

Legislative Analysis



SUNSET EXTENSION: AIR QUALITY FEES

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Senate Bill 530 as reported from House committee

Sponsor: Sen. Rosemary Bayer

House Committee: Appropriations

Senate Committee: Appropriations

Complete to 10-31-19

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 119 of 2019)

SUMMARY:

Senate Bill 530 would amend Part 55 of the Natural Resources and Environmental Protection Act (NREPA) by extending the current air quality fee sunsets from October 1, 2019, to October 1, 2023. The bill would also restructure facility categories and fee rates.

Present facility categories are statutorily defined as follows:

Category I – Fee-subject facilities that are capable of annually emitting 100 tons or more of certain air pollutants.

Category II – Fee-subject facilities that are capable of annually emitting 10 tons or more of any hazardous air pollutant or 25 tons or more of any combination of hazardous air pollutants. Category II facilities that meet the definition of a category I facility are considered category I facilities.

Category III – Fee-subject facilities that annually emit fee-subject air pollutants but do not fit the criteria established for category I or II facilities.

The annual air quality fee charged to category I facilities is \$5,250 plus an air emissions charge of \$51.15 per ton. Category II facilities are charged \$1,795 plus the aforementioned air emissions charge; category III facilities are charged \$250 annually.

Exception for large electric providers

Category I municipal electric generating facilities that emit 730 to 5,000 tons annually pay an air quality fee of \$41,830. Category I municipal electric generating facilities that emit more than 5,000 tons annually pay the air quality fee and air emissions charge specified above for category I facilities.

Exception for small electric providers

Category I municipal electric generating facilities that emit less than 730 tons annually and all category II electric generating facilities are subject to the emissions charge of \$51.15 per ton.

The bill would revise these facility categories as follows:

Category A – Fee-subject electric providers that are capable of annually emitting 100 tons or more of certain air pollutants.

Category B – Fee-subject nonelectric providers that are capable of annually emitting 100 tons or more of certain air pollutants.

Category C – Fee-subject facilities that do not fit category A or B and are capable of annually emitting 10 tons or more of any hazardous air pollutant or 25 tons or more of any combination of hazardous air pollutants.

Category D – Fee-subject facilities that do not fit category A, B, or C and are subject to certain provisions of the federal Clean Air Act; do not house equipment that meets a permit to install exemption and do not have an active permit to install; and are not stripper well properties

Category E – Fee-subject facilities that do not fit category A, B, C, or D and have an active Title V opt-out permit

Category F – Fee-subject facilities that do not fit category A, B, C, D, or E

The bill would also revise the air quality fees incurred by facilities in these categories as follows:

Category A – Facility charge between \$5,250 and \$45,000 as determined by annual emissions and emissions charge of \$53 per ton

Category B – Facility charge between \$5,250 and \$21,000 as determined by annual emissions and emissions charge of \$53 per ton

Category C – Facility charge between \$2,500 and \$4,500 as determined by annual emissions and emissions charge of \$53 per ton

Category D – Facility charge between \$1,795 and \$2,500 as determined by annual emissions and emissions charge of \$53 per ton

Category E – Facility charge between \$250 and \$1,795 as determined by annual emissions

Category F – \$250 annually

Exception for municipal electric providers

Municipal electric generating facilities that with annual emissions equal to or greater than 646 tons would pay an air quality fee of \$50,000. Municipal electric generating facilities that emit less than 646 tons annually would pay an air quality fee equal to the sum of a facility charge between \$5,250 and \$15,750 as determined by annual emissions and an emissions charge of \$53 per ton.

The air quality fees are paid by owners and operators of facilities that emit air pollutants and are necessary for Michigan to maintain compliance with the federal Clean Air Act. These fees are collected by the Department of Environment, Great Lakes, and Energy (EGLE) and credited to the Emissions Control Fund. Revenue from this fund primarily supports EGLE's Air Quality Division, which monitors air quality, abates air pollution, and maintains compliance with federal requirements. The most recent fee structure was revised in FY 2014-15 and ranged from \$250 to \$317,000 based on facility and emissions levels. The fee sunset was last extended in 2015 to October 1, 2019.

MCL 324.5501 and 324.5522

FISCAL IMPACT:

Senate Bill 530 is likely to increase revenue for EGLE. The bill provides for the continued collection of air quality fees by extending the sunsets on these fees, which expired October 1, 2019. These fees generated \$9.6 million in average annual revenue under current rates; the revised rates proposed in the bill are projected to generate an additional \$400,000, raising annual fee revenue to \$10.0 million in FY 2019-20. The bill provides for the continued funding of EGLE's Renewable Operating Permit program and would not affect the department's current costs. Local governments that own or operate air emissions fee-subject facilities are likely to experience increased costs as a result of the fee restructuring included in the bill, specifically relative to the emissions charge increasing from \$51.15 per ton to \$53 per ton. The magnitude of this cost increase will vary by facility and have differing impacts on local government costs. The bill is unlikely to directly change local government revenues.

Fiscal Analyst: Austin Scott

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.