

AIR FEES RULE PROPOSAL

Major and Minor Facilities

New Jersey Department of Environmental Protection
Division of Air Quality, Bureau of Air Permits
401 E State Street, Trenton, NJ 08625



Industrial Stakeholder Group Meeting
Sep 5, 2014

Background



- The Department was instructed by the Office of Management and Budget (OMB) to raise fees, where feasible and reasonable, to cover costs currently not paid for through service or emission fees.
- Several program's within the Department are engaged in developing fee proposals: Land Use, LSRP, Parks, Air Permitting.
- No legislative changes, limited to rule changes only.
- The revenues received currently are less than the cost of permitting, enforcement, and planning for regulating facilities, resulting in a large and continuing funding shortfall.

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PROPOSED RULE OVERVIEW



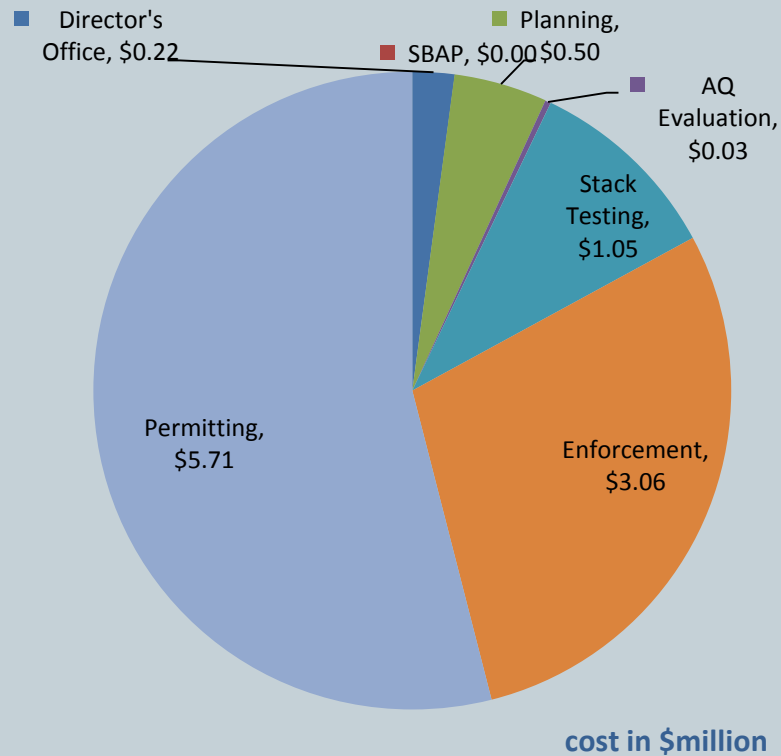
- **Affected Rules:**
 - Permits and Certificates for Minor Facilities (N.J.A.C. 7:27-8)
 - Operating Permits for Major Facilities (N.J.A.C. 7:27-22).
- **Schedule:**
 - Published in Aug 18, 2014 issue of the NJ Register.
 - Public Hearing Sep 22, 2014. Comment Period closes Oct 17, 2014.
 - Rule Effective: Mar 20, 2015 (as per the current schedule)
- **The proposal would raise:**
 - service fees for minor facilities,
 - significant modification fees for major facilities, and
 - general permit (GP and GOP) fees for both minor and major facilities.

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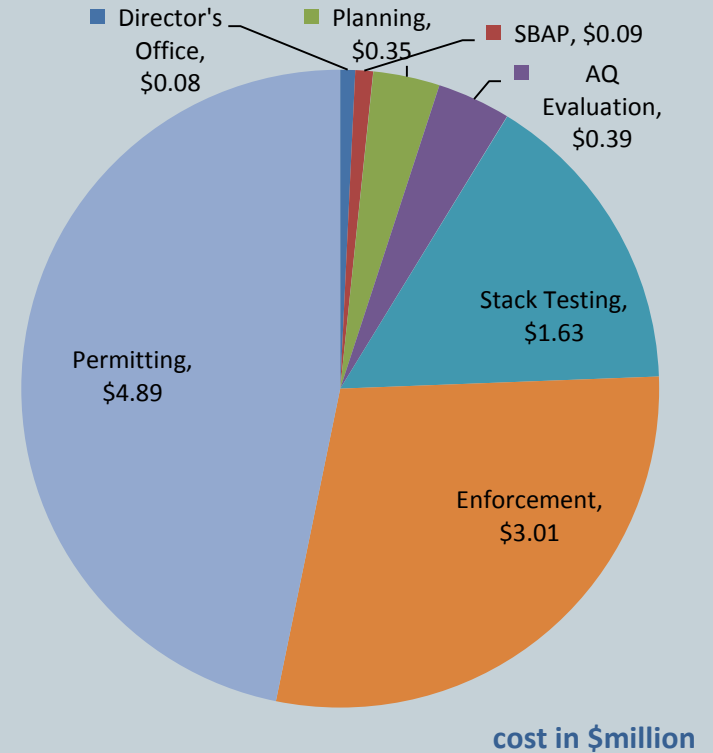
PROGRAM EXPENDITURE BREAKDOWN



Minor Facility Program Expenditure FY2013 (\$10.5 million)



Major Facility Program Expenditure FY2013 (\$10.4 million)



Note: Air monitoring is not charged to the facility regulation programs, as per EPA guidance.

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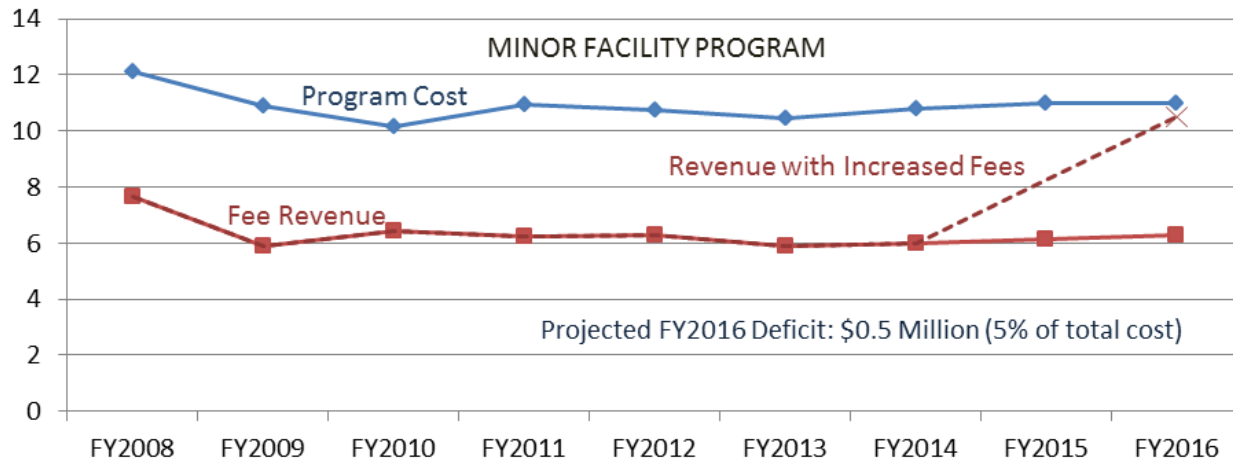
PROPOSED FEE CHANGES



- Fees changes for **minor facilities**:
 - 44% increase for all service fees
 - GP registration fee increase to \$820 (from \$410)
 - The total cost impact for minor facilities is small, an average increase of \$50 per facility per year (or about \$620 per permit action).
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- Fees changes for **major facilities**:
 - 44% increase for significant modifications
 - GOP registration fee increase to \$820 (from \$410)
 - A new flat fee of \$50,000 for complex modifications (PSD/Sub18).
 - Total fees charged to major facilities would increase about 19%, based on \$0.9 million additional service fees added to the FY2014 fees of \$4.7 million (emission and service).

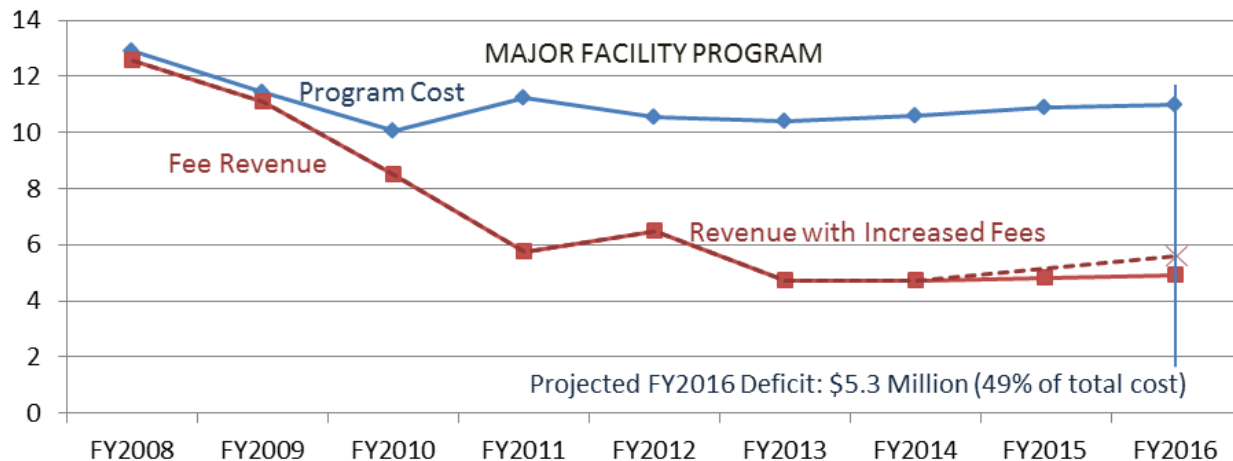
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PROGRAM FEE REVENUE AND COST TRENDS



Minor Facility Permitting Program

FY 15 Cost:	\$11 million
FY 15 Revenue:	\$6 million (w ithout increase)
Fee Shortfall:	\$5 million
FY 16 New Fee:	\$4.5 million (90% of Shortfall)
New Shortfall:	\$0.9 million (5% of total Cost)



Major Facility Permitting Program

FY 15 Cost:	\$10.9 million
FY 15 Revenue:	\$4.7 million (w ithout increase)
Fee Shortfall:	\$6.2 million
FY 16 New Fee:	\$0.9 million (15% of Shortfall)
New Shortfall:	\$5.3 million (49% of total Cost)

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PROPOSED FEE CHANGES SUMMARY



	FY15 Estimated Cost	FY15 Estimated Revenue	FY15 Projected Fee shortfall	FY15 Proposed Increased Fee
Minor Facilities:	\$11 million (5% over FY13)	\$6 million (without increase)	\$5 million	\$4.5 million (90% of Shortfall)
Major Facilities:	\$10.9 million (5% over FY13)	\$4.7 million (without increase)	\$6.2 million	\$0.9 million (15% of Shortfall)

- Minor facility program would be approximately 95% funded by service fees.
- Major facility program would be approximately 50% funded by emission and service fees.

PROPOSED FEE CHANGES SUMMARY



- Proposal does not completely close shortfalls; major facility shortfall likely to continue.
- Currently, New Jersey taxpayers bear the difference between program cost and fee amounts.
- If New Jersey does not address the fee shortfall, the major facilities program may become subject to Federal oversight and sanctions (consistent with 40 CFR 70.10).
- Room left for further streamlining in both major and minor facility programs.
- Permit applicants have frequently expressed to the Department their willingness to pay higher fees for expeditious permit reviews, citing much higher costs for project delay than for permit fees.

PROPOSED FEE CHANGES SUMMARY



Questions / Comments

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Questions / Comments

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PROGRAM COST, REVENUE, AND SHORTFALL



- PROGRAM COST AND REVENUE - HISTORICAL TREND**

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Program Cost:	\$25,029,447	\$22,358,710	\$20,208,959	\$22,211,737	\$21,297,568	\$20,844,072
Revenue:	\$20,220,759	\$16,973,551	\$14,908,201	\$11,977,721	\$12,760,371	\$10,598,138
Shortfall:	(\$4,808,688)	(\$5,385,159)	(\$5,300,757)	(\$10,234,016)	(\$8,537,196)	(\$10,245,934)
	-19%	-24%	-26%	-46%	-40%	-49%

- PROGRAM COST SAVINGS THROUGH STREAMLINING**

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Program Cost:	\$25,029,447	\$22,358,710	\$20,208,959	\$22,211,737	\$21,297,568	\$20,844,072
Compared to FY2008:		(\$2,670,738)	(\$4,820,489)	(\$2,817,710)	(\$3,731,880)	(\$4,185,376)
		-11%	-19%	-11%	-15%	-17%