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Senate Bill 672 (as introduced 7-10-97)
Sponsor: Senator Alma Wheeler Smith
Committee: Natural Resources and Environmental Affairs

Date Completed: 4-27-98

CONTENT

The bill would amend Part 55 (Air Pollution Control) of the Natural Resources and Environmental Protection Act to require the owner or operator of each "fee-subject facility" to pay air quality fees until September 30, 2002; reduce the facility charges for different categories in the annual air quality fee calculation; eliminate the provision pertaining to municipal electric generating facilities; and eliminate the maximum limitations for actual tons charged in the emissions charge calculation. ("Fee-subject facility" means any major source defined in the Code of Federal Regulations; any source or affected source subject to a standard, limitation, or other requirement under the Clean Air Act, or any other source designated by the administrator of the Environmental Protection Agency to obtain an operating permit.)

Air Quality Fees

Under the Act, for the State fiscal year beginning October 1, 1994, and continuing until September 30, 1998, the owner or operator of each fee-subject facility must pay annual air quality fees. The bill would extend the requirement to September 30, 2000.

The annual fee must be calculated, and would be reduced, as follows:

- For "category I facilities", the fee must be the sum of a \$2,500 facility charge and an emissions charge as specified below. The bill would reduce the facility charge to \$1,250.
- For "category II facilities", the fee must be the sum of a \$1,000 facility charge and an emissions charge. The bill would reduce the facility charge to \$500.
- For "category III facilities", the fee must be \$200. The bill would reduce the fee to \$100.
- For "municipal electric generating facilities" subject to category I that emit 18,000 tons or less but more than 600 tons of fee-subject air pollutants, the fee must be a \$10,000 operating facility charge. The bill would eliminate this provision.

The emissions charge for category I and II facilities equals the product of the actual tons of fee-subject air pollutants emitted and the emission charge rate. The emission charge rate is \$25 per ton of fee-subject air pollutants. The bill would reduce the emission charge rate to \$12 per ton of fee-subject air pollutants.

The emissions tonnage must be calculated for the calendar year two years preceding the year of the billing. The actual tons of fee-subject air pollutants emitted are the sum of all fee-subject air pollutants emitted at the fee-subject facility. The bill would eliminate the current provision that for the purposes of the emissions charge calculation the actual tons charged must not exceed either a) 4,000 tons, or b) 1,000 tons per pollutant if the sum of all fee-subject air pollutants except carbon monoxide emitted at the facility is under 4,000 tons.

Emissions Data

Currently, by July of each year, beginning in 1995, the Department of Natural Resources (DNR) must provide the owner or operator of each fee-subject facility required to pay an air quality fee a copy of

the DNR's calculation of the facility emissions for the previous year. Within 60 days of the notice, the owner or operator may provide corrections to the DNR. If the DNR and the owner or operator disagree on the calculation, the DNR must make a final determination of the emissions by December 15 of that year. If the owner or operator disagrees with the determination, the owner or operator may request a contested case hearing before the Natural Resources Commission. The bill would allow a request for a contested case hearing before the Director of the Department of Environmental Quality.

MCL 324.5522

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would maintain a current \$8.1 million revenue source to the State, and thereby maintain \$1.6 million in restricted funding for a local air pollution grant program. The bill also would increase revenue to the State by 39%, or approximately \$3.2 million.

Current air emissions fees are scheduled for sunset on September 30, 1998. Both the current FY 1997-98 and the proposed FY 1998-99 Department of Environmental Quality budget rely upon \$10.85 million in air emissions fees.

The following table summarizes the fee increases by type of facility and tonnage. The tonnage amount changes due to removal of the 4,000 ton limit on the tons of fee-subject pollutants.

Senate Bill 672	Number of Tons		Amount of Fee		Amount of Revenue		Change to Current	
	Current	S.B. 672	Current	S.B. 672	Current	S.B. 672	Dollar	Percent
Category I								
Facility Fee			2,500	1,250	1,217,500	608,750	(608,750)	-50.0%
Tonnage Fee	238,855	859,386	25	12	5,971,375	10,312,632	4,341,257	72.7%
Subtotal					7,188,875	10,921,382	3,732,507	51.9%
Category II								
Facility Fee			1,000	500	373,000	186,500	(186,500)	-50.0%
Tonnage Fee	9,257	9,277	25	12	231,425	111,324	(120,101)	-51.9%
Subtotal					604,425	297,824	(306,601)	-50.7%
Category III			200	100	239,000	119,500	(119,500)	-50.0%
Municipal Electric Facilities			10,000	0	90,000	0	(90,000)	-100.0%
TOTALS					8,122,300	11,338,706	3,216,406	39.6%

Data Source: Department of Environmental Quality, Air Quality Division.

Fiscal Analyst: G. Cutler

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.