

Legislative Analysis



AIR EMISSIONS FEES: REAUTHORIZE AND INCREASE RENEWABLE OPERATING PERMIT FEES

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House Bill 5220

Sponsor: Rep. Doug Bennett

Committee: Appropriations

Complete to 1-19-10

A SUMMARY OF HOUSE BILL 5220 AS INTRODUCED 8-04-09

House Bill 5220 would amend part 55 (Air Pollution Control) of the Natural Resources Environmental Protection Act (NREPA), PA 451 of 1994, and reauthorize the air quality fee through October 1, 2013. The air quality fee program supports the state's clean air program. Under current law, the Department of Environmental Quality's authorization to levy and collect the annual fee expires on October 1, 2011. This legislation would enable the State of Michigan to continue the regulatory program.

The Federal Clean Air Act of 1990 requires states to operate a system of user fees that is adequate to fund a renewable operating permit program for the facilities that are the major sources of air pollution emissions. Facilities with renewable operation permits are required to pay annual emission fees to the State. The increased fees for the Renewable Operating Permit Program would enable the DEQ to review and issue facility-wide permits (valid for 5 years), and inspect permitted facilities to assure compliance with state and federal air pollution regulations.

In addition, the bill allows the Department to adjust the billing date and due date of the annual air quality fee for Category III dry cleaning facilities that are also subject to the licensing or certification under the Public Health Code and the Fire Prevention code, in order to combine assessments under the three acts.

FISCAL IMPACT:

Under the provisions of House Bill 5220 as introduced, Municipal Category I facilities would be subject to a higher annual fee. The facility charge would remain at \$4,485, but the emissions charge per ton would decrease from \$45.25 to \$43.50; the fee-subject emission tonnage charge cap would be increased by 4,000 tons to 8,000 tons (or 2,000 tons per pollutant). The actual tons of fee-subject air pollutants are calculated based on the emissions of the two preceding years prior to the billing year.

House Bill 5220 would also change the fee structure for municipal electric generating facilities that are Category I facilities that emit between 450 tons but less than 18,000 tons of fee-subject air pollutants. Under current law, these facilities have the following specific annual air quality fees authorized, based on the number of tons of fee-subject air pollutants emitted:

Table 1. Category I Municipal Electric Generating Facilities Fees

Facility Emission Tonnage	Annual Fee	Emission Charge
More than 450, less than 4,000	\$24,816	\$0
At least 4,000, not more than 5,300	\$24,816	\$45.25 per ton (in excess of 4,000)
More than 5,300, not more than 12,000	\$85,045	\$0
More than 12,000, less than 18,000	\$159,459	\$0

These specific fee amounts are eliminated in the bill. Thus, these municipal electric generating facilities would pay the same schedule of fees as all other Municipal Category I facilities, which would include a \$4,485 facility charge plus \$43.50 emissions charge per ton, up to 8,000 tons (or 2,000 tons per pollutant).

The Department of Environmental Quality estimates that the changes listed above will generate \$2.4 million in new revenue.

According to the Department, the amount of revenue collected by the air quality fees in FY 2008 was approximately \$10.0 million. The revised fee would generate an additional \$2.4 million for estimated total revenue of \$12.4 million annually to support the renewable operating permit program.

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