



Air Fee Stakeholder Process: Common Questions

4-30-2020

Why discuss air fees now?

- The department's Air Pollution Control Program (Air Program) has identified a shortfall in funds for future years. The projected shortfall is due to a combination of factors, including reductions in emissions at emission fee-paying sources and increases in costs of personnel to operate the program. While the Air Program has reduced staff in past years and will continue to thoughtfully consider all positions and duties moving forward, the shortfall is still estimated at an average of \$3.9 million per year for the fiscal year 2023 to 2027 period.

What authority does the Air Program have to change fees?

- Pursuant to Missouri statute RSMo 643.079, the department may review fees and propose changes after holding stakeholder meetings. Any proposed fee change must go through the Missouri Air Conservation Commission (MACC). Upon "comprehensive review," the "fee structure" may be revised, including but not limited to the fee per ton, pollutants subject to fees, fee caps and minimum fees.

How will the process work?

- Holding meetings with stakeholders is the first step in the process before the Air Program presents a proposal to the MACC for approval to begin the regular rulemaking process. If the MACC approves moving forward with a fee change at their May or June 2020 meetings, the Air Program will initiate a change to the emission fee rule, 10 CSR 10-6.110, this summer. After a formal rule public comment period this summer or fall, the Air Program will file a rule change with the joint committee on administrative rules no later than Dec. 1, 2020. The Missouri State Legislature has 60 days to consider the rule change in early 2021, before the rule becomes effective. The first fees using a new emission fee structure would be due by June 1, 2022 (for calendar year 2021 emissions).

Where can I get more information on the fee stakeholder process?

- Information from current and past fee stakeholder meetings are posted on the Air Program Advisory Forum webpage at dnr.mo.gov/env/apcp/airadvisory/index.html.

What fees are under discussion?

- All fees are open for discussion, though emission fees are the focus. Asbestos fees cover the costs of operating the program, as intended from the fee increase discussed in 2015. Due to the permit fee cycle, with some fees only occurring every five years, the Air Program has not seen the maximum benefit of the 2017 increase. Emission fees, the majority of revenue for the Air Program, are the focus of the discussion.

Who pays the most in air emission fees? Who pays the least?

- Sources that pay emission fees are differentiated by permit type. The sources with Part 70 and Intermediate operating permit types are called Title V sources. These are typically the largest emitters, such as power plants and large manufacturers. All other sources are called non-Title V sources and are smaller sources, such as construction industry and agricultural processors. In 2018, Title V sources made up 21% of the total sources that paid emission fees and emitted 95% of the total emissions. Non-Title V sources were 79% of the number of facilities and emitted 5% of total emissions. Additional details are provided on slide 13 of the April 6, 2020 presentation, as well as in the Fee Calculator v2.2.

Emission fees go into separate “pots” of money – Title V fees into one, non-Title V into another. The Clean Air Act requires that Title V emission fees should be spent only on Title V work. How does the program ensure this requirement is met?

- Title V emissions and permit fees are spent on work that addresses, directly or indirectly, Title V sources, including permit writing, air quality monitoring, compliance and enforcement, air quality modeling, and air quality planning. The Air Program regularly reviews workload, overall and on an individual basis, to consider overall Title V vs. Non-Title V workload and obligations.
- Program Revenues and Expenditures are tracked by fund:
 - Fund 0594 (Permit and Emission Fee Fund) coded by functions for Title V and Non-Title V, respectively.
 - 0584 (Asbestos), 0267 (Inspection Maintenance), and 0268 (Volkswagen) are not tracked for Title V, Non-Title V activity. These funds have their own revenues to fund their respective programs.
 - 0140 (Federal) is grant funding, which requires a match (level of effort) of approximately 40% and cannot use Title V fees to match.

- Personal Service (staff salaries), the Air Program’s largest expenditure, is captured by time code for the type of work that person/position does most of the time. Some generalizations are made for administrative staff. A permit writer’s work, individually, is identified as Title V or Non-Title V depending on the types of projects to which he or she is assigned. Other staff and sections are evaluated considering Title V obligations. For example, the air quality monitoring network is largely linked to Title V sources and locations. Other program expenditures, such as office supplies, postage and travel, are tracked in much the same way as Personal Service. Each section of the Air Program is evaluated by whether the majority of the work it has done can be identified as Title V or Non-Title V, and expenditures are paid by the appropriate fund.

What is the ratio of total staff time by permit type?

- Based on data collected since 2012, Air Permit work has been 95% Title V activities and 5% Non-Title V activities. Some work on Non-Title V sources is used to substantiate Title V-Related Activities. For example, all large air permits require a computer modeling analysis that requires an inventory of all sources, large and small. Therefore, this work is designated as ‘Title V’ work.
- Title V funds are used to fund various program activities including permitting, air quality monitoring and analysis, compliance assistance, enforcement, and administrative. Title V permit or emissions funds are not used for asbestos or GVIP positions, but may fund all or a portion of other program staff.
- Most of the Air Program’s work is in support of air quality throughout Missouri, such as air quality monitoring and planning. These activities are critical in implementing a Title V program and affect Title V sources within the areas around the monitors or within a nonattainment area.
- The Air Program conducts regular reviews to evaluate Title V vs. Non-Title V workload and obligations. Examples include: Work directly tied to a Title V source - Title V permitting; work in support of Title V related activities - air monitoring, state plans and Non-Title permitting used to support Title V permits; and, Non-Title activity - Non-Title permitting not used to substantiate Title V permitting activities.

If emissions are expected to continue decreasing, won’t we continue having shortfalls without more changes to emission fees? What other innovative solutions to the emissions problem could give a better long-term solution for air program funding? What about fees for other sources of emissions, such as mobile sources?

- The Air Program recognizes that increasing fees is only a short-term solution and that fee rates will need continued evaluation as emissions from regulated facilities continue to fall. The Air Program is committed to working with stakeholders for a long-term solution. Currently, RSMo 643.079 allows for a “comprehensive review” of fees and the “fee structure” for Missouri Air Conservation Law regulated activities or facilities, i.e.,

permits, emissions and asbestos. Because the statute only allows for certain specific types of fees, including any new fee on mobile sources would require legislative action.