SENATE BILL NO. 530

September 17, 2019, Introduced by Senator BAYER and referred to the Committee on Appropriations.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 5501 and 5522 (MCL 324.5501 and 324.5522), section 5501 as amended by 1998 PA 245 and section 5522 as amended by 2015 PA 60.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 5501. As used in this part:
- 2 (a) "Air contaminant" means a dust, fume, gas, mist, odor,





- 1 smoke, vapor, or any combination thereof.
- 2 (b) "Air pollution" means the presence in the outdoor
- 3 atmosphere of air contaminants in quantities, of characteristics,
- 4 under conditions and circumstances, and of a duration that are or
- 5 can become injurious to human health or welfare, to animal life, to
- 6 plant life, or to property, or that interfere with the enjoyment of
- 7 life and property in this state. , and excludes all aspects Air
- 8 pollution does not mean any health or safety hazard that is an
- 9 aspect of employer-employee relationships. as to health and safety
- 10 hazards. With respect to any mode of transportation, nothing in
- 11 this part or in the rules promulgated under this part shall be
- 12 inconsistent with the federal regulations, emission limits,
- 13 standards, or requirements on various modes of transportation. Air
- 14 pollution does not mean those usual and ordinary odors associated
- 15 with a farm operation if the person engaged in the farm operation
- 16 is following generally accepted agricultural and management
- 17 practices.
- 18 (c) "Air pollution control equipment" means any method,
- 19 process, or equipment that removes, reduces, or renders less
- 20 noxious air contaminants discharged into the atmosphere.
- 21 (d) "Category I—A facility" means a fee-subject facility that
- 22 is a—an electric provider and is any of the following:
- 23 (i) A major stationary source as defined in section 302 of
- 24 title III of the clean air act, 77 Stat. 400, 42 U.S.C. 7602, an 42
- 25 USC 7602.
- 26 (ii) An affected source as defined pursuant to section 402 of
- 27 title IV of the clean air act, chapter 360, 104 Stat. 2641, 42
- 28 U.S.C. 7651a, or a 42 USC 7651a.
- 29 (iii) A major stationary source as defined in section 169a of



- 1 subpart 2 of part C of title I of the clean air act, chapter 360,
 2 91 Stat. 742, 42 U.S.C. 7491.42 USC 7491.
- 5 (i) A major stationary source as defined in 42 USC 7602.
- 6 (ii) An affected source as defined pursuant to 42 USC 7651a.
- 7 (iii) A major stationary source as defined in 42 USC 7491.
- 9 not a category A or category B facility and that is a major source as defined in section 112 of part A of title I of the clean air act, 84 Stat. 1685, 42 U.S.C. 7412, or 42 US 7412.
 - (g) "Category D facility" means a fee-subject facility that is not a category A, category B, or category C facility and that is subject to requirements of section 111 of part A of title I of the clean air act, chapter 360, 84 Stat. 1683, 42 U.S.C. 7411, except that a category II facility that also meets the definition of a category I facility is a category I facility.42 USC 7411.
- (f) "Category III facility" means any fee-subject facility
 that is not a category I or category II facility.However, a source
 is not a category D facility if any of the following apply:
 - (i) All equipment at the source meets a permit to install exemption in R 336.1280 to R 336.1291 of the Michigan Administrative Code and does not have an active permit to install.
 - (ii) The source is stripper well property as defined in 26 USC 613A(c)(6)(E).
- 26 (h) "Category E facility" means a fee-subject facility that is 27 not a category A, category B, category C, or category D facility 28 and that has an active Title V opt-out permit.
- 29 (i) "Category F facility" means a fee-subject facility that is



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- not a category A, category B, category C, category D, or category E
 facility.
- **3** (j) (g) "Clean air act" means chapter 360, 69 Stat. Stat 322,
- 4 42 U.S.C. 7401 to 7431, 7470 to 7479, 7491 to 7492, 7501 to 7509a,
- 5 7511 to 7515, 7521 to 7525, 7541 to 7545, 7547 to 7550, 7552 to
- 6 7554, 7571 to 7574, 7581 to 7590, 7601 to 7612, 7614 to 7617, 7619
- 7 to 7622, 7624 to 7627, 7641 to 7642, 7651 to 76510, 7661 to 7661f,
- 8 and 7671 USC 7401 to 7671q, and regulations promulgated under the
- 9 clean air act.
- 10 (k) "Electric provider" means that term as defined in section
- 11 5 of the clean and renewable energy and energy waste reduction act,
- 12 2008 PA 295, MCL 460.1005.
- (1) (h) "Emission" means the emission of an air contaminant.
- 14 (m) (i) "Farm operation" has the meaning ascribed to it in
- 15 means that term as defined in section 2 of the Michigan right to
- 16 farm act, 1981 PA 93, MCL 286.471 to 286.474.286.472.
- (n) (j) "Fee-subject air pollutant" means particulates,
- **18** expressed as PM-10 pursuant to $\frac{1996 \text{ MR}}{11}$, R 336.1116(k) of the
- 19 Michigan Administrative Code, sulfur dioxide, volatile organic
- 20 compounds, nitrogen oxides, ozone, lead, and any pollutant
- 21 regulated under section 111 or 112 of part A of title I of the
- 22 clean air act, chapter 360, 84 Stat. 1683 and 1685, 42 U.S.C. 42
- 23 USC 7411 and or 7412 , or title III of the clean air act, chapter
- 24 360, 77 Stat. Stat 400, 42 U.S.C. USC 7601 to 7612, 7614 to 7617,
- 25 7619 to 7622, and 7624 to 7627.7628.
- 26 (o) "Fee-subject emissions" means emissions of fee-subject air
- 27 pollutants.
- 28 (p) (k) "Fee-subject facility" means the following sources:
- 29 (i) Any major source as defined in 40 $\frac{\text{C.F.R.}}{\text{CFR}}$ 70.2.



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- 1 (ii) Any source, including an area source, subject to a
 2 standard, limitation, or other requirement under section 111 of
 3 part A of title I of the clean air act, chapter 360, 84 Stat. 1683,
 4 42 U.S.C. 42 USC 7411, when the standard, limitation, or other
 5 requirement becomes applicable to that source.
- 6 (iii) Any source, including an area source, subject to a 7 standard, limitation, or other requirement under section 112 of 8 part A of title I of the clean air act, 84 Stat. 1685, 42 U.S.C. 42 9 USC 7412, when the standard, limitation, or other requirement 10 becomes applicable to that source. However, a source is not a fee-11 subject facility solely because it is subject to a regulation, 12 limitation, or requirement under section 112(r) of part A of title 13 I of the clean air act, chapter 360, 84 Stat. 1685, 42 U.S.C. 14 7412.42 USC 7412(r).
 - (iv) Any affected source under title IV.
- 16 (v) Any other source in a source category designated by the
 17 administrator of the United States environmental protection agency
 18 Environmental Protection Agency as required to obtain an operating
 19 permit under title V, when the standard, limitation, or other
 20 requirement becomes applicable to that source.
 - (vi) Any source with an active title V opt-out permit.
- 22 (q) $\frac{(l)}{l}$ "Fund" means the emissions control fund created in section 5521.
- (r) (m) "General permit" means a permit to install, permit to operate authorized pursuant to rules promulgated under section 5505(6), or an operating permit under section 5506, for a category of similar sources, processes, or process equipment. General provisions for issuance of general permits shall be provided for by rule.



- (t) (o) "Major emitting facility" means a stationary source
 that emits 100 tons or more per year of any of the following:
- 7 (i) Particulates.
- 8 (ii) Sulfur dioxides.
- 9 (iii) Volatile organic compounds.
- 10 (iv) Oxides of nitrogen.
- 11 (u) (p) "Process", unless the context requires a different

 12 meaning, means an action, operation, or a series of actions or

 13 operations at a source that emits or has the potential to emit an

 14 air contaminant.
- 15 (v) (q) "Process equipment" means all equipment, devices, and
 16 auxiliary components, including air pollution control equipment,
 17 stacks, and other emission points, used in a process.
- - (i) For a corporation: a president, secretary, treasurer, or vice-president in charge of a principal business function, or any other person who performs similar policy or decision making functions for the corporation, or an authorized representative of that person if the representative is responsible for the overall operation of 1 or more manufacturing, production, or operating facilities applying for or subject to a permit under this part and either the facilities employ more than 250 persons or have annual



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- sales or expenditures exceeding \$25,000,000.00, or if the
 delegation of authority to the representative is approved in
 advance by the department.
- 4 (ii) For a partnership or sole proprietorship: a general5 partner or the proprietor.
- 6 (iii) For a county or municipality or a state, federal, or other
 7 public agency: a principal executive officer or ranking elected
 8 official. For this purpose, a principal executive officer of a
 9 federal agency includes the chief executive officer having
 10 responsibility for the overall operations of a principal geographic
 11 unit of the agency.
 - (iv) For sources affected by the acid rain program under title IV: the designated representative insofar as actions, standards, requirements, or prohibitions under that title are concerned.
 - (x) (s)—"Schedule of compliance" means, for a source not in compliance with all applicable requirements of this part, rules promulgated under this part, and the clean air act at the time of issuance of an operating permit, a schedule of remedial measures including an enforceable sequence of actions or operations leading to compliance with an applicable requirement and a schedule for submission of certified progress reports at least every 6 months. Schedule of compliance means, for a source in compliance with all applicable requirements of this part, rules promulgated under this part, and the clean air act at the time of issuance of an operating permit, a statement that the source will continue to comply with these requirements. With respect to any applicable requirement of this part, rules promulgated under this part, and the clean air act effective after the date of issuance of an operating permit, the schedule of compliance shall contain a statement that the source



- will meet the requirements on a timely basis, unless the underlyingapplicable requirement requires a more detailed schedule.
- 3 (y) (t)—"Source" means a stationary source as defined in
- 4 section 302(z) of title III of the clean air act, 77 Stat. 400, 42
- 5 U.S.C. 42 USC 7602, and has the same meaning as stationary source
- 6 when used in comparable or applicable circumstances under the clean
- 7 air act. A source includes all the processes and process equipment
- 8 under common control that are located within a contiguous area, or
- 9 a smaller group of processes and process equipment as requested by
- 10 the owner or operator of the source, if in accordance with the
- 11 clean air act.
- 12 (z) (u) "Title IV" means title IV of the clean air act,
- 13 pertaining to acid deposition control, chapter 360, 104 Stat. 2584,
- **14** 42 U.S.C. **42 USC** 7651 to 7651o.
- 15 (aa) $\frac{(v)}{v}$ "Title V" means title V of the clean air act, $\frac{chapter}{v}$
- 16 360, 104 Stat. 2635, 42 U.S.C. 42 USC 7661 to 7661f.
- 17 (bb) "Title V opt-out permit" means a permit to install that
- 18 includes all of the following:
- 19 (i) Specified emission limits below thresholds for title V
- 20 applicability.
- 21 (ii) Operational restriction.
- 22 (iii) Monitoring or record-keeping requirements to make
- 23 subparagraphs (i) and (ii) practically enforceable through a permit.
- 24 Sec. 5522. (1) Until October 1, 2019, 2023, the owner or
- 25 operator of each fee-subject facility shall pay air quality fees as
- 26 required and calculated under this section. The department may levy
- 27 and collect an annual air quality fee from the owner or operator of
- 28 each fee-subject facility in this state. The legislature intends
- 29 that the fees required under this section meet the minimum



- 1 requirements of the clean air act and that this expressly stated
- 2 fee system serve as a limitation on the amount of fees imposed
- 3 under this part on the owners or operators of fee-subject
- 4 facilities in this state.
- 5 (2) The annual air quality fee shall be calculated for each
- 6 fee-subject facility, according to the following procedure:
- 7 (a) Except as provided in subdivision (d), subdivisions (g)
- 8 and (h), for category I—A facilities, the annual air quality fee
- 9 shall be is the sum of a facility charge of \$5,250.00 and an
- 10 emissions charge as specified in subdivision (e) or (f).(i) and a
- 11 facility charge. The facility charge is as follows, based on the
- 12 amount of fee-subject emissions:
- 13 (i) If the amount of fee-subject emissions is capped under
- 14 subdivision (i), \$45,000.00.
- 15 (ii) For 1,000 or more tons \$30,000.00.
- 16 (iii) For 100 or more tons but less than 1000 tons, \$15,750.00.
- 17 (*iv*) For 60 or more tons but less than 100 tons, \$12,500.00.
- 18 (v) For 6 or more tons but less than 60 tons, \$10,500.00.
- 19 (vi) For zero or more tons but less than 6 tons, \$5,250.00.
- 20 (b) For category II-B facilities, the annual air quality fee
- 21 shall be is the sum of a facility charge of \$1,795.00 and an
- 22 emissions charge as specified in subdivision (e) or (f).(j) and a
- 23 facility charge. The facility charge is as follows, based on the
- 24 amount of fee-subject emissions:
- 25 (i) For 2,000 or more tons, \$21,000.00.
- 26 (ii) For 200 or more tons but less than 2,000 tons, \$15,750.00.
- 27 (iii) For 60 or more tons but less than 200 tons, \$10,500.00.
- 28 (*iv*) For 6 or more tons but less than 60 tons, \$7,500.00.



- 1 (v) For zero or more tons but less than 6 tons, \$5,250.00.
- 2 (c) For category C facilities, the annual air quality fee is
- 3 the sum of an emissions charge as specified in subdivision (j) and
- 4 a facility charge. The facility charge is as follows, based on the
- 5 amount of fee-subject emissions:
- 6 (i) For 60 or more tons, \$4,500.00.
- 7 (ii) For 6 or more tons but less than 60 tons, \$3,500.00.
- 8 (iii) For zero or more tons but less than 6 tons, \$2,500.00.
- 9 (d) For category D facilities, the annual air quality fee is
- 10 the sum of an emissions charge as specified in subdivision (j) and
- 11 a facility charge. The facility charge is as follows, based on the
- 12 amount of fee-subject emissions:
- 13 (i) For 60 or more tons, \$2,500.00.
- 14 (ii) For 6 or more tons but less than 60 tons, \$2,000.00.
- 15 (iii) For zero or more tons but less than 6 tons, \$1,795.00.
- 16 (e) For category E facilities, the annual air quality fee is
- 17 as follows, based on the amount of fee-subject emissions:
- 18 (i) For 60 or more tons, \$1,795.00.
- 19 (ii) For zero or more tons but less than 60 tons, \$250.00.
- 20 (f) $\frac{\text{(c)}}{\text{For category } \text{III-}\mathbf{F}}$ facilities, the annual air quality
- 21 fee shall be is \$250.00.
- 22 (g) (d) For municipal electric generating facilities that are
- 23 category I facilities and that emit with 646 or more than 730 tons
- 24 of fee-subject air pollutants, emissions, the annual air quality
- 25 fee shall be the following amount, based on the number of tons of
- 26 fee-subject air pollutants emitted:
- 27 (i) For more than 730 tons but less than 5,000 tons, an annual
- 28 fee of \$41,830.00.



- (ii) For 5,000 tons or more, an annual fee equal to the sum of a facility charge of \$5,250.00 and an emissions charge as specified in subdivision (e).is \$50,000.00.
- (h) For municipal electric generating facilities with less than 646 tons of fee-subject emissions, the annual air quality fee shall be determined in the same manner as provided in subdivision (b).
- 8 (i) (e) The emissions charge for a category I facilities that 9 are electric providers and that are A facility that is not covered 10 by subdivision (d) and for category II facilities that are electric 11 providers shall equal (g) or (h) equals the emission charge rate 12 multiplied by the actual tons of fee-subject air pollutants 13 emitted. emissions. The emission charge rate for fee-subject air 14 pollutants shall be \$51.15. is \$53.00. A pollutant that qualifies 15 as a fee-subject air pollutant under more than 1 class shall be 16 charged only once. The actual tons of fee-subject air pollutants 17 emitted shall be emissions is considered to be the sum of all fee-18 subject air pollutants emitted emissions at the fee-subject 19 facility for the calendar year 2 years preceding the year of 20 billing, but not more than the lesser of the following:
- 21 (i) 6,100 tons.

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- (ii) 1,500 tons per pollutant, if the sum of all fee-subject
 air pollutants emissions except carbon monoxide emitted at the fee-subject facility is less than 6,100 tons.
 - (j) (f)—The emissions charge for category I or category II facilities that are not electric providers shall be calculated in the same manner as provided in subdivision (e). (i). However, the actual tons of fee-subject air pollutants emitted shall be emissions is considered to be the sum of all fee-subject air



pollutants emitted emissions at a fee-subject facility for the
calendar year 2 years preceding the year of billing, but not more
than the lesser of the following:

(i) 4,500 tons.

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- 5 (ii) 1,250 tons per pollutant, if the sum of all fee-subject
 6 air pollutants emissions except carbon monoxide emitted at the fee-subject facility is less than 4,500 tons.
- 8 (3) After January 1, but before January 15 of each year, the 9 department shall notify the owner or operator of each fee-subject 10 facility of its assessed annual air quality fee. Payment is due 11 within 90 calendar days of after the mailing date of the air 12 quality fee notification. If an assessed fee is challenged under 13 subsection (5), payment is due within 90 calendar days of after the 14 mailing date of the air quality fee notification or within 30 days 15 of after receipt of a revised fee or statement supporting the original fee, whichever is later. However, to combine fee 16 17 assessments, the department may adjust the billing date and due 18 date under this subsection for category III facilities that are dry 19 cleaning facilities also subject to the licensing or certification 20 requirements of section 13305 of the public health code, 1978 PA 368, MCL 333.13305, and or the certification requirements of 21 22 section 5i of the fire prevention code, 1941 PA 207, MCL 29.5i. The 23 department shall deposit all fees collected under this section to 24 the credit of the fund.
 - (4) If the owner or operator of a fee-subject facility fails to submit the amount due within the time period specified in subsection (3), the department shall assess the owner or operator a penalty of 5% of the amount of the unpaid fee for each month that the payment is overdue up to a maximum penalty of 25% of the total



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- 1 fee owed. However, to combine fee assessments, the department may
 2 waive the penalty under this subsection for dry cleaning facilities
 3 described in subsection (3).
- (5) To challenge its assessed fee, the owner or operator of a 4 5 fee-subject facility shall submit the challenge in writing to the 6 department. The department shall not process the challenge unless 7 it is received by the department within 45 calendar days of after 8 the mailing date of the air quality fee notification described in 9 subsection (3). A challenge shall identify the facility and state 10 the grounds upon which the challenge is based. Within 30 calendar 11 days of receipt of the challenge, the department shall determine 12 the validity of the challenge and provide the owner with notification of a revised fee or a statement setting forth the 13 14 reason or reasons why the fee was not revised. Payment of the 15 challenged or revised fee is due within the time frame described in 16 subsection (3). If the owner or operator of a facility desires to further challenge its assessed fee, the owner or operator of the 17 18 facility has an opportunity for a contested case hearing as provided for under chapter 4 of the administrative procedures act 19 20 of 1969, 1969 PA 306, MCL 24.201 to 24.328.24.271 to 24.288.
- 21 (6) If requested by the department, by March 15 of each year, or within 45 days of a after the request, by the department, 22 23 whichever is later, the owner or operator of each fee-subject 24 facility shall submit to the department information regarding the 25 facility's previous year's emissions. to the department. The information shall be sufficient for the department to calculate the 26 27 facility's emissions for that year and meet the requirements of 40 CFR 51.320 to 51.327. 28
- 29 (7) By July 1 of each year, the department shall provide the



- 1 owner or operator of each fee-subject facility required to pay an
- 2 emission charge pursuant to this section with a copy of the
- 3 department's calculation of the facility emissions for the previous
- 4 year. Within 60 days of after this notification, the owner or
- 5 operator of the facility may provide corrections to the department.
- 6 The department shall make a final determination of the emissions by
- 7 December 15 of that year. If the owner or operator disagrees with
- 8 the determination of the department, the owner or operator may
- 9 request a contested case hearing as provided for under chapter 4 of
- 10 the administrative procedures act of 1969, 1969 PA 306, MCL $\frac{24.201}{1000}$
- 11 $\pm 0.24.328.24.271$ to 24.288.
- 12 (8) By March 1 annually, the department shall prepare and
- 13 submit to the governor, the legislature, the chairpersons of the
- 14 standing committees of the senate and house of representatives with
- 15 primary responsibility for environmental protection issues related
- 16 to air quality, and the chairpersons of the subcommittees of the
- 17 senate and house appropriations committees with primary
- 18 responsibility for appropriations to the department a report that
- 19 details the department's activities of the previous fiscal year
- 20 funded by the fund. This report shall include, at a minimum, all of
- 21 the following as it relates to the department:
- 22 (a) The number of full-time equated positions performing title
- 23 V and non-title V air quality enforcement, compliance, or
- 24 permitting activities.
- 25 (b) All of the following information related to the permit to
- 26 install program authorized under section 5505:
- 27 (i) The number of permit to install applications received by
- 28 the department.
- 29 (ii) The number of permit to install applications for which a



- 1 final action was taken by the department. The number of final
- 2 actions shall be reported as the number of applications approved,
- 3 the number of applications denied, and the number of applications
- 4 withdrawn by the applicant.
- 5 (iii) The number of permits to install approved that were
- 6 required to complete public participation under section 5511(3)
- 7 before final action and the number of permits to install approved
- 8 that were not required to complete public participation under
- 9 section 5511(3) prior to final action.
- (iv) The average number of final permit actions per permit to
- 11 install reviewer full-time equivalent position.
- 12 (v) The percentage and number of permit to install
- 13 applications that were reviewed for administrative completeness
- 14 within 10 days of receipt by the department.
- 15 (vi) The percentage and number of permit to install
- 16 applications submitted to the department that were administratively
- 17 complete as received.
- 18 (vii) The percentage and number of permit to install
- 19 applications for which a final action was taken by the department
- 20 within 180 days of after receipt for those applications not
- 21 required to complete public participation under section 5511(3)
- 22 prior to final action, or within 240 days of after receipt for
- 23 those applications which are required to complete public
- 24 participation under section 5511(3) prior to final action.
- 25 (viii) The percentage and number of permit to install
- 26 applications for which a processing period extension was requested
- 27 and granted.
- (c) All of the following information for the renewable
- 29 operating permit program authorized under section 5506:



- $oldsymbol{1}$ (i) The number of renewable operating permit applications received by the department.
- (ii) The number of renewable operating permit applications for
 which a final action was taken by the department. The number of
 final actions shall be reported as the number of applications
 approved, the number of applications denied, and the number of
 applications withdrawn by the applicant.
- 8 (iii) The percentage and number of initial permit applications9 processed within the required time.
- (iv) The percentage and number of permit renewals and number of permit renewals and <math>number of permit renewals
- 12 (v) The number of permit applications reopened by the 13 department.
 - (vi) The number of general permits issued by the department.
- 15 (d) The number of letters of violation sent.
- 16 (e) The amount of penalties collected from all consent orders17 and judgments.
- (f) For each enforcement action that includes payment of a penalty, a description of what corrective actions were required by the enforcement action.
- (g) The number of inspections done on sources required to
 obtain a permit under section 5506 and the number of inspections of
 other sources.
- (h) The number of air pollution complaints received,investigated, not resolved, and resolved by the department.
- (i) The number of contested case hearings and civil actions initiated, and the number of contested case hearings and civil actions completed, and the number of voluntary consent orders, administrative penalty orders, and emergency orders entered or



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- 1 issued, for sources required to obtain a permit under section 5506.
- 2 (j) The amount of revenue in the fund at the end of the fiscal3 year.
- 4 (9) The A report under subsection (8) shall also include the
 5 amount of revenue for programs under this part received during the
 6 prior fiscal year from fees, from federal funds, and from general
 7 fund appropriations. Each of these amounts shall be expressed as a
 8 dollar amount and as a percent of the total annual cost of programs
 9 under this part.
- 10 (10) The attorney general may bring an action for the
 11 collection of the fees imposed under this section.
- 12 (11) This section does not apply if the administrator of the
 13 United States Environmental Protection Agency determines that the
 14 department is not adequately administering or enforcing the
 15 renewable operating permit program and the administrator
 16 promulgates and administers a renewable operating permit program
 17 for this state.

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