Missouri Clean Water Program Financing Report

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UNC
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The EFC at UNC is dedicated to enhancing the ability of governments to provide environmental programs and services in fair, effective, and financially sustainable ways.

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Written by Katie Bradshaw and Glenn Barnes.

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MISSOURI CLEAN WATER PROGRAM FINANCING REPORT

EXECUTIVE SUMMARY

Missouri uses a combination of state general revenue (from taxes), state revolving fund (SRF) capitalization grants, Federal §106 Clean Water Act funds, and water permit fees to pay for their clean water programs. Missouri has charged water permit fees since 1990.

This report was developed to document Missouri's current fee levels and structures. In addition, we explored alternative methods that could be used in Missouri to generate additional revenue. In order to obtain a more comprehensive picture of available opportunities to increase generated revenues, fee structures and alternative funding mechanisms for peer states were evaluated. These peer states included all of Missouri's neighboring states as well as states that are considered leaders in the environmental programs arena. The thirteen states reviewed are Arizona, Arkansas, Colorado, Florida, Illinois, Iowa, Kansas, Kentucky, Montana, Nebraska, Oklahoma, Tennessee, and Washington.

A spreadsheet model was also developed to allow Missouri to directly compare the effects of different fee levels. This report is intended to serve as a reference for Missouri on potential opportunities to generate revenue through their water permit fees as well as through alternative generated revenue mechanisms.

HOW MISSOURI PAYS FOR CLEAN WATER PROGRAMS

Missouri uses a variety of revenue sources to pay for their Clean Water Programs. Like other states, Missouri uses a combination of state general revenue, SRF capitalization grants, Federal §106 Clean Water Act funds, and water permit fees to pay for their clean water programs. Each of these revenue sources has its own advantages and disadvantages, and Missouri has been working towards achieving the appropriate balance between each of these revenue sources. The focus of this report is on Missouri's generated revenue sources, particularly looking at Missouri Clean Water permit fee structure. This report also identifies other alternative revenue generating structures that have been utilized in peer states. Due to the timing of this report, the information contained herein is based upon the pre-January 1, 2015 fee levels. Although the specific fee amounts changed in 2015, the basic structure was unchanged and the discussion below still valid. The January 1, 2015 fee levels are attached in Appendix B.

SRF, GENERAL REVENUE FUND, PERMIT FEES[1]

The two largest sources of funding for Missouri Clean Water Programs are the Water and Wastewater Revolving Loan funds and the SRF Capitalization Grants. The Water and Wastewater Loan Revolving Fund, which is made up of the principal and interest payments on loans awarded for water and wastewater infrastructure projects. The payments are deposited into the fund, interest is earned on the balance, and the fund is subsequently used to award additional loans for water and wastewater projects. The SRF Capitalization Grants money is provided by the Federal government through Congressional appropriations. Missouri is allotted 2.77% of the nationwide funds available for states. Missouri must also match 20% of the federal funds received. SRF Capitalization Grant funds are used primarily to provide loans and financial assistance to municipal wastewater treatment facilities and other clean water projects.

However, most of these revenues, as well as money from other smaller pots of money (water pollution control bonds, rural water and sewer loan revolving fund and the storm water loan revolving fund) are not available to cover the costs of the program. The money Missouri receives from the water and wastewater loan revolving fund, for example, is restricted in use for SRF loans for approved drinking water and clean water infrastructure projects. Only 4 percent of the SRF Capitalization Grants can be used to fund program efforts other than infrastructure. Additionally, a percentage of Federal 319 Nonpoint Source Implementation and Federal 604b Water Quality Monitoring funds are passed through directly to recipients and are not available for program expenses. To get a true sense of Clean Water funding, this analysis has "backed out" these expenses to show only the funds available for program expenses.

The 4 percent of revenue from the SRF capitalization grant account for 7.6 percent of total program income. Federal law provides that this small portion of the grant may be used for

[1] All income numbers is this section are from the report presented at the Clean Water Fee Stakeholder Meeting on January 12, 2012. Available at http://dnr.mo.gov/env/wpp/cwforum/docs/01122012-cw-fee-expenditures-source.pdf

other water quality efforts. Missouri has the option to use less than four percent of this revenue for program costs.

Water Permit Fees (18.7%) are paid by applicants for permits to construct wastewater treatment facilities, annual fees for Missouri State Operating Permits, and certification exam fees for wastewater treatment plant operators. These fees are established by the state legislature and are used for National Pollutant Discharge Elimination System (NPDES) permit development and issuance, management and oversight, operator certification programs, permit compliance and enforcement, permit inspections, water quality standards development, 303(d) list development, and TMDL development and implementation. Additional information on water permit fees is provided in later sections of this report.

Federal §106 Clean Water Act funds (15.7%) are grants provided by the U.S. EPA to states to support environmental programs authorized under section 106 of the Clean Water Act. The grants are provided by the Federal government through Congressional appropriations. Missouri must match the section 106 funds granted to the state. These funds are used for the general administration of Clean Water Act programs including groundwater programs.

General Revenue Funds (15.6%) are obtained through state income and sales taxes and are used to support core water pollution control efforts. General revenue funds are appropriated by the state's General Assembly and can vary annually both in amount and in use.

Federal 319 nonpoint source implementation grants comprise 9.5 percent of program income, and SRF admin fees after grant comprise 12.4 percent. SRF admin fees non-program income comprise 11.7 percent.

The remaining 8.7 percent of Missouri's revenues to fund their Clean Water programs come from numerous other smaller funding sources. These sources include

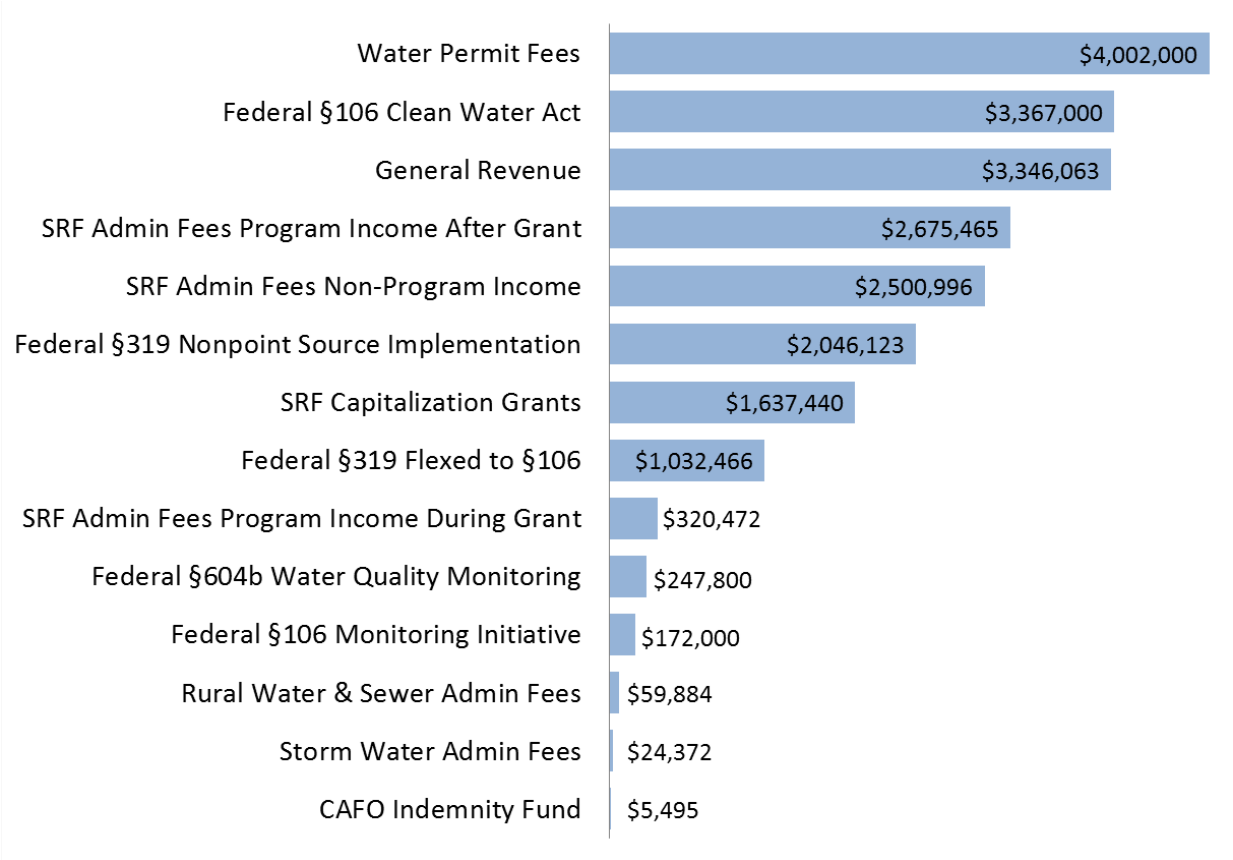
- Federal §319 Flexed to §106 funds
- Federal §604b Water Quality Monitoring
- SRF Administration Fees Program Income
- Federal §106 Monitoring Initiative
- Rural Water and Sewer Administration Fees
- Storm Water Administration Fees
- Concentrated Animal Feeding Operation (CAFO) Indemnity Fund.

The following funding sources can be used for program expenses but did not have any revenue:

- Federal State and Tribal Assistance Grants
- Federal State and Tribal Assistance Grants for Infrastructure Management
- Natural Resources Damages
- Restitutions
- Storm Water Control Fund

Chart 1 below shows the distribution of Missouri's Clean Water program revenue sources.

Chart 1. Missouri Clean Water Program Revenue Sources (100 percent of revenue)



WATER PERMIT FEE LEVELS

Water permit fees were first adopted by the state in 1990 and later amended in 2000. With the exception of the establishment of a fee for aquaculture facilities in 2002, those fee levels remained unchanged for many years. The clean water fee structure was extended in 2006 and in 2009. However, legislation was not passed to extend the fees again, and they expired December 31, 2010.

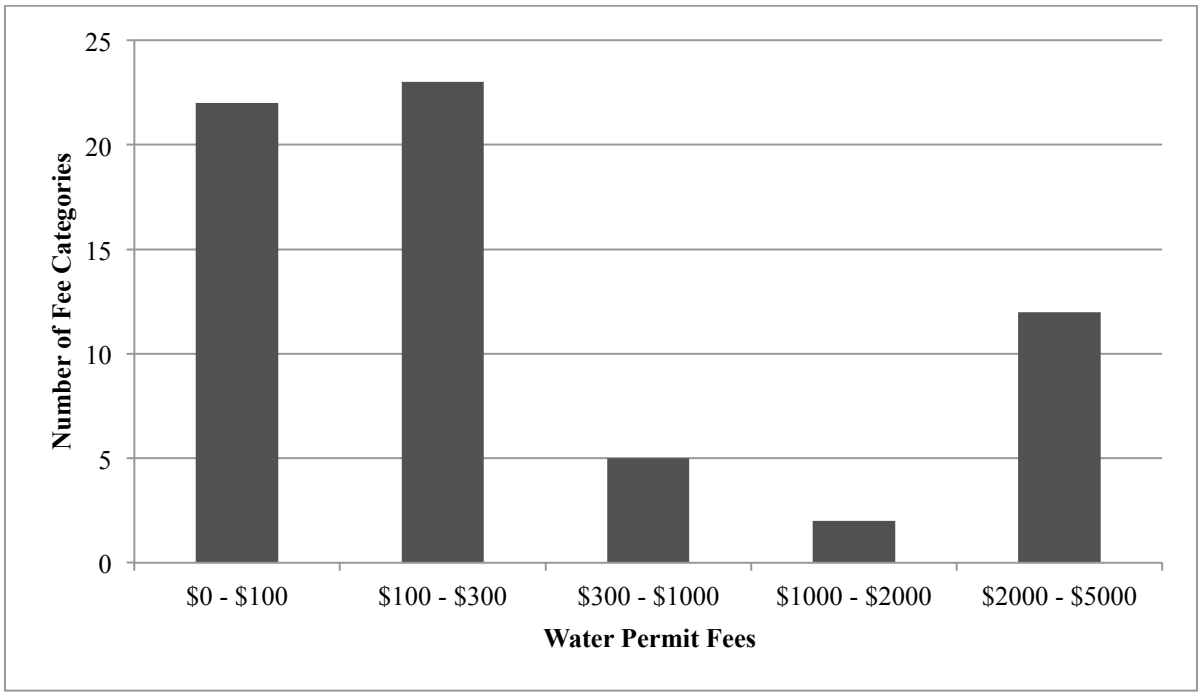
On July 11, 2011, the water permit fees were re-established by the legislature through September 2013. No water permit fees were collected from January 1, 2011 through July 11, 2011. In spring 2013, the Clean Water Fee Committee proposed a new fee schedule to the

legislature. In order to prevent a situation where fees are not collected, like in 2011, legislative procedures were changed so that if the legislature fails to act on fees proposed by the Clean Water Fee Committee then they are automatically considered approved. The legislature did not act on the spring 2014 proposed fee schedule and as a result, the proposed fee schedule was considered approved in August 2014. The new fees went into effect January 1, 2015. The new fees may be found in the addendum to this paper.

PRE-2015 FEE LEVELS

Pre-2015 fee levels range from $0 for activities like anti-degradation reviews up to $5,000 for large industrial discharge permits. Most fees are below $300 per application. However, fees from $1,000 to $5,000 are also common. A distribution of the fees including both permit fees and activity fees is provided in Chart 2 below.

Chart 2. Clean Water Fee Levels



As stated previously, these fee levels were put in place in 2000 with the exception of the aquaculture permit fee, which was added in 2002. There have been ongoing efforts to evaluate whether fees should be increased for the majority of the permit and activity categories in order to gain additional revenue to cover expenses associated with the Clean Water Programs.

PERMIT CATEGORIES

Missouri broadly groups their permit types into three different broad categories: construction permits, general permits, and site-specific permits. Within these permit categories, there are

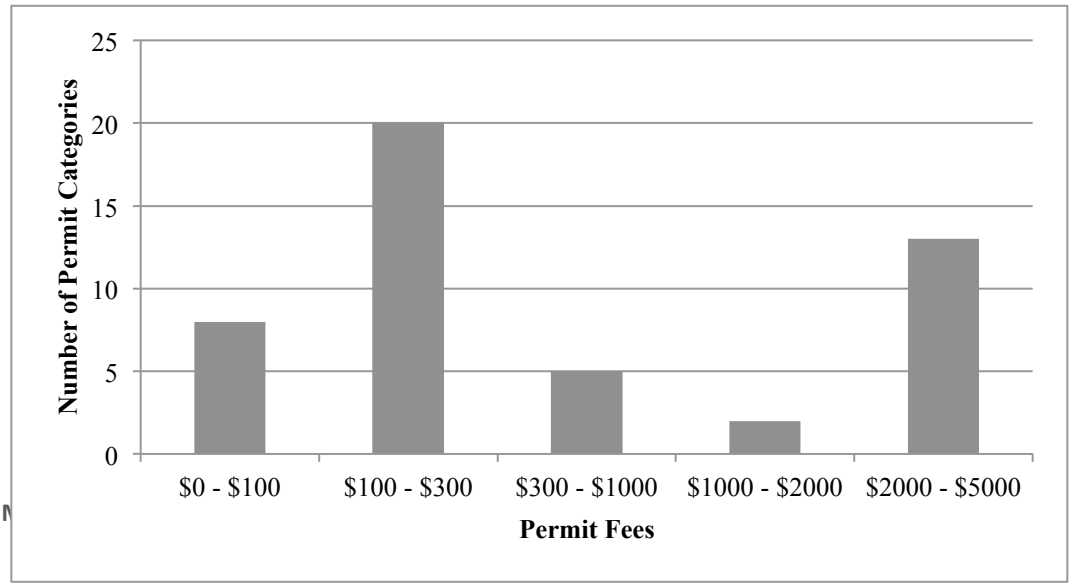
varying numbers of permit subtypes. Overall, Missouri currently has 48 different types of permits that are subject to fees. See Table 1 below for a breakdown of Missouri's permit categorizations.

Table 1. Missouri Permit Category Breakdown

Permit Category	Permit Type	Number of subtypes
Construction Permits	Sewer Extensions	2
	Wastewater Treatment Plants	2
	Agriculture/Chemical	2
	CAFO	2
	Total	**8**
General Permits	Land Disturbance	9
	Domestic Wastewater	1
	Pesticide Applicator	2
	Other	2
	Agricultural/Chemical	1
	Aquaculture	1
	NPDES CAFO	3
	MSOP CAFO	2
	General Stormwater	2
	General Stormwater MS4	2
	Total	**25**
Site-Specific Permits	Industrial Process Flow	4
	Stormwater Only	3
	Domestic Sewage	8
	Total	**15**
Total Permit Types	**48**	

The pre-2015 fees associated with these permit categories vary from $0 to $5,000 with the majority of permit fees falling in the $100 to $200 range. Fees at the higher end of the range are typically associated with larger facilities and facilities with a high potential for significant environmental impact. Chart 3 below shows a complete breakdown of the permit fee ranges.

Chart 3. Permit Fee Levels



BASIS

Missouri uses a flat fee for the majority of their permit categories, but design average flow rate, acreage, individual/general, and animal equivalents is also used as the permit fee bases for some of their permit categories. A detailed description of the Missouri permit bases is provided below.

Flat rate: With a flat rate permit fee, the permittee is charged a flat fee regardless of permit or facility characteristics. The flat rate is the most common type of fee basis used in Missouri and is used for at least one permit type in every peer state evaluated with the exception of Washington. This type of fee has the benefit of being easy to apply to any permit type, and the permittee can easily understand the fee obligation for their facility. However, the flat fee basis may not be appropriate when there is large variability in the cost to develop and issue the permit.

Design Average Flow Rate: When the permit fee is based on the design average flow rate, the permittee is charged a rate based on the designed average flow rate of the permitted facility. In Missouri, this permit fee basis is used for domestic sewage, industrial process flow, and industrial stormwater. In peer states, the design average flow rate permit fee basis is most commonly used for wastewater treatment plants but is also used for industrial, cooling water, mining, and dewatering discharges. Typically the fee increases as the design average flow rate increases. More than half of peer states use design average flow rate as the permit basis for at least one of their permit types. Variations on this permit fee basis in peer states include permitted flow rate, actual flow rate, and a flat fee plus a variable rate based on design average flow rate.

Acres: When acres are the permit fee basis, the permittee is charged a fee based on the total acreage of the facility. Acres is a frequently used permit fee basis and can be used for numerous permit types including construction stormwater, surface mining, industrial stormwater, and treatment works facilities with CSO outfalls. However, in Missouri, acreage is only used as the permit fee basis for land disturbance permits and is divided into nine different subtypes. Illinois, Tennessee, Colorado, Montana, and Washington also use acres as a permit fee basis for one or more of their permit categories.

Individual/General: General permits are developed when there are a large number of similar facilities or operations that have similar discharge characteristics as a way to more efficiently issue permit coverage for those facilities. Individual permits are typically more time consuming to develop, implement, and enforce compared to General permits. Differentiating between permittees that require an individual permit versus those that require an individual permit allows the state to charge a higher rate for the development of an individual permit for a particular permit type in which a general permit is available. Missouri does use a general permit fee basis for several types of permits. Peer states that uses individual/general permit basis include Kansas, Florida, and Colorado.

Animal Equivalents: The permit fees for CAFOs in Missouri are based on the number of animals at the facility. Each type of animal is given an equivalent unit value and that number is used as a multiple to determine the CAFO size category for the facility. For example one animal equivalent unit is equal to 0.7 dairy cows or 30 laying hens. Class IA facilities have at least 7,000 animal unit equivalents, Class IB has 3,000 to 6,999 animal unit equivalents, Class IC facilities have 1,000 to 2,999 animal unit equivalents, and Class II facilities have 300 to 999 animal equivalents. While none of the peer states specifically use animal equivalents as a permit basis, Kansas, Colorado, and Washington use animal capacity with specific ranges on the type and number of animals.

ALTERNATIVE FEE STRUCTURES FOR GENERATING REVENUE - PEER STATES

In order to identify alternative fee structures for generating revenue, different permit structures and permit fee bases from peer states were identified. These peer states included all of Missouri's neighboring states as well as states that are considered leaders in the environmental programs arena. The thirteen states reviewed included Arizona, Arkansas, Colorado, Florida, Illinois, Iowa, Kansas, Kentucky, Montana, Nebraska, Oklahoma, Tennessee, and Washington.

Every state reviewed used a combination of different bases to form their permit fees. The majority of the permit fee bases were related to the size of the permitted facility, the rate of discharge, or characteristics of the discharge from the permitted facility; however, some of the states evaluated use other permit fee bases. Only a sampling of the different permit bases is highlighted in the body of this report. A complete list and description of all the different permit fee bases is included in Appendix A.

Major/Minor: Major and minor permit designations are defined by EPA. Major facilities are defined as municipal facilities that have discharges of more than 1 million gallons per day, municipal facilities that have industrial pretreatment programs, or industrial facilities that are determined based on ratings criteria. Under this permit basis, the permittee is charged a fee based on whether they are designated as a major facility or a minor facility. It is worth noting that the permit writer has some discretionary control over the industrial permit's major/minor designation. Contained within the ratings criteria is the ability to assign additional points to a facility, pushing the facility towards a major permit designation. In practice, permit writers rarely exercise this discretion because of the potential for pushback from the permittee, especially if additional fees are associated with the major permit designation. Peer states including Kentucky, Iowa, Montana, and Florida use this method for industrial facilities and wastewater treatment plants.

Flat Rate plus variable based on millions of gallons per day: This permit fee combines a flat fee that is applicable to every permit with a variable fee that is based on the discharge rate. In theory, facilities with higher discharge rates have more impact on the environment in addition to being more complex, which results in higher permit development costs. This combined fee

structure makes projecting revenues from permit development difficult since the discharge rate of the facilities requesting permit coverage varies from year to year. Peer states that use this permit basis include Arkansas and Montana.

Hourly: Permittees are charged based on how long it takes for the permit writer to take the permit through the entire issuance process from application review to final approval. For permit types that vary significantly in complexity of development and implementation, the hourly basis closely aligns the cost of the permit with the fee. Another advantage of the hourly fee permit basis is that it captures and charges permittees for any assistance that they need from the permit writer to complete the application or any other components of the permit. However, permit writers have the additional burden of tracking their time, and permittees do not like this method because they would not know that exact fee they would be charged when applying for the permit. Arizona is the only peer state that utilizes this permit basis.

Point system: This permit fee basis takes into account multiple components of a permit and assigns points based on different aspects of the permit or characteristics of the facility being permitted. These aspects act as an indicator of the complexity and amount of time that it would take for the permit writer to develop the permit. The sum of the points is then multiplied by a dollar amount to come up with a fee for that particular permit. Permittees can calculate their permit fee by going through the point checklist prior to submitting their application. Similar to the hourly permit fee basis, this permit fee basis attempts to more closely tie the permit development costs to the permit fee. This permit fee basis is only used by Oklahoma.

ACTIVITY FEES

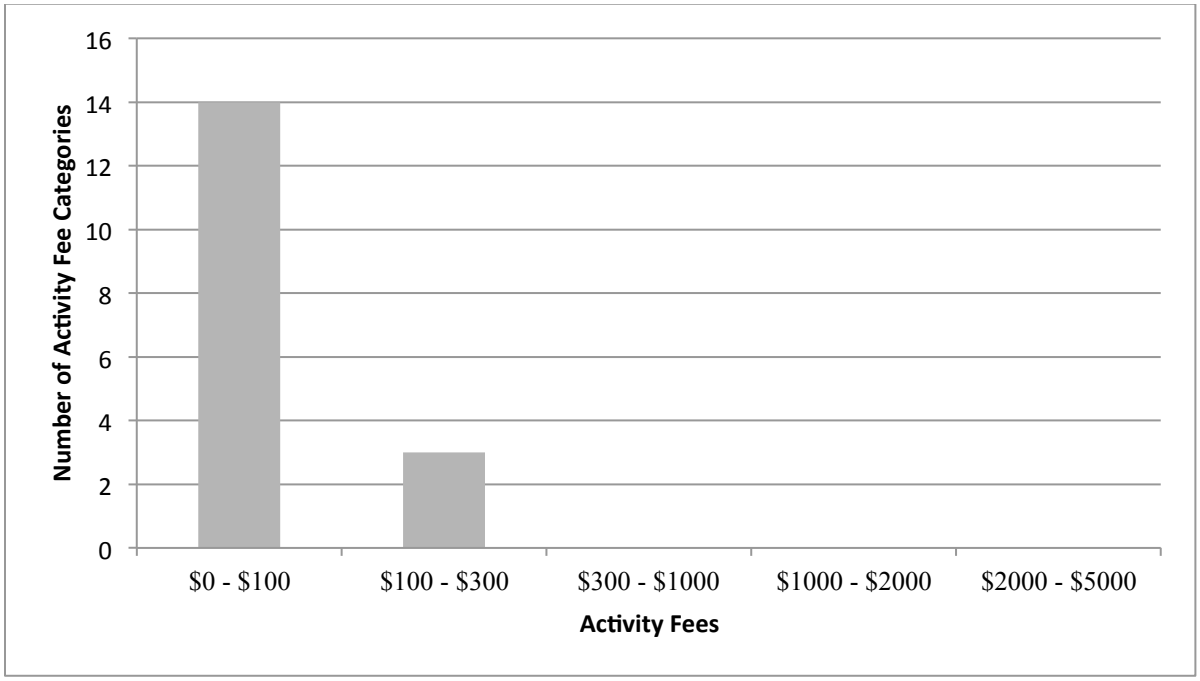
Missouri also charges for several other activities related to Clean Water programs in order to generate additional revenues. These activities can be grouped into anti-degradation reviews, connection fees, and other miscellaneous fees. Within these categories, there are a total of 21 different activities that have fees. Table 2 below has a breakdown of Missouri's activity categorizations.

Table 2. Missouri Activity Category Breakdown

Activity Category	Activity Type	Number of subtypes
Anti-degradation Review	Anti-degradation Review	3
	Total	**3**
Missouri State Operating Permit Service Connections – Publicly-owned Treatment Works	Residential	5
	Commercial/Industrial	3
	Total	**8**
Other Fees	401/404 Certifications	2
	Permit Modifications	5
	Permit By Rule	1
	CAFO Construction Major Modification	1
	Permit Variance	1
	Total	**10**
Total Activity Types	**21**	

The range of activity fee levels is much narrower than the permit fee levels. As shown in Chart 4 below, Missouri does not have any activity fees that are more than $300 compared to permit fees that can be as high as $5,000. It is worth noting that four activity fee categories (general permit minor modifications, Class A1 CAFO construction major modification, site specific major modifications, and site specific minor modifications) are not included in the chart because they have fees that are based on a percentage of the annual fee rather than a flat fee.

Chart 4. Activity Fee Levels



WASTEWATER CONNECTION FEES

Captured within the activity fees is Missouri's fee per wastewater connection. Both residential and industrial connections are charged the fee. Residential connection fees are based on the number of customers being connected to the system, and the fee is based on decreasing scale. For example, if fewer than 1,000 customers are connected to the system, the pre-2015 fee per connection was $0.80, whereas if more than 35,000 customers are connected to the system, the fee per connection was only $0.40. There are five different customer ranges and fee rates. Industrial and commercial connections are based on the size of the service line with the fee increasing as the service line size increases. Pre-2015, there were three service line size ranges with fee of $3.00 per connection for a 1 inch service line, $10.00 per connection for a 1 inch to 4 inch service line, and $25.00 per connection for a 4 inches or greater service line. Systems receive a five percent reduction for collecting the systems fee regardless of whether the fee is a residential fee or a commercial/industrial fee.

PEER STATES – MARYLAND FLUSH FEE AND KANSAS CLEAN DRINKING WATER FEE

The Maryland Chesapeake Bay Restoration Fee, more commonly known as the "Flush Fee," was first passed by the Maryland legislature May 26, 2004 as a way to raise revenue to address the water quality issues affecting the Chesapeake Bay related to the over-enrichment of nutrients. One of the top three sources of nutrients to the Bay was identified as runoff from wastewater treatment plants. In order to address this runoff of nutrients, wastewater treatment plants would need to upgrade to enhanced nutrient removal technologies. The Flush Fee was enacted as a way to finance these needed upgrades to address the water quality concerns in the Chesapeake Bay. The fee applies to every residential dwelling in the state and is based on its watershed location. For residential dwellings located within the Chesapeake Bay watershed, the fee rate is $5.00 per month for dwellings receiving a sewer bill or $60 annually for dwellings that do not receive a sewer bill (i.e., users of septic systems, holding tanks, or on-site sewage disposal). If the residential dwelling is located outside of the Chesapeake Bay watershed, then the fee rate is $2.50 per month for dwellings that receive a sewer bill or $30 annually for dwellings that do not receive a sewer bill. From 2004 to 2012, the fee generated approximately $382.5 million and is expected to raise an additional $385 million between 2012 and 2017 thanks to a 100% increase in the fee that was passed in 2012. The Maryland flush fee is unique and, as a result, has received some push back from the public.

The Kansas Clean Drinking Water Fee is similar to the Maryland "Flush Fee." The Clean Drinking Water Fee is $0.03 per 1,000 gallons of water sold through a public water system. This fee was first implemented in 2008, and 85 percent of the revenues is used to protect lakes that are a source of water for the public drinking water supply, while the remaining 15 percent is used for on-site technical assistance for the public water system. In 2014, revenues from the Clean Drinking Water Fee were projected at approximately $3.2 million. Like the Maryland "Flush Fee" the Clean Drinking Water Fee basis, drinking water use, is closely tied to the expense, public water supply protection.

MODELING ADDITIONAL REVENUES THROUGH PERMIT AND ACTIVITY FEE LEVELS

SPREADSHEET TOOL

The spreadsheet tool developed is designed to allow for comparisons of different permit and activity fee levels and bases. The tool also helps to determine to what extent revenues from different categories of permits and activities are covering their associated costs to Missouri. The tool is based on the pre-2015 fees; however, the 2015 fee structure is contained in the tool as Scenario 1.

REVENUE SENSITIVITY (PERMIT CYCLES, DEVELOPMENT CYCLES, ETC.)

There are several characteristics of permits and other activities that are inherently prone to fluctuations, making clean water fee revenues difficult to project and sensitive to variabilities. Permit cycles, construction development fluctuations, and activity needs vary from year to year. Most permits are on a five year cycle, so there is some variability in the exact number of permits that are up for renewal in a given year. Construction development permits are difficult to predict because of real estate cycles and economic conditions. Activity fee revenues are similarly difficult to project because it is difficult to know when a permittee might need a permit modification or variance. Sewer connections, like construction development permits, are typically linked to real estate cycles and development conditions. As a result of this uncertainty in the exact timing of permit applications and activities, Clean Water fee revenues can vary annually.

ADDITIONAL REVENUE SOURCES

REAL ESTATE TRANSFER TAX

New York has a real estate transfer tax that is imposed on transfers of real property or property interests at a rate of $2 for every $500 of the sale price, up to $1 million, and an addition 1% for transactions over $1 million. The revenues from this tax go into New York's Environmental Protection Fund. The fund is a source of funding for a variety of capital projects including municipal sewage treatment plant upgrades. Similar real estate transfer taxes have been enacted by other states and local governments

BOTTLED WATER TAX

While not been implemented at the state level, several cities have successfully enacted a water bottle tax. The City of Chicago has a bottled water tax rate of $0.05 per bottle and is applicable to "all brands of non-carbonated bottled water intended for human consumption." Flavored waters, soft drinks, and water that is delivered in a reusable container are not subject to the tax. Since being enacted in 2008, the tax has generated over $38 million in revenues for the city. There has been significant push back from the tax, particularly from the bottled water industry who unsuccessfully attempted to sue the City to declare the tax invalid. The bottled water tax is intended to raise revenues that can be used to maintain water infrastructure as well as encouraging citizens to shift from drinking bottled water to tap water.

TOILET PAPER TAX

A toilet paper tax has yet to be enacted at any governmental level, but the idea of a tax on toilet paper was initially proposed in the US Congress in 2009 by Rep. Earl Blumenauer (D-OR) and interest was later renewed in 2012 by Omaha, Nebraska mayor, Jim Suttle.

In 2009, Rep. Blumenauer proposed a tax on toilet paper, bottled water, and other water and wastewater related items in H.R. 3202 (111th): The Water Protection and Reinvestment Act of 2009 to collect revenues that would create a trust fund for infrastructure improvements. The bill gained a total of twelve co-sponsors and was referred to committee, but was never passed.

In 2012, Omaha, Nebraska was facing billions of dollars in required infrastructure improvements to meet new EPA regulations. Omaha mayor Jim Suttle suggested that the federal government tax toilet paper at 10 cents a roll in order to help fund the infrastructure improvements not just for Omaha, but for other communities facing similarly high infrastructure costs. While no bill was created or endorsed in 2012, the idea of a toilet paper tax reinvigorated the issue of the role of the federal government in funding wastewater and water infrastructure. A hypothetical tax on toilet paper has received mixed reviews. Some believe that a tax on toilet paper is a non-discriminatory and fair tax because everyone uses toilet paper and everyone receives the benefit of water and wastewater infrastructure

improvements. However, others argue that a tax on toilet paper is regressive and should not be pursued. For more discussion of toilet paper taxes, please see this blog post written by the Environmental Finance Center at The University of North Carolina: http://efc.web.unc.edu/2014/06/24/taxing-toilet-paper-wastewater-finance-savior-regressive-burden/

OTHER

Several states have turned to using lottery proceeds to help fund environmental activities. Typically, lottery proceeds are not specifically earmarked for just water infrastructure projects but more generally for environmental related projects including water quality related projects. For example, in Nebraska, the Nebraska Environmental Trust receives 44.5% of lottery revenues, and the Environmental Trust is used to fund various environmental related projects including water quality related projects. In Oregon, lottery proceeds go to the Natural Resources Fund which distributed funds to the Oregon Department of Environmental Quality (DEQ) for watershed enhancement projects and other similar projects.

Custom license plates are another way many peers states have raised money for water infrastructure projects. In Maryland the Chesapeake Bay Trust custom license plate raises money for the trust to support projects that promote environmental stewardship, habitat restoration, stormwater projects, education, and community engagement for the Chesapeake Bay.

APPENDIX A: PEER STATE PERMIT FEE BASES DESCRIPTIONS

Flat Rate – Permittee is charged a flat fee regardless of permit or facility characteristics. Can be used for any type of permit, but for the peer states is used for mining, Phase I MS4, Phase II MS4, Industrial stormwater, CAFOs, No discharge, general permits, pretreatment, cooling water, construction stormwater, and sludge application. Every peer state evaluated, except Washington uses a flat rate for at least one of their permit categories.

Design Average Flow Rate (gallons/day) – Permit fee is based on the designed average flow rate from the facility. Typically this method is used for publically owned treatment works (POTWs), privately owned treatment works, industrial discharges, cooling water, mining, and dewatering. States that use this fee basis include Illinois, Tennessee, Kansas, Colorado, Montana, Washington, and Florida. Variations of this permit fee basis include permitted flow rate, actual flow rate, and flat fee plus a flow rate variable fee.

Toxics – Permittee is charged a fee based on the presence or absence of toxic pollutants in the effluent. Toxics are listed in 40 CFR. Typically used for industrial permits and may be combined with another basis such as major/minor. Illinois uses this method.

Major/Minor – Permittee is charged a fee based on whether they are a major facility or a minor facility. Major/minor designations are municipal facilities that have discharges of more than 1 million gallons per day, municipal facilities that have industrial pretreatment programs, or industrial facilities that are determined based on ratings criteria. States that use this method include Kentucky, Iowa, Montana, and Florida. This method is used for industrial facilities and POTWs.

Major/Minor Modification – Permittee is charged a fee based on whether the permit modification is considered a major modification or a minor modification. Typically minor modifications include items such as name or ownership change while major modifications include changes in compliance schedules and increases in flows. States that use this method include Arkansas, Colorado, Montana, and Florida.

Acres – Permittee is charged a fee based on the acreage of the facility. Used for construction stormwater, surface mining, industrial stormwater, and treatment works facilities with CSO outfalls. States that use this method include Illinois, Tennessee, Colorado, Montana, and Washington.

Hourly – Permittee is charged hourly for the amount of time it takes for the permit writer to complete the permit. Arizona is the only peer state evaluated that charges hourly fees. Arizona uses this hourly fee for individual permits, pretreatment permits, Phase I MS4s, and POTWs. In Arizona, all other permits are charged a flat fee.

Size (small/medium/large) – Permit fee is charged based on size. The size blocks may be determined by a variety of methods. Tennessee uses this method for Phase I MS4, Phase II MS4, and pretreatment permit. Kentucky uses this method for privately owned treatment works permits.

Generator/user – Permit fee is charged based on whether the permittee is a generator or user of sludge. Illinois uses this method for sludge land application permits.

Review fee percentage – Permit modification fee is 20% of the permit fee. Tennessee is the only state that uses this method and it is only used for permit modifications.

Influent flow rate (gallons/day) – Permit fee is based on the flow rate of the influent. Tennessee uses this method for industrial no discharge certification permits.

Flat rate plus variable based on millions of gallons per day – Permit fee is based on a flat fee plus a variable charge based on discharge rate. This method is used for cooling water in Arkansas.

Major/minor flat rate plus variable based on millions of gallons per day – Permit fee has a base fee based on whether the facility is a major or minor discharger as well as a variable fee that is based on the discharge rate. The method is used for POTWs, industrial, Phase I MS4s, privately owned treatment works, and individual permits. States that use this method include Arkansas and Montana.

Animal capacity – Permit fee is charged based on the number of animals at the facility. This method is only used for confined animal feeding operations (CAFOs) in Kansas, Colorado, and Washington.

Number of outfalls – Permit fee is charged based on the number of permittee/facility outfalls. Florida uses this method for Phase I MS4 and Phase II MS4 permits and Oklahoma uses this method for general permits.

Population – Permit fee is charged based on the population of the service area. This method is used for Phase I MS4, Phase II MS4, and sludge land application permits. States that use this method include Oklahoma, Colorado, Montana, and Florida.

Point System – Oklahoma uses a point system where each permit is awarded points based on permit characteristics such as major/minor, discharge complexity, receiving water, beneficial use, toxics, traditional pollutants, and other factors. Permittees are then charged a permit fee based on the point value of their permit. Oklahoma uses this for all of the permits except for Phase I MS4, Phase II MS4, sludge land application, construction stormwater, industrial stormwater, and general permits.

Individual/General – Permit fee is based on whether the permittee is eligible for coverage under a general permit or if they require an individual permit. This method is used for industrial stormwater, Phase I MS4, Phase II MS4, and coal mining permits. States that use this method include Kansas, Florida, and Colorado.

Pretreatment required plus discharge rate – Permit fee is based on whether or not pretreatment is required and the discharge rate. This method is only used for individual permits in Colorado.

Single county/multi-county – Permit fee is based on whether the permit covers one county or multiple counties. This method is only used for pesticides in Montana.

Residential equivalents – Permit fee is based on the number of designated "residential equivalents" in the service area. Washington is the only state that uses this method and it is used for POTW permits.

Tons of coal produced – Permit fee is based on the tons of coal produced from the mine. This method is used for coal mining only in Washington.

Type of mining activities – Permit fee is based on the type of mining activity. This method is used for coal mining, mining other than coal, and surface mining permits in Washington.

Production based – Permit fee is based on the production volume of the facility. This method is used for industrial permits in Washington.

County/town/municipality operating budget – Permit fee is based on the permittee's previous year's operating budget. This method is used for non-traditional Phase I and Phase II MS4s in Washington.

Gross revenue – Permit fee is based on the gross revenue of the facility in the previous calendar year. This method is only used for general industrial stormwater permits in Washington.

Type of control – Permit fee is based on the type of control practices that the pesticide applicator uses during the pesticide application. This method is only used for pesticides in Washington.

Type of fish – Permit fee is charged based on the type of fish (finfish or shellfish) produced at the facility. This method is only used for aquatic animal production in Washington.

APPENDIX B. WATER POLLUTION CONTROL PERMIT FEES

As of January 1, 2015

WATER POLLUTION CONTROL PERMIT FEES

Fee Category	Examples of Parties Affected	Fees – Effective 8/28/2000	Fees – Effective 1/1/2015
CONSTRUCTION PERMITS			
	Treatment Plant Designs for <500,000 gpd	$750	$1,000
	Treatment Plant Designs for ≥500,000 gpd	$2,200	$3,000
	Sewer Extension. (<1,000 linear feet)	$75	$0
	Sewer Extension. (≥1,000 linear feet)	$300	$300
	Sewer Lift Station	$300	
	Two or more Lift Stations		$300
PUBLICLY-OWNED TREATMENT SYSTEMS			
Residential Connections:	Annual fee per water service connection		
	>35,000 customers	$0.40 per connection	$0.48 per connection
	35,000 - 20,000 customers	$0.50 per connection	$0.60 per connection
	20,000 - 7,000 customers	$0.60 per connection	$0.72 per connection
	7,000 - 1,000 customers	$0.70 per connection	$0.80 per connection
	<1,000 customers	$0.80 per connection	$0.80 per connection
Industrial/Commercial Connections (excluding fire suppression systems):			
	Commercial or industrial customers not served by a public water system as defined in Chapter 640		$3.42
	1" service line	$3.00 per connection	$3.00 per connection
	>1"- 4" service line	$10.00 per connection	$11.00 per connection
	>4" service line, excluding taps for fire suppression and irrigation systems	$25.00 per connection	$29.00 per connection
		Maximum fee from Industrial/Commercial is $700	Maximum fee from Industrial/Commercial is $700
		For wholesale arrangements, fee collected by normal billing agency	
GENERAL PERMITS			
Land Disturbance	Up to 5-year permit		
	Land disturbance 1 to < 5 acres	$300 at application time only	$500 at application time only
	Land disturbance > 5 to < 10 acres	$300 at application time only	$600 at application time only
	Land disturbance ≥ 10 to < 25 acres	$300 at application time only	$750 at application time only
	Land disturbance ≥ 25 to < 100 acres	$300 at application time only	$1,500 at application time only
	Land disturbance ≥ 100 to < 500 acres	$300 at application time only	$3,000 at application time only
	Land disturbance ≥ 500 acres	$300 at application time only	$5,000 at application time only
	Land disturbance - multiple sites < 100 acres		$1,500 at application time only
	Land disturbance - multiple sites ≥ 100 to < 500 acres		$3,000 at application time only
	Land disturbance - multiple sites ≥ 500 acres		$5,000 at application time only
General Permit-Other	Car washes, limestone quarries, petroleum storage, metal fabrication, etc.	$150/year – New Facilities	$200 per year
		$60/year – Renewed Permits	$200 per year
General Permit-Chemical Fertilizer/Pesticide	Wholesale distribution of chemical fertilizers and pesticides	$50/year	$100 / year
General Permit - Concentrated animal feeding operations (CAFO)	For the operation of an animal feeding operation or a concentrated animal feeding operation		
	NPDES CAFO (Class IA)	$5,000 per year	$5,000 per year
	NPDES CAFO (Class IB)	$150 at application time only	$450 per year
	NPDES CAFO (Class IC/II)	$150 at application time only	$350 per year
	MSOP CAFO (Class IB)	$150 at application time only	$300 per year
	MSOP CAFO (Class IC/II)	$150 at application time only	$150 per year
Stormwater	For the discharge of storm water from a municipal separate storm sewer system (MS4)		
	General Stormwater (Excludes MS4 communities)	$150 per year	$200 per year
	General Stormwater MS4s	$150 per year	$250 per year
Aquaculture	Operation of an aquaculture facility	$250 per year	$300 per year

Fee Category	Examples of Parties Affected	Fees – Effective 8/28/2000	Fees – Effective 1/1/2015
OTHER FEES			
Permit Modifications	Modification to state operating permits that charge a service connection fee	Municipals - $200 each	$200
	Modification for name change, address change, or other non-substantive changes or modification of a general permit	All Others - 25% of Annual Fee	$100
	Modification of an annual operating fee assessed for the facility for other changes	All Others - 25% of Annual Fee	25% of Annual Fee
Permit-by-Rule	Pesticide applicator permit	$150 per year	$150 per year
401/404 Certificatin Fees - Dredging or filling activities in waterways	401/404 Certification - Minor	$75 per application	$150 per application
	401/404 Certification - Major	$75 per application	$1,500 per application
Permit-by-Rule	Permits automatically received under authority of rule	$25 one time registration fee	
Permit Variance	Anyone requesting a variance to water quality or technology based effluent limits	$250 each	$250
Antidegradation Review	Anti-degradation review or a water quality review analysis for an existing wastewater treatment plant that will be upgraded		$250
	Anti-degradation review for a new wastewater treatment plant if the design flow is less than 100,000 gpd		$500
	Anti-degradation review for a new wastewater treatment plant if the design flow is equal to or more than 100,000 gpd		$1,000

Fee Category	Examples of Parties Affected	Fees – Effective 8/28/2000	Fees – Effective 1/1/2015
INDUSTRIES			
Industrial	Industrial process wastewater which requires treatment and who apply for or possess a site-specific permit		
	Categorical ≥ 1mgd	$5,000	$5,000 per year
	Categorical < 1mgd	$3,500	$4,200 per year
	Non-Categorical ≥ 1mgd	$2,500	$3,000 per year
	Non-Categorical < 1mgd	$1,500	$1,800 per year
Site Specific-Storm Water Stockpiling of industrial specific products outdoors where it is exposed to rainwater			
	Categorical ≥ 1mgd	$2,350	$2,800 per year
	Categorical < 1mgd	$1,350	$1,800 per year
	Non-Categorical ≥ 1mgd	$2,350	$3,000 per year
	Non-Categorical < 1mgd	$1,350	$1,800 per year
CAFOs	Concentrated Animal Feeding Operations with site-specific permits	$5,000	$5,000 per year
DOMESTIC SEWAGE			
Domestic Annual operating permit fees based upon the design flow of the facility are due each year on the anniversary dates of the permit issuance.	Subdivisions, resorts, parks, schools, restaurants, etc.		
	< 5,000 gpd	$100	$150
	>=5,000 – 5,999 gpd	$150	$300
	6,000 – 6,999 gpd	$175	$300
	7,000 – 7,999 gpd	$200	$300
	8,000 – 8,999 gpd	$225	$300
	9,000 – 9,999 gpd	$250	$300
	10,000 – 10,999 gpd	$375	$600
	11,000 – 11,999 gpd	$400	$600
	12,000 – 12,999 gpd	$450	$600
	13,000 – 13,999 gpd	$500	$600
	14,000 – 14,999 gpd	$550	$600
	15,000 – 15,999 gpd	$600	$1,000
	16,000 – 16,999 gpd	$650	$1,000
	17,000 – 19,999 gpd	$800	$1,000
	20,000 – 22,999 gpd	$1,000	$1,000
	23,000 – 24,999 gpd	$2,000	$1,000
	25,000 – 29,999 gpd	$2,500	$1,500
	30,000 – 99,999 gpd	$3,000	$3,000
	100,000 - 249,999 gpd	$3,000	$4,000
	250,000 - 999,999 gpd	$3,000	$5,000
	> 1 mgd	$3,500	$5,000