PROPOSAL TO ADJUST EMISSION FEE SCHEDULE

70% Fee Payment due March 31
Proposal to be Considered

- Sources paying on an allowable emissions basis will pay the entire fee due on March 31 of the TDEC Annual Accounting Period (AAP).
- Sources paying on an **actual emissions basis** will pay an estimated 70% Emission fee payment for each TDEC Annual Accounting Period (from July 1 through June 30) on March 31 of each year.
- Calculations of emission fees will be based on the **previous calendar year’s data**, January through December or the TDEC AAP as allowed in the current regulation effective April 5, 2016.
- With this proposal, you are still paying for the AAP which runs from July 1 through June 30, **only the addition of an estimated initial 70% March payment is changing**.
Other Considerations for the Proposal

- **90 day extension** in TAPCR 1200-03-26-.02(9)(g)5 will still be available, pay 70% by March 31 remainder by July 1, or remainder by September 28 with extension. No extension available for 70% March 31 payment
If Approved, When Will Change Occur

• Currently we are in the 2015-2016 AAP, **No Change**

• Next year will be the 2016-2017 AAP, **option to pay on CY or AAP. Must declare by December 31, 2016** if using CY 2016 data option for fees due July 1st, 2017

• The **proposed change to the due date** will occur in the **2017-2018 AAP**

• First new **70%** payment due date will be **March 31, 2018** for the 2017-2018 AAP
Pros

• The dollar amount you are paying is not changing
• Provides TDEC with earlier funding to support annual planning
• Some “actual” basis sources may not need to use extension
• Sources retain both CY and AAP emission basis options

Cons

• The revised annual emissions fees will not be state effective until July 1
• Depending on a company’s fiscal year may need to pay Emission Fees twice in initial fiscal year
• Some companies may over-estimate the March 31 payment and be due a refund
Why is Changing the Fee Due Date Needed?

• T5 Annual Emission Fees are collected at the end of each fiscal year, but TDEC must predict collections for the next year without knowing how much was collected for the previous year

• TDEC can’t easily predict how much money will be collected until after the fees for the following year have been proposed

• TDEC does not have the information needed to plan and prepare for the upcoming year

• By knowing how much money was collected sooner, the Board will have a better idea of where to set the emissions fees for the next year

• TDEC must currently borrow money from the state to fund the program until fees are collected. Revising the fee due date will reduce the amount they are required to borrow.
Why is Changing the Fee Due Date Needed?

- Example:
  - AAP 2015-16 collections are due 7/1/2016, with some sources receiving extensions until 9/30/2016.
  - Work on the needed revenues for AAP 2017-18 began in April 2016 and had to be approved by the Board no later than November 2016.
  - Final AAP 2015-16 collections information was not available until early 2017.
  - Because changes to chapter 1200-03-26 are required to revise fees, the rulemaking hearing notice was sent to the Secretary of State in early September so the hearing could be held prior to the November Board meeting.
Why is Changing the Fee Due Date Needed?

- Although TDEC can revise a proposed rule in response to comments or new information presented at the hearing, TDEC prefers not to significantly revise proposed fees without providing the opportunity for public comment, which would mean another public hearing. The timing would not work out if revisions were needed. The Board would likely not approve a significantly revised rule without another hearing.
OPEN DISCUSSION