

**Administrative Rules
JOBS IMPACT STATEMENT**

1. BACKGROUND INFORMATION

Agency:	Environmental Protection Commission/ Department of Natural Resources
IAC Citation:	567 IAC Chapters 22, 23, 30, 31, and 33
Agency Contact:	Wendy Walker at (515) 725-9570
Statutory Authority:	Iowa Code section 455B.133(8), 455B.133B, and 455B.133C
Objective:	The Department of Natural Resources (Department) is proposing rules to implement Senate File 488 (86 th GA) to establish the requirement for notification and application fees.
Summary:	<p>In 2014 House File 2473 (85th GA) directed the Department to convene a stakeholder group to study funding of the air quality programs and to make recommendations for funding the program into the future. Senate File 488 was developed by stakeholders with input from the department based on the stakeholder group report.</p> <p>The department notified approximately 4,000 stakeholders through a combination of postal mailings and emails of the opportunity to participate in advisory groups to provide recommendations to the department regarding rules and fees. The department conducted advisory group meetings with stakeholders in June and July 2015 to develop the rules and fee types and amounts. Lists of stakeholders who participated in the meetings are available from the department upon request.</p> <p>To implement Senate File 488, this rulemaking amends existing administrative code to establish the requirements for an asbestos notification fee and, air construction permit and Title V operating permit applications fees. A new Chapter 30 sets forth:</p> <ol style="list-style-type: none"> 1. The type of fees and the requirements to pay them; 2. Limitations on how fee revenues may be expended; 3. Requirement for DNR to meet annually with fee advisory groups; 4. The process for the EPC to set fees; and 5. The process for DNR to notify stakeholders of fee amounts. <p>The administrative rule language for the existing Title V emissions fee is proposed to move from 567—22.106 to Chapter 30 to consolidate all fee details in one chapter. Due to a statutory limitation on the amount of revenues that may be projected each year from Title V emission fees (455B.133B(5)), the dollar per ton rate currently in 22.106 is removed. The rulemaking also clarifies the Department’s current practice of excluding “greenhouse gases” from annual Title V air emissions fees by</p>

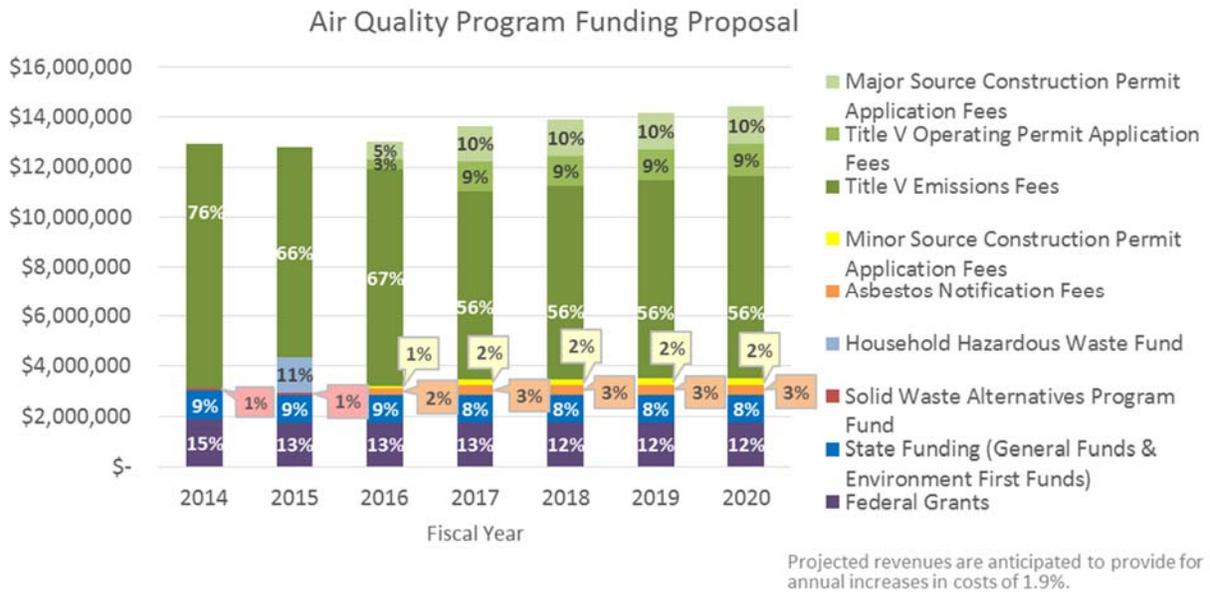
	adding “greenhouse gases” to the list of regulated pollutants that are excluded from Title V air emissions fees.
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2. JOB IMPACT ANALYSIS

<u>x</u> Fill in this box if impact meets these criteria:
<u>X</u> No Job Impact on private sector jobs and employment opportunities in the State.
<u> </u> Job Impact cannot be determined.

<u> </u> Fill in this box if impact meets either of these criteria:
<u> </u> <u>X</u> Positive Job Impact on private sector jobs and employment opportunities in the State.
<u> </u> <u>X</u> Negative Job Impact on private sector jobs and employment opportunities in the State.
<p><i>Description and quantification of the nature of the impact the proposed rule will have on private sector jobs and employment opportunities:</i></p> <p>The department notified approximately 4,000 stakeholders through a combination of postal mailings and emails of the opportunity to participate in advisory groups to provide recommendations to the department regarding rules and fees. The department conducted advisory group meetings with stakeholders in June and July 2015. Lists of stakeholders who participated in the meetings are available from the department upon request.</p> <p>SF488 establishes a limited fee program for specific air quality program activities that support services for business and industry. Implementation of the limited fee program will result in the reallocation of funding for affected air program activities.</p> <p>SF488 specifies that the Commission may set and the department may collect fees sufficient to pay for the direct and indirect costs associated with reviewing and acting on construction permit and operating permit applications and asbestos notifications of demolition and renovation. SF488 includes caps on the projected revenues that the department may raise in each state fiscal year from fees collected for these program activities.</p> <p>The chart below shows how the fees allowed for in SF488 will change the projected allocation of program funding in future state fiscal years. Title V sources, also referred to as major sources, have historically funded about 75% of the air quality program expenses. To address the projected FY 2016 emissions fee shortfall, the proposed rule provides for fees on operating permit applications and construction permit applications at major sources to be implemented on January 1, 2016. Collection of these fees in subsequent state fiscal years will still result in major sources funding approximately 75% of the program but the costs will be reallocated to about 20% assessed fees for services and 56% emissions fees.</p>

Construction permit application fees for major sources would be set to cover 100% of the direct and indirect costs associated with reviewing and acting on major source permit applications. Construction permit application fees for minor sources would make up approximately 2% of the overall air quality program funding. Consistent with the recommendations of the 2014 Stakeholder Group, construction permit application fees for minor sources would be limited to covering 40% of the direct and indirect costs associated with reviewing and acting on minor source permit applications. The remaining 60% of the cost for this activity will continue to be funded by general funds.



Consistent with SF488, fees would fund the cost of reviewing and issuing construction permits and operating permits to major sources. Major sources are the largest sources of air emissions in the state; there are currently 286 major sources in the state. For major sources with an existing operating permit, the fee would be paid when the operating permit is renewed once every five years. New sources subject to the requirement to obtain a Title V operating permit would have up to 12 months to submit an operating permit application with the applicable fee. Major sources would continue to pay an annual fee for each ton of emissions.

The proposed rules and associated construction permit application fees will apply to the construction of new sources and modifications to existing sources, at both major and minor sources. Sources that are already permitted and make no changes triggering the requirement for a modification to an existing construction permit will not be impacted by the proposed rules.

Delays in permit issuance could impact the ability of businesses to act quickly on economic development opportunities. Adequately funding the construction permit and operating permit programs through fees to maintain status quo services will help ensure that delays in permit issuance do not impact business development opportunities.

Community development and renovation plans will proceed as planned and public asbestos exposure will be prevented through asbestos notifications fees that will allow the department to maintain sufficient staffing to provide oversight of proper asbestos removal and disposal. Most building renovations and demolitions are subject to federal asbestos release prevention requirements. Community revitalization efforts often uncover both old and recently installed materials containing asbestos. The increased rate of economic development in recent years has resulted in an increasing number of asbestos notifications for building demolitions and renovations.

Funds from the Solid Waste Alternatives Program (SWAP) used to fund asbestos program requirements are no longer available. Fees collected from an asbestos notification fee will offset the loss of the SWAP funds and allow the department to maintain sufficient staffing to provide assistance on proper asbestos removal and disposal.

In qualitative terms, air pollution creates public health problems that also can have negative economic impacts. Funding mechanisms that provide sufficient resources to cover programmatic costs may help avoid public health costs associated with lower compliance and increased air pollution.

Categories of jobs and employment opportunities that are affected by the proposed rule:

The proposed rules and associated construction permit application fees will apply to any public or private sector facility that plans to install a new source of air emissions or modify an existing source of air emissions.

Almost any business, school, religious institution, etc. that needs to renovate or demolish a portion of a building could be impacted by asbestos notification requirement.

The proposed rule would establish a common process for reviewing and setting fees each fiscal year. Separate stakeholder meetings will be convened annually for major sources, minor sources, and asbestos stakeholders to provide input to the department on fee setting. The department will calculate projections of permitting volumes and program costs for the coming fiscal year. The Commission will review and approve fee levels and fee adjustments.

Number of jobs or potential job opportunities:

Cannot be determined at this time.

Regions of the state affected:

Statewide.

Additional costs to the employer per employee due to the proposed rule: (if not possible to determine, write "Not Possible to Determine.")

Not possible to determine.

3. COST-BENEFIT ANALYSIS

The Agency has taken steps to minimize the adverse impact on jobs and the development of new employment opportunities before proposing a rule. See the following Cost-Benefit Analysis:

The proposed rulemaking implements Senate File 488. Additional revenues are needed to fund the air quality program to continue to provide services at the current level.

Administrative Rule Fiscal Impact Statement

Date: June 11, 2015

Agency: Environmental Protection Commission/Department of Natural Resources

IAC Citation: 567 IAC Chapters 22, 23, 30, 31, and 33

Agency Contact: Wendy Walker

Summary of the Rule:

The Department of Natural Resources (Department) is proposing rules to implement Senate File 488 (86th GA). This rulemaking proposes to amend existing administrative code to establish the requirements for an asbestos notification fee and for air construction permit and Title V operating permit application fees.

To implement Senate File 488, this rulemaking amends existing administrative code to establish the requirements for an asbestos notification fee and, air construction permit and Title V operating permit applications fees. A new Chapter 30 sets forth:

1. The type of fees and the requirements to pay them;
2. Limitations on how fee revenues may be expended;
3. Requirement for DNR to meet annually with fee advisory groups;
4. The process for the EPC to set fees; and
5. The process for DNR to notify stakeholders of fee amounts.

The administrative rule language for the existing Title V emissions fee is proposed to move from 567—22.106 to Chapter 30 to consolidate all fee details in one chapter. Due to a statutory limitation on the amount of revenues that may be projected each year from Title V emission fees (455B.133B(5)), the dollar per ton rate currently in 22.106 is removed. The rulemaking also clarifies the Department's current practice of excluding "greenhouse gases" from annual Title V air emissions fees by adding "greenhouse gases" to the list of regulated pollutants that are excluded from Title V air emissions fees.

Fill in this box if the impact meets these criteria:

No Fiscal Impact to the State.

Fiscal Impact of less than \$100,000 annually or \$500,000 over 5 years.

Fiscal Impact cannot be determined.

Brief Explanation:

State agencies often require air quality program services. The Iowa Department of Transportation conducts demolitions and submits many asbestos notification forms. The Departments of Administrative Services, Corrections, Transportation, and even Natural Resources use air quality permitting. State agencies will be required to submit permit application fees and notifications for asbestos removal.

Assumptions:

Fees for FY 2016 will commence on January 1, 2016, and would be set to provide revenues adequate to fund reviewing and acting on construction and operating permit applications, program, and implementation of the federal asbestos standard for the second half of FY 2016. FY 2017 fees would be set to fund the full projected costs of these activities for FY 2017.

Describe how estimates were derived:

The Department has tracked the submittal of asbestos notifications and construction permit applications for many years. Prior year statistics related to the volume of permitting for major and minor sources and projected future expenses were calculated to determine projected expenses and revenues. Asbestos fee calculations are based on a representative number of notifications at the suggested fee rate. The projected revenues from each of these activities have been totaled and provided below. This information has been posted on the Department's website at www.iowadnr.gov/feegroups.

Estimated Impact to the State by Fiscal Year

	<u>Year 1 (FY 2016)</u>	<u>Year 2 (FY 2017)</u>
Revenue by Each Source:		
GENERAL FUND	0\$	0\$
FEDERAL FUNDS	0\$	0\$
Other (specify) Air Quality Fund	\$960,000	\$2,040,000
Other (specify) Air Contaminant Fund Application Account	\$425,000	\$1,202,000
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	\$1,385,000	\$3,242,000
<i>TOTAL REVENUE</i>		
Expenditures:		
GENERAL FUND	0\$	0\$
FEDERAL FUNDS	0\$	0\$
Other (specify) Air Quality Fund	\$960,000	\$2,040,000
Other (specify) Air Contaminant Fund Application Account	\$425,000	\$1,202,000
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	\$1,358,000	\$3,242,000
<i>TOTAL EXPENDITURES</i>		
	\$0	\$0
<i>NET IMPACT</i>		

 X This rule is required by State law or Federal mandate.
Please identify the state or federal law:

This rulemaking implements Senate File 488 (86th GA).

 Funding has been provided for the rule change.
Please identify the amount provided and the funding source:

<p><u> X </u> Funding has not been provided for the rule. <i>Please explain how the agency will pay for the rule change:</i> Existing funds will be used to pay for the rule change.</p>
<p><i>Fiscal impact to persons affected by the rule:</i> The fiscal impact will depend on the quantity of notifications or permit applications a business submits.</p>
<p><i>Fiscal impact to Counties or other Local Governments (required by Iowa Code 25B.6):</i> Linn and Polk Counties have had delegated air pollution control programs within their jurisdictions since the 1970s. Both programs charge fees and anticipate reviewing their fee structures after the Department finalizes its fee structure.</p>