

Revised

Fiscal Note

2021-2022 Legislative Session

HF1037 - 0 - Air Emission Measurement and Reporting

Chief Author: **Ami Wazlawik**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **2/25/2021 4:08:20 PM**
 Agency: **Pollution Control Agency**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Environmental	-	15,944	15,944	15,727	15,727	15,727
Total	-	15,944	15,944	15,727	15,727	15,727
Biennial Total			31,888			31,454

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Environmental	-	123.37	123.37	121.87	121.87
Total	-	123.37	123.37	121.87	121.87

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This fiscal note has been revised to make a correction to the hourly rate used to calculate the attorney costs.

LBO Signature: Jim Carlson **Date:** 2/25/2021 4:08:20 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.leg.mn

Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Environmental	-	15,944	15,944	15,727	15,727	15,727
Total		-	15,944	15,944	15,727	15,727
Biennial Total			31,888		31,454	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Environmental	-	15,944	15,944	15,727	15,727	15,727
Total		-	15,944	15,944	15,727	15,727
Biennial Total			31,888		31,454	
2 - Revenues, Transfers In*						
Environmental	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total			-		-	

Bill Description

The bill proposes a new section to Minnesota Statutes, chapter 116. by adding Section 1. [116.0718] Ensuring Compliance with Air Emission Limits

Subd. 1. Provides definitions for the new section.

Subd. 2. Requires each air quality permit to contain a compliance determination that consists of a list methods of measuring air emissions required of a facility to physically complete the measurement and the frequency of measurement.

Subd. 3. Requires facilities to transmit reports of air emission measurements to the agency monthly when indirect measures of air emissions are used. Any third party must also submit any tests or measurements to the agency at the same time reported to the facility.

Subd. 4. Requires performance testing on a schedule established for facilities for all applicable pollutants emitted by different facilities not measured by a continuous emissions monitoring system.

Effective date. This section is effective the day following final enactment and must be incorporated by reference as applicable into all existing air quality permits.

Assumptions

1.	The costs reflected in this analysis only address MPCA costs and are over and above current program appropriations to the MPCA.
2.	MPCA averages 1816 air permit amendment activities per year.
3.	The requirements within this bill will require a review and the development of each air emissions permit to identify sources and methods for testing.
4.	Compliance determination activities would increase due to an increased volume of performance testing reporting, data management, review, and follow-up.
5.	MPCA expects an increase of 30 public hearings per year that would vary depending upon size, complexity and extent of public interest for each facility.
6.	Rulemaking will be required to change permitting requirements

Revised

7. Translations may need to be performed in multiple languages, especially in Environmental Justice areas. It is assumed ~25% of hearings will need these services.

Expenditure and/or Revenue Formula

1. Number of potential permit actions, compliance determination reviews, and public hearings.
 - a. 1816 air emission permit actions to require new performance testing protocols and reporting requirements
 - b. Estimate of 40,000 reports submitted annually that would have to be reviewed and evaluated for compliance and follow up.
 - c. 30 additional public hearings on average per year.
2. Staff time required for the projected increase in permit development, review of submitted reports and follow up actions.
 - a. Estimated 68 hours per air emission permit development. $1,816 \text{ permits/year} \times 68 \text{ hours/permit} = 123,488 \text{ hours/year}$. $123,488 / 2,080 \text{ hours/FTE} = 59.37 \text{ FTE/year}$ (1 FTE* = 2,080 hours/year = \$128,000). $59.37 \times \$128,000 = \$7,599,360/\text{year}$
3. Staff time required for review of increased number of performance tests and the management, review and follow up of compliance actions for an estimated 40,000 reports annually.
 - a. Estimated time required for staff review per permit = 3.25 hours. $40,000 \text{ reports} \times 3.25 \text{ hrs/review} = 130,000 \text{ hours/year}$. $130,000 \text{ hrs/year} / 2,080 \text{ hours/FTE} = 62.5 \text{ FTE/year}$ x \$128,000 = \$8,000,000/year
4. Calculation for rulemaking costs to change permit requirements associated with this bill.
 - a. Rulemaking is estimated to take 18 months, and will span two fiscal years. Office of Administrative Hearing (OAH) and State Register costs are evenly split over two years. Rulemaking and attorney and air program staff time will be needed.
 - b. OAH costs (filing fees associated with the eComments site, ALJ review time, hearing costs) = \$29,075 total, or \$14,537 in FY22 and \$14,537 in FY23
 - c. State Register costs (publication of all associated notices) = \$7,890 or \$3,945 in FY22 and \$3,945 in FY23
 - d. FTEs = Attorney costs for rulemaking \$148/hour for 86 hours = \$12,728 or \$6,364 in FY22 and \$6,364 in FY23
 - e. Rule Coordinator staff (0.75 FTE x \$128,000 x 2 years) = \$192,000 or \$96,000 in FY22 and \$96,000 in FY23
 - f. Air program staff (0.75 FTE x \$128,000 x 2 years) = \$192,000 or \$96,000 in FY22 and \$96,000 in FY23
 - g. Costs were estimated using the rulemaking manual.
5. Calculation of 30 public hearing venues and related costs.
 - a. The venue cost for each meeting is \$1,500 (Costs for public meeting venues can vary greatly depending upon size of space needed and whether a public space is available (could cost \$200 per event) versus using private space (could cost \$2,500 per event)). $30 \times \$1,500 = \$45,000/\text{year}$
 - b. The public notification cost is \$2,500 each (Costs for public notification includes flyers and other materials mailed and delivered to the affected communities providing notification of meeting purpose, time and location). $30 \times \$2,500 = \$75,000/\text{year}$
 - c. The translator cost is \$500/3 hours of services x 2 languages x 25% of meetings (7.5/yr) anticipated to require translation services. $\$500 \times 2 \times 7.5 = \$7,500/\text{year}$

Revised

6. Total costs per year

- a. Total permitting and compliance staff time = \$ 15,599,360 (121.87 FTE/year).
- b. Total for rulemaking = \$433,692 for two years. FY22 = \$216,846, FY23 = \$216,846
- c. Total public engagement, venues and related costs = \$127,500/year.
- d. Grand total = \$15,943,706/year for FY2022 and FY2023. FY2024 and beyond = \$15,726,860/year

*The annual cost of 1.0 FTE is \$128,000 in FY2021-2024. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (work space, computer and office supplies, office equipment, local travel, etc.)

Long-Term Fiscal Considerations

The costs associated with this bill will continue in future fiscal years

Local Fiscal Impact

The bill may have a fiscal impact on local government for staff to provide input and/or monitor the process.

References/Sources

MPCA staff with experience in air emissions permitting, rulemaking, compliance determination, and enforcement actions.

Agency Contact: Katie Smith 651-592-5361

Agency Fiscal Note Coordinator Signature: John Allen

Phone: 651-757-2185

Date: 2/25/2021 3:35:12 PM

Email: john.j.allen@state.mn.us