

IOWA DEPARTMENT OF NATURAL RESOURCES

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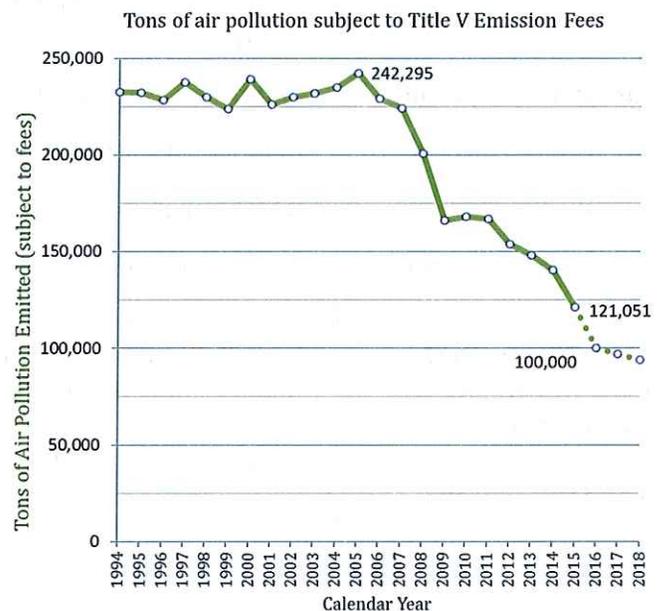
CHUCK GIPP, DIRECTOR | BRUCE TRAUTMAN, DEPUTY DIRECTOR

More Reductions in Air Pollution Emissions And the Effect on DNR Services February 8, 2017

To: Air Quality Fee Advisory Meeting Participants
From: Catharine Fitzsimmons, Chief Air Quality Bureau *CF*

In 2016, Iowa Title V facilities, (those permitted to emit over 100 tons of the most common air pollutantsⁱ⁾) reduced their emissions significantly. Those reductions, currently estimated at an 18-20% decrease, primarily occurred at electric generation facilities due to fuel switches to natural gas, boiler shut-downs, and the utilization of wind energy. These changes have increased air quality and allowed for more economic growth.

The Department (DNR) is interested in obtaining feedback on a draft proposal to raise the Title V emissions fee rate by \$2.50 per ton (3.7% increase). For the state fiscal year 2018 (SFY 18, beginning July 1, 2017), the DNR is proposing to set the Title V fee at \$70.00 per ton of air emissions reported by Title V facilities for calendar year 2016.



To limit the level of fee increase needed, and to stay within the current fee cap, the DNR is proposing a budget of \$6,736,000, or a **13.8% decrease from the current budget**. (To maintain the same level of services as the current year, the Status Quo SFY 18 budget would have to be set at \$8,086,000 (a 3.5% increase over the current budget to account for cost increases).

Title V Emission Fee: SFY 2017, SFY 2018 Status Quo, and SFY 2018 Proposal for Fiscal Year 2018

Fiscal Year	Fee	Tons	Fee Revenue ¹	Total Revenue ²	Budget ³	Budget minus Revenue
Current SFY 2017	\$67.50	121,051	\$8,170,943	\$7,740,249	\$7,814,000	-\$73,751
Status Quo SFY 2018	\$67.50	100,000	\$6,750,000	\$6,484,000 ⁱⁱ	\$8,086,000	-\$1,602,000
SFY 2018	\$67.50	100,000	\$6,750,000	\$6,484,000 ⁱⁱ	\$6,734,000	-\$250,000
Proposed SFY 2018	\$70.00	100,000	\$7,000,000	\$6,734,000 ⁱⁱ	\$6,734,000	\$0

1. Emission fee revenue.
2. Total revenue includes emission fee revenue, interest, over/under payments, carry forward.
3. Budget – see memo text.

Raising the Title V fee will reduce the shortfall by about \$250,000, allowing more services to be retained. The reductions in services to address the rest of the shortfall (\$1.35 million) will include:

Iowa Clean Air Act Partner	Activities or expense	Amount reduced	Percent of total reduction
Air Quality Bureau	* Reallocate staff from backlog Construction permit applications to new projects.	-\$36,000	3%
Air Quality Bureau	* Reduce dispersion modeling services.	-\$105,000	8%
Air Quality Bureau	* Reduce permit and emissions inventory data entry.	-\$70,000	5%
Air Quality Bureau	* Reduce program grant seeking and dispersal, development of regulatory guides and frequency of rule adoption.	-\$95,000	7%
Air Quality Bureau	* Reduce stack testing technical assistance.	-\$107,000	8%
Air Quality Bureau	* Remove allocation to the Attorney General's Office.	-\$30,000	2%
Air Quality Bureau	* Reduction in monitoring expenses.	-\$27,000	2%
State Hygienic Lab.	* 23% reduction in ambient monitoring network. ⁱⁱⁱ	-\$480,000	36%
28E Agreements**: Linn County, Polk County, UNI Small Business Asst.	* Reduce or eliminate Title V permit modifications. * Reduce small business technical assistance. * Reduce ambient monitoring. ** Reductions contingent upon final reported tons	-\$400,000	30%
Total Reductions		-\$1,350,000	

Major Source Construction Permit Application Fees Minor Source Construction Permit Application Fees Asbestos Notification Fees

No changes in the Major Source or Minor Source Permit Applications Fees, or Asbestos Notification Fees are anticipated at this time.

Please consider volunteering for membership on the Air Quality Fee Workgroup this summer.
(July – August, 2017)
Fee structures and workloads will be re-evaluated during the meetings.
Watch for an announcement in early June, 2017.

ⁱ Or, permitted to emit over 10 tons of a single hazardous air pollutant or over 25 tons of all hazardous air pollutants combined.

ⁱⁱ Includes anticipated SFY 2017 end of year balance.

ⁱⁱⁱ The Ambient Air Quality Annual Network Plan will be available for comment in mid-February. A draft outline of the changes are available on the internet with materials from this meeting.