



Department of
**Environment &
Conservation**

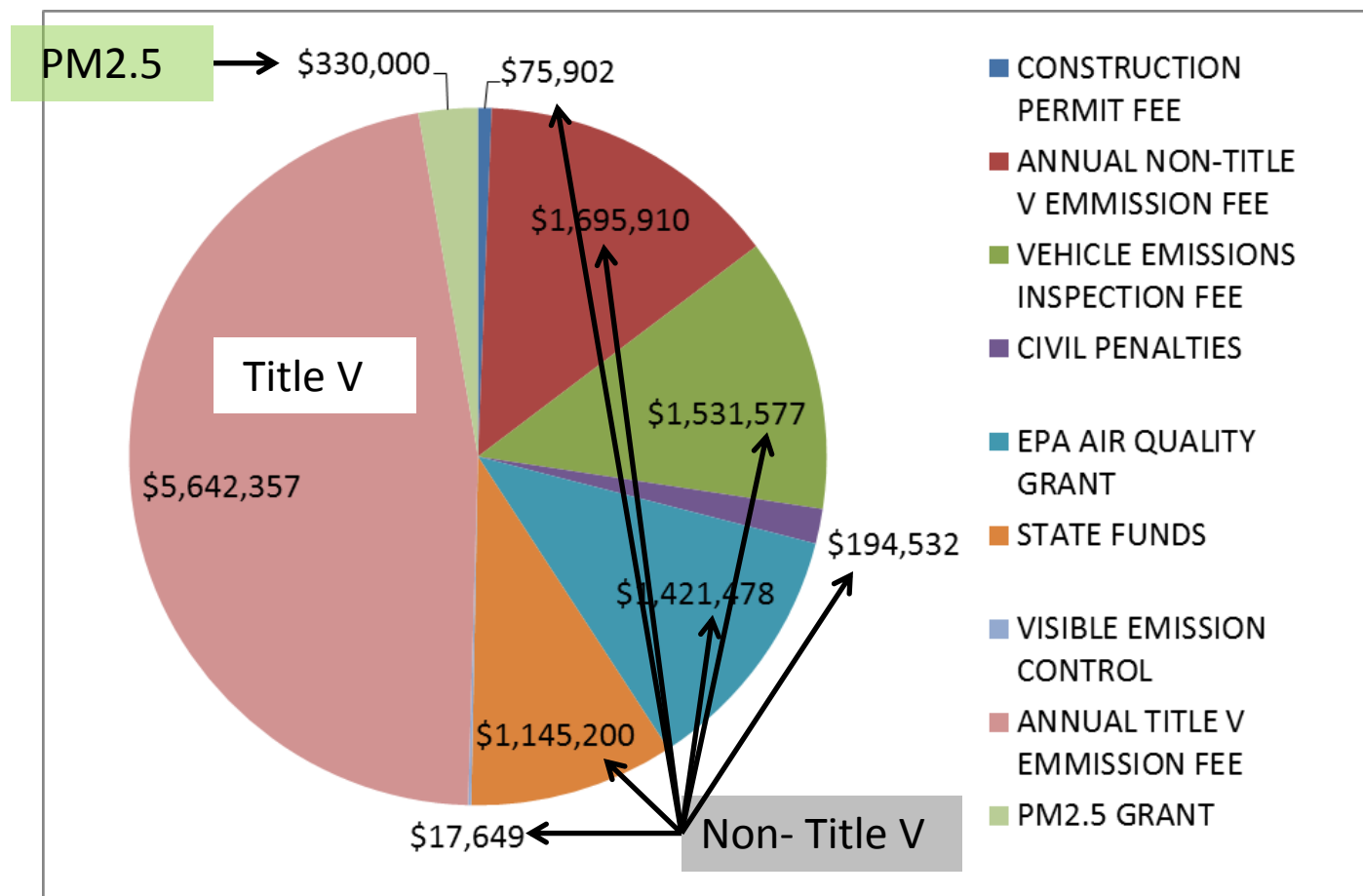
Title V Fee Stakeholder Kickoff Meeting

May 18, 2018

Topics Covered

- Brief Background on Title V Fees
- Updated Revenue and Expense Projections
- Need for Fee Revision
- Options for Changing 2020 Fees
- Stakeholder Input Received to Date
- Stakeholder Feedback
- Demonstration of Title V Fee Analysis Tool
- Preliminary Stakeholder Survey
- Timeline
- Website

What are Title V Fees?



Note: This chart is a simplified representation of APC funding. Actual budgetary and accounting information is much more complicated. Does not include “pass-through” funds or one-time funding. Does not include payments to counties as part of I/M program.

What Statutory Requirements Apply to Air Quality Fees?

Tennessee Environmental Protection Fund Act

TN Code § 68-203-103 – Fees

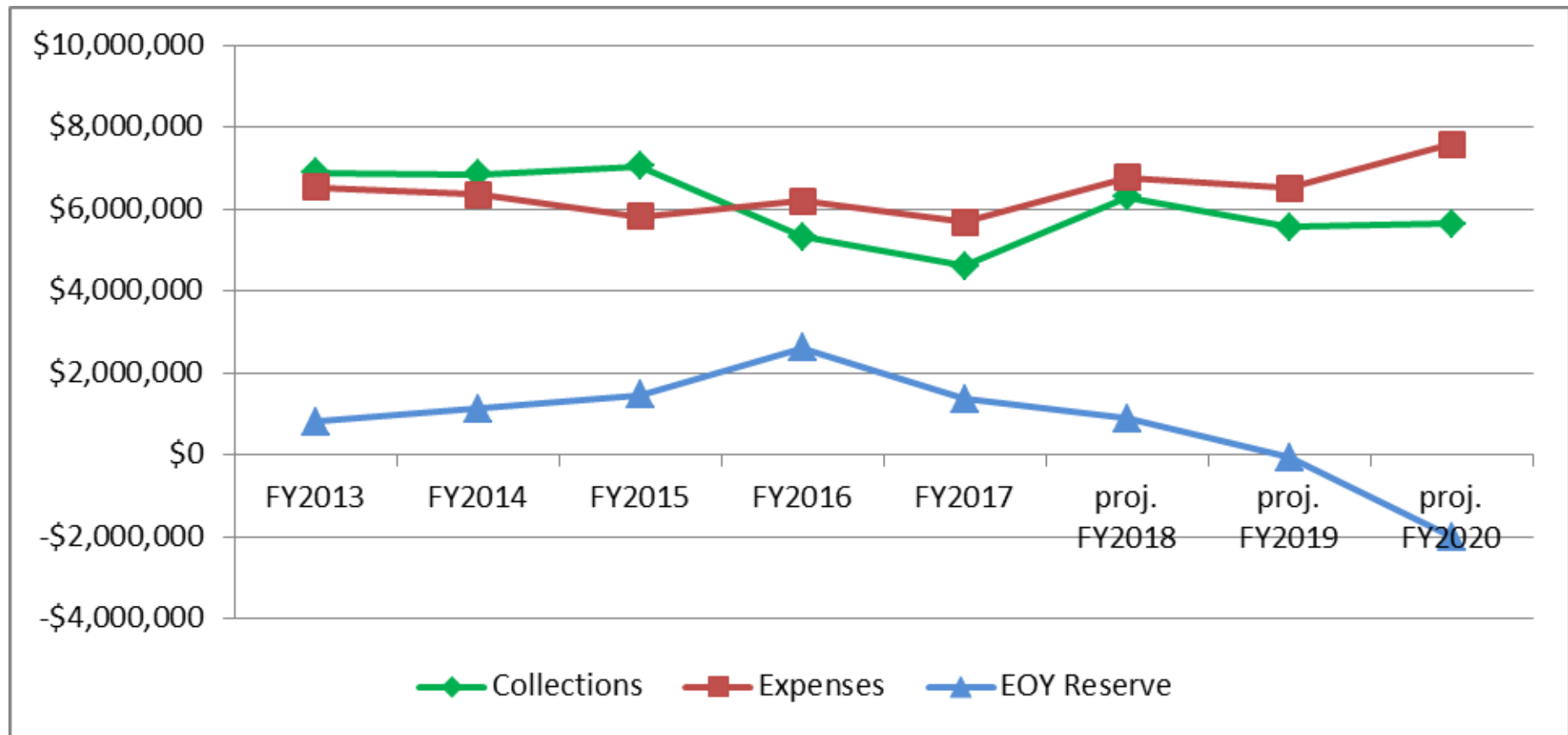
- Summary
 - Provides Authority for Collecting Various Types of Fees
 - Fees Must Fund Direct and Indirect Costs
 - Must Provide Funding for Additional Staff and Improved Salaries and Benefits to Improve Performance in Carrying Out its Duties
 - Lists Factors to be Considered when Determining Need for Fee Increase
 - Additional Provisions Contained in Fee Regulations
 - Includes Federal Statutory Requirement that Title V Fees Must Provide Sufficient Funding for Title V Program and Can Only be Used to Fund Title V Program

Title V Fee System Starting in 2019

	Previous \$/ton Rate	New \$/ton rate
Non-EGU Actual	\$43.00	\$53.50
EGU Actual	\$49.50	\$75.00
Non-EGU Allowable	\$32.50	\$33.50
EGU Allowable	\$39.00	\$47.00

- Base Fee = \$4000 per facility (previously no base fee)
- Minimum Fee = \$7500 (same as previous)
- **Rates based on assumption that FY2019 will be funded in part by drawing ~\$900,000 from reserve**
 - FY2020 Title V Fee System will Need to be Revised to Increase Fee Collections by this much as well as other projected increases cost.
- Workload Analysis Covered FY2018 and FY2019

Historical and Projected Income vs. Expenses and End-of-Year Reserve (updated)



Need for Fee Revision

- Title V Reserve will be Depleted During Fiscal Year 2019 (FY2019)
 - Projected **Negative Balance of ~\$100,000**
- FY2020 Title V expenses will Significantly Exceed Title V Fee Income
 - **Shortfall = ~\$2,000,000**
- Need Fee increase starting in FY2020
 - Meet Expenses
 - Restore Reserve
 - Provide Stability for Upcoming Years

Potential Changes in Title V Fees

- Increase \$/ton
- Increase base fee
- Increase minimum fee
- Change fee structure
- Remove Construction Fee exemption for Title V sources
 - Add fee for Op Flex and Insignificant Activities, Title V modifications and amendments
- Require Construction Fees for Major NSR, including PALs
- Fees for Services (such as model review, providing emissions inventory data, stack testing observation and review)
- Starting with 2021 Fees: Annual CPI adjustment (with APC Board Approval)
- Expedited Construction Permit Fees



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Stakeholder Input Received to Date

Input Received to Date

- With respect to fees, have there been evaluations that centered around amount, timing, and base fees?
- However, has there been any thought given to lowering the base fee charge and start charging a per form fee for applications? Other government offices do this type of thing.

Input Received to Date

1. Based on the Title V Fee Stakeholder Kick-Off Meeting presentation from the website, why can the State/TN APC not get any control on its budget?
2. It appears that the increase in Annual Fees is open ended because the TN APC is never going to have enough money to run the program for whatever reason may be deemed appropriate at the time.
3. How will improving the system for time charging temporarily reduce expenses? If it is supposed to work on a temporary basis, why not use it on a full time basis and maintain a reduction in expenses?
4. For the 2019 year, will Title V Sources have to pay the Base \$4,000 plus the Minimum \$7,500?

Input Received to Date

- Remove the Construction fee exemption for Title V Sources
- Initiate Fees for model review, emission inventory, stack testing observation, and report review*.

*Industry should be provided information as to what TN APC employees do in regard to the Emission Inventory since a lot of the work is actually done by industry and submitted to the TN APC. Also, descriptions as to the time involved in modeling review and stack test observation and review.

Input Received to Date

- Responses to written questions will be posted on the Title V Fee Website.



Stakeholder Feedback



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Title V Fee Analysis Tool



Stakeholder Survey on Fee Analysis Tool

Please Vote Using the Chat Function

- Option 1= Develop strawmen demonstrating different structural options based on stakeholder input for review and comment, present them in a third webinar, and request feedback.
- Option 2= Skip the development of strawmen and move straight to development of a proposed rule increasing the \$/ton fee rates (only) for public notice and comment.
- Please submit any additional comments on the above to air.permitting.permits@tn.gov

Stakeholder Process – tentative dates

- Email to all Title V sources– 4/6/2018
- Kickoff Webinar - 4/23/2018
 - present information & solicit input
- Second Webinar – 5/18/2018 – **revised date**
 - review stakeholder input
- Third Webinar - 6/13/2018 – **subject to change**
 - present analyses and strawmen
- Stakeholder Comments on Strawmen – date TBD
- Other Outreach
 - Statewide & Regional Organizations
 - Presentations at Conferences and Meetings

Rulemaking Process – Tentative Time Frame

- Initial Board Briefing – 3/14/18
- Stakeholder Process – April through July, 2018
- Second Board Briefing with proposed rule – 8/8/2018
- Public Notice with Proposed Rule – No Later than 8/22/2018
- Webinar to Discuss Proposal - ~ two weeks after public notice
- Public Hearing – 10/16/2018
- Board Adoption – 11/14/2018
- File with Secretary of State – No Later than 1/16/2019
- Effective Date of Rule – 4/16/2019
- Change in Fees Effective FY2020

New Title V Fee Website

- <https://www.tn.gov/environment/program-areas/apc-air-pollution-control-home/apc/permits-air/permit-fees/title-v-permit-fees.html>
- Go to www.tn.gov/environment
 1. Select "Permitting"
 2. Select "Air Permits"
 3. Select "Permit and Annual Emission Fees"
 4. Select "Title V Fees "

New Title V Fee Website

- AEAR Forms
- Current Rules
- Stakeholder Information
 - Webinar Information
 - Analysis Tools
 - Presentations
 - Stakeholder Comments
- 2016 & 2017 Stakeholder Information
- Proposed Rule Revisions

How to Provide Input & Get Further Information

- Submit comments and questions by email to:
 - air.permitting.permits@tn.gov
 - Include phrase “Title V fees” in subject line of email