STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING

RICK SNYDER
GOVERNOR

DAN WYANT
DIRECTOR

ENROLLED BILL ANALYSIS

BILL NUMBER: House Bill 4449, as Enrolled

TOPIC: Air Quality Fee Increase and Sunset Extension

SPONSOR: Representative Roger Victory

CO-SPONSORS: None

COMMITTEE: Appropriations

ANALYSIS DONE BY: Maggie Pallone, Director of Legislative Affairs
517-599-6190 (cell); 517-284-6704 (office)

DATE OF COMPLETED ANALYSIS: June 9, 2015

REVIEWED BY: **SD** **DA**

SHORT SUMMARY/HIGHLIGHTS OF THE BILL

This bill increases the air emission fee from $47.95 per ton to $51.15 per ton and extends the sunset from October 1, 2015 to October 1, 2019. The fee currently generates $9.6 million. The increased fee will generate approximately $1.2 million of additional revenue, providing an estimated $10.8 million of total revenue annually. The revenue will support costs associated with inspections, permit reviews, compliance assistance, and enforcement for those businesses with major sources of air emissions.

ADMINISTRATION POSITION

Support

PROBLEM/BACKGROUND

The United States Environmental Protection Agency (USEPA) requires a presumptive minimum, which is the required level of revenue each state must collect in fees to support the Title V Clean Air Program. If the fees do not meet the minimum, the Department of Environmental Quality (DEQ) would not be able to fulfill the mandated federal Clean Air Act requirements and could lose delegated authority over air permitting in the state. This could mean facilities would be required to pay higher emission fees to the USEPA, permits would be delayed, and citizen air quality complaints would need to be addressed by the USEPA versus the DEQ.

DESCRIPTION OF BILL

The bill allows the state to collect approximately $10.8 million annually through October 1, 2019, to help offset costs associated with the inspection and compliance assistance efforts for the Title V Air Quality Program. Approximately 800 businesses will be subject to the air quality emission fee. The bill also includes an annual facility charge, exceptions for municipal electric generating facilities, and maximum fee amounts. The maximum fee for non-electric generating facilities is $235,425 and electric generating facilities is $317,265.

Air Quality Emission Fees		
Category	**Facility Charge**	**Charge Per Ton**
Category I: Emit 100 tons or more	$5,250	$51.15
Category II: Emit 10 tons or more of any single air pollutant or 25 tons or more of any combination of air pollutants	$1,795	$51.15
Category III: Emit air pollutants but do not meet thresholds for Category I or II	$250	$0
Municipal Electric Generating Facilities	**Facility Charge**	**Charge Per Ton**
0 – 730 tons	$5,250	$51.15
730 – 5,000 tons	$41,830	$0
5,000 tons and above	$5,250	$51.15

SUMMARY OF ARGUMENTS

Pro

The bill increases revenue levels in order to meet the federal presumptive minimum requirement established by the USEPA. The bill also supports the fiscal year 2016 budget target agreement and allows the DEQ to provide an adequate Air Quality Program.

Con

Michigan businesses that have major sources of air emissions will see increased costs. While the fee increase will vary dependent on the facility type and caps established, the overall air emission fee rate increase is 7 percent.

FINAL PASSAGE VOTE

House: 106-3

Senate: 20-18

FISCAL/ECONOMIC IMPACT

Are there revenue or budgetary implications in the bill to the –

(a) Department

Budgetary: Approximately $1.2 million fee increase.
Revenue: Approximately $1.2 million fee increase.
Comments: The fee increase is necessary to meet the federal USEPA requirements and assure Michigan has an adequate Air Quality Program.

(b) State

Budgetary: Approximately $1.2 million fee increase.
Revenue: Approximately $1.2 million fee increase.
Comments: The fee increase is necessary to meet the federal USEPA requirements and assure Michigan has an adequate Air Quality Program.

(c) Local Government

Comments: None.

OTHER STATE DEPARTMENTS

None.

ANY OTHER PERTINENT INFORMATION

None.

ADMINISTRATIVE RULES IMPACT

None.