

HF672 - 0 - Air Emission Permits Modified

Chief Author: **Fue Lee**
 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **1/30/2023 3:11:43 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	FY2023	FY2024	FY2025	FY2026	FY2027
Environmental	-	670	522	-	-	-
Total	-	670	522	-	-	-
Biennial Total			1,192			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Environmental	-	2.9	2.6	1.25	1.25
Total	-	2.9	2.6	1.25	1.25

LBO Analyst's Comment

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

LBO Signature: Jim Carlson **Date:** 1/30/2023 3:11:43 PM
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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	FY2023	FY2024	FY2025	FY2026	FY2027	
Environmental	-	670	522	-	-	-
Total	-	670	522	-	-	-
Biennial Total			1,192			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Environmental	-	670	522	277	277	277
Total	-	670	522	277	277	277
Biennial Total			1,192			554
2 - Revenues, Transfers In*						
Environmental	-	-	-	277	277	277
Total	-	-	-	277	277	277
Biennial Total			-			554

Bill Description

Section 1 - Bill creates new subdivision 4m. Nonexpiring state individual permits; public information meeting in Minn. Stat. 116.07, requiring the Agency to hold public informational meetings at regular intervals on nonexpiring state individual air permits.

Bill sets public information meeting intervals for permits issued or reissued after December 31, 2018 to be no later than five years after the permit is issued and every five years thereafter.

Bill sets public information meeting intervals for permits issued on or before December 31, 2018 to be held by December 31, 2024 and every five years thereafter.

Public information meetings are for the public to make comments and inquiries on any aspect of the individual air permit.

Bill defines “state individual air quality permit” for the section.

Agency costs for these activities are recovered through air permit fees, in Minn. Stat. 116.07, subdivision 4d.

Section 2 Bill creates new subdivision 4n. Permit review denial; in Minn. Stat. 116.07, requiring the Agency to respond in 15 days to requests for the Agency to review, when the review is not warranted. In the response, the Agency must state the reasons for the Agency’s determination.

Section 3 Bill requires the Agency to have a full-time equivalent community liaison position to complete the administrative tasks associated with the public information meetings required under subdivision 4m and other interactions with communities exposed to air pollutants emitted by facilities permitted by the Agency.

Agency costs for these activities are recovered through air permit fees, in Minn. Stat. 116.07, subdivision 4d.

Assumptions

1. The costs reflected in this analysis only address Minnesota Pollution Control Agency (MPCA) costs and are over and above current program appropriations to the MPCA.
2. There are currently 118 non-expiring state individual permits. This number does not include federal permits because they expire. This number also does not include general, registration, and capped permits, even though they are non-expiring, because they are not individual permits.

3. 73 of the 118 non-expiring state individual permits were issued or amended on or before December 31, 2018 and would require a public informational meeting by December 31, 2024, and every five years thereafter. To meet this goal, two-thirds or 49 of the public meetings would be held in FY24 (7/1/23 to 6/30/24) and one-third or 24 would be held in the first half of FY25 (6/30/24 to 12/31/24).
4. 45 of the 118 non-expiring state individual permits were issued or amended after December 31, 2018 and would require a public informational meeting no later than five years after the permit is issued and every five years thereafter. To meet this goal, one-fifth or 9 of the public information meetings would be held each year for these permits starting in FY24 and ending FY28.
5. To balance the workload over the fiscal years, more than nine public information meetings would be held each year starting in FY26. The MPCA would distribute the work such that public information meetings would be held for one-fifth or 24 of all facilities with non-expiring state individual permits each year starting in FY26.
6. Agency activities for each public information meeting would include review of permit conditions and compliance submittals, public notification of meetings, meeting preparation and attendance, and meeting follow-up.
7. Each information meeting would require 10 hours of work from two technical staff or 20 total hours per public information meeting. This work would be separate from the work that would be performed by the community liaison position.
8. The community liaison full-time equivalent would focus on community outreach and engagement, and other interaction with communities, but particularly in environmental justice areas.
9. The cost for renting a venue for the public information meeting is \$1,500. Costs vary greatly depending upon size of the space and whether a public space is available (could cost \$200 per event) versus a private space (could cost \$2500 per event).
10. The cost for public notification flyers and other materials mailed and delivered to the affected communities providing notification of meeting purpose, location, and time is \$2,500 for each meeting
11. Translations may be needed in multiple languages in environmental justice areas. It is assumed that approximately 25% of meetings will include these services in two different languages. Each translator will cost \$500 for 3 hours of work per meeting.
12. Rulemaking would be required to recover costs through air permit fees. Rulemaking would take two years, so there would be a delay in recovering costs.

Expenditure and/or Revenue Formula

1. Number of public information meetings held per year
 - a. FY2024: $49 + 9 = 58$ public information meetings
 - b. FY2025: $24 + 9 = 33$ public information meetings
 - c. FY2026 and annually thereafter: 24 public information meetings
2. Staff time and costs
 - a. FY2024: $58 \times 20 \text{ hours} = 1,160 \text{ hours technical staff} / 2,080 \text{ hours/FTE} = 0.6 \text{ FTE}$ and 1 community liaison FTE = **1.6 FTE**; $1.6 \text{ FTE} \times \$140,000/\text{FTE} = \mathbf{\$224,000}$
 - b. FY2025: $33 \times 20 \text{ hours} = 660 \text{ hours technical staff} / 2,080 \text{ hours/FTE} = 0.3 \text{ FTE}$ and 1 community liaison FTE = **1.3 FTE**; $1.3 \text{ FTE} \times \$140,000/\text{FTE} = \mathbf{\$182,000}$
 - c. FY2026 and thereafter: $24 \times 20 \text{ hours} = 480 \text{ hours technical staff} / 2,080 \text{ hours/FTE} = 0.25 \text{ FTE}$ and one community liaison FTE = **1.25 FTE**; $1.25 \text{ FTE} \times \$140,000/\text{FTE} = \mathbf{\$175,000}$

3. Costs for meeting venues and related expenses

a. FY2024: 58 meetings x \$1500 venue fee = \$87,000 and 58 meetings x \$2500 public notification cost = \$145,000 and 58 meetings x 25% requiring translation x 2 languages x \$500 per translation = \$14,500 or $\$87,000 + \$145,000 + \$14,500 = \mathbf{\$246,500}$ total cost for venue and related expenses

b. FY2025: 33 meetings x \$1500 venue fee = \$49,500 and 33 meetings x \$2500 public notification cost = \$82,500 and 33 meetings x 25% requiring translation x 2 languages x \$500 per translation = \$8,250 or $\$49,500 + \$82,500 = \mathbf{\$140,250}$ total cost for venue and related expenses

c. FY2026 and thereafter: 24 meetings x \$1500 venue fee = \$36,000 and 24 meetings x \$2500 public notification cost = \$60,000 and 24 meetings x 25% requiring translation x 2 languages x \$500 per translation = \$6,000 or $\$36,000 + \$60,000 + \$6,000 = \mathbf{\$102,000}$ total cost for venue and related expenses

4. Costs for rulemaking (FY2024 and 2025 only)

a. Rule coordinator staff (0.5 FTE x \$140,000 x 2 years) = \$140,000 (or \$70,000 per FY)

b. Program staff (0.75 FTE x \$140,000 x 2 years) = \$210,000 (or \$105,000 per FY)

c. Attorney costs (\$148/hour for 86 hours) = \$12,728 (or \$6,364 per FY)

d. OAH costs: \$33,075 (or \$16,538 per FY)

e. State Register costs: \$3,705 (\$1,852 per FY)

f. **Total rulemaking costs: \$399,508 (\$199,754 per FY)**

5. Total costs per year

a. FY2024: $\$224,000 + \$246,500 + \$199,754 = \$670,254$

b. FY2025: $\$182,000 + \$140,250 + \$199,754 = \$522,004$

c. FY2026 and thereafter: $\$175,000 + \$102,000 = \$277,000$

*The annual cost of 1.0 FTE is \$140,000 in FY2023-2027. 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

Unknown.

References/Sources

MPCA data on air permits.

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