\$500	\$630	\$600
Non-Friable	\$100	\$126	\$120
<40 Linear Ft.	\$100	\$126	\$120
40-249 Linear Ft.	\$200	\$252	\$240
250-1,299 Linear Ft.	\$400	\$504	\$480
1,300-2,599 Linear Ft.	\$525	\$662	\$630
2,600-4,999 Linear Ft.	\$900	\$1,134	\$1,080
5,000-9,999 Linear Ft.	\$1,050	\$1,323	\$1,260
10,000-25,999 Linear Ft.	\$1,700	\$2,142	\$2,040
26,000-259,999 Linear Ft.	\$2,800	\$3,528	\$3,360
>260,000 Linear Ft.	\$3,500	\$4,410	\$4,200
Worker and Supervisor Cards	Current Fee	Increased Fee Option 1 26%	Increased Fee Option 2 70%
Initial Worker Certification	\$45	\$57	\$77
Refresher Worker Certification	\$45	\$57	\$77
Initial Supervisor Certification	\$65	\$82	\$111
Refresher Supervisor Certification	\$65	\$82	\$111
Abatement Contractor License	Current Fee	Increased Fee Option 1 27%	Increased Fee Option 2 70%
New Contractor License	\$1,000	\$1,270	\$1,700
Contractor License Renewal	\$1,000	\$1,270	\$1,700
Contractor License Modification	\$1,000	\$1,270	\$1,700
Training Provider Accreditation	Current Fee	Increased Fee Option 1 23%	Increased Fee Option 2 70%
Initial Worker Training	\$320	\$394	\$544
Refresher Worker Training	\$320	\$394	\$544
Initial Supervisor Training	\$320	\$394	\$544
Refresher Supervisor Training	\$320	\$394	\$544

Fee payer agreement with fee proposal

DEQ will consider advisory committee input and comments received during the public comment period in developing final rule revisions. DEQ will not ask fee payers and other stakeholders to agree with the proposal.

Links to supporting documents for proposed fees

Oregon Administrative Rules [Chapter 340 Division 248-0180](#)

Oregon Administrative Rules [Chapter 340 Division 248-0260](#)

Oregon Revised Statutes [468](#) & [468A](#)

How long will the current fee sustain the program?

An increase in revenue is expected to sustain the program through July 2026.

Current Fees		
Program costs covered by fees	\$1,192,457	100%
Program costs covered by General Fund	\$0	0%
Fee Last Changed	2007 (Notifications), 1992 (Licensing, Certification, Training Provider Accreditation)	

Proposed Fees		
Expected change in revenue (+/-)	\$300,000	~30%
Main GF required by statute/rule to fund program	\$0	0%
Proposed fee allows General Fund replacement	\$0	0%
Expected effective date	July 1, 2022	

Transactions and Revenue*				
Biennium	Number of transactions	Number of fee payers	Impact on revenue (+/-)	Total revenue (+/-)
FY2021	5472	5472	\$0	\$1,192,457
Next FY**	5472	5472	\$300,000	\$1,498,427

*This table's data is approximate. Some transactions in the asbestos program cover multiple purchases (i.e., multiple worker or supervisor cards purchased at once). Most abatement contractors submit multiple notifications annually, so the number of payers may not be accurate. The number of transactions does not necessarily reflect the number of payers.

**The total revenue for the next fiscal year assumes the same revenue as FY2021, with the additional revenue from factoring in the fee increase.

Statement of fiscal and economic impact

183.335 (2)(b)(E); 183.540 [Fiscal Impact Analysis](#)

Fiscal and Economic Impact

An increase in asbestos notification fees, certification fees, accreditation fees, and licensing fees would affect approximately 72 licensees, 6 training providers, and 1,222 certificate holders directly. This increase would increase program revenue by \$300,000 in the 2023-2025 biennium.

Statement of Cost of Compliance

State agencies

Federal and state agencies should not be affected by this fee increase rulemaking unless they employ asbestos staff or require asbestos abatement work in an agency building.

Local governments

Local government should not be affected by this fee increase rulemaking unless they employ asbestos staff or require asbestos abatement work in a government building.

Public

The proposed rules may affect the public indirectly. Homeowners, property owners, and facility owners/operators hire asbestos abatement contractors to perform asbestos abatement projects during renovation or demolition activities.

Large businesses - businesses with more than 100 employees

Most asbestos abatement contractors and training providers are small businesses, however there are some that employ more than 100 individuals. Those businesses will be directly affected by

the asbestos notification fee increase, worker and supervisor certification fee increase, licensing fee increase, and, in some cases, the training provider accreditation fee increase.

Large businesses who require asbestos abatement may be affected indirectly by the increase of asbestos fees. Because training providers and asbestos abatement contractors will be required to pay higher fees, these entities may increase prices to offset costs.

Small businesses – businesses with 100 or fewer employees

Most asbestos abatement contractors are small businesses. The increase in worker and supervisor certification fees, licensing fees, and notification fees will affect them directly. Most accredited asbestos training providers are also small businesses, and the increase of training provider fees will affect them directly.

Small businesses who require asbestos abatement may be affected indirectly by the increase of asbestos fees. Because training providers and asbestos abatement contractors will be required to pay higher fees, these entities may increase prices to offset costs.

ORS 183.336 Cost of Compliance Effect on Small Businesses

1. Estimated number of small businesses and types of businesses and industries with small businesses subject to proposed rule.

Based on the list of existing licensed asbestos abatement contractors and accredited asbestos training providers, 76 small businesses will be subject to the fee increase.

- 71 asbestos abatement contractors
- 5 accredited asbestos training providers

2. Projected reporting, recordkeeping, and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rule.

The proposed rules should not require any additional administrative activities. All affected parties already have systems in place to comply with the proposed fee increase.

3. Projected equipment, supplies, labor, and increased administration required for small businesses to comply with the proposed rule.

The proposed rules will not require any additional resources. There should be no changes to administration requirements to comply with the proposed fee increase.

4. Describe how DEQ involved small businesses in developing this proposed rule.

The Fiscal Advisory Committee included representatives from a variety of asbestos industry types, including contractors, inspectors, training providers, local government agencies, and community organizations.

Documents relied on for fiscal and economic impact

The requirement to list the documents relied on to determine fiscal impact is separate from and in addition to the similar list in the Rules affected, authorities, supporting documents section above.

Document title	Document location
List of Accredited Training Providers	DEQ Headquarters Office 700 NE Multnomah St. Suite 600 Portland, OR 97232
List of Licensed Asbestos Abatement Contractors	DEQ Headquarters Office 700 NE Multnomah St. Suite 600 Portland, OR 97232

Housing cost

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel.

DEQ determined the proposed rules might influence development costs. A vacant parcel would not be affected, but a parcel with required demolition would be affected as the standing structure may be subject to the asbestos regulations in OAR 340-248, in turn, subjecting the property owner to the potentially increased costs due to fee increase for the asbestos abatement service provider. Any estimate of possible financial impact would be speculative because individual abatement contractors set their own pricing for services.