

Description of Legislation

1. Summary of Legislation

H 551 responds to the mandates in Title V of the Federal Clean Air Amendments of 1990 which increased the responsibilities of the State to implement new state air quality programs. The proposed legislation does the following:

a. Amends G.S. 143-215.3(a) to authorize the Environmental Management Commission (EMC) to adopt and implement a graduated fee schedule sufficient to be used solely for all direct and indirect costs required to develop and implement the requirements of Title V.

b. Amends G. S. 143-215.3A to create a separate Title V nonreverting account within the Department of Environment, Health, and Natural Resources (EHNR) to be used exclusively for development and implementation of the Title V program.

c. Amends G.S. 143B-317 to change the Air Quality Council to " Air Quality Compliance Advisory Panel". Expands the panel's functions.

d. Creates a "Clean Air Act Advisory Council" to assist EHNR in an advisory capacity on the development of programs and permit fees necessary to implement the Title V. The EMC cannot initiate rulemaking to implement the Title V programs or fees until May 1, 1992 or upon receipt of a final written report by the Council, whichever is earlier.

e. Adds G.S. 143-215.106A to authorize an assessment to pay for expenses of the Title V program until the permit fees for the program are established. Air permit holders (100 tons or more) pay the assessment.

2. Effective Date

Upon Ratification

3. Fund or Tax Affected

Title V Nonreverting Account created in H 551

4. Principal Department/Program Affected

Division of Environmental Management, Department of Environment, Health, and Natural Resources

Cost or Revenue Impact on State

		<u>FY</u> 91-92	<u>FY</u> 92-93
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues	COST	\$996,000	\$3,912,500

REVENUE \$996,000 \$3,912,500

3. Fiscal/Revenue Assumptions

- A. **General:** Since Federal law requires that the implementation of Title V of the Clean Air Act Amendments of 1990 by states be self-sufficient from permit fees, the implementation of Title V in North Carolina will not require any General Fund appropriations. Federal law also mandates that these permit fees can only be used to implement Title V programs.
- B. **Revenue:** EHNR has estimated that the assessments established in H 551 will generate revenues of \$996,000 in 1991-92 and \$3,912,500 in 1992-93. The estimate is based on an assessment range of \$2,000 to \$6,000 in 1991-92 and \$2,5000 to \$100,000 in 1992-93. The revenue estimate may change slightly (increase or decrease) as EHNR continues to refine its data base.

The assessments will remain in effect at the 1992-93 level until permit fees for the Title V program are adopted by the Environmental Management Commission at which time the permit fees will replace the assessments. The revenue from permit fees cannot be determined until the permit fee schedule is established by the EMC, but EHNR estimates that permit revenues will not be less than the assessment collections of \$3.9 million for 1992-93.

- B. **Cost:** EHNR estimates the initial cost of implementing H 551 to be \$996,000 in 1991-92 and \$3,912,500 in 1992-93. The cost estimate includes salaries and related operating costs for 25 positions in 1991-92 and 50 positions in 1992-93.

The cost of the Title V program beyond 1992-93 cannot be determined until the development of the Title V program is completed by the Clean Air Act Advisory Council and EMC, but EHNR has estimated that the cost will not be less than the \$3.9 million estimated for 1992-93.

Cost/Revenue Impact on County or Local Government

	<u>FY</u> 91-92	<u>FY</u> 92-93
1. Non-Recurring Costs/Revenues		
2. Recurring Costs/Revenues		
3. Fiscal/Revenue Assumptions		

In general, there is no fiscal impact on local governments unless a local government operates a facility which would be subject to Title V regulation under the Clean Air Act Amendments of 1990. Under the assessment phase of H 551, no local government will be assessed, but after the permit fee schedule is in place, some local governments may be charged for permits for facilities like a waste incinerator.

Sources of Data for Fiscal Note

Division of Environmental Management, Department of Environment, Health, and Natural Resources

Federal Clean Air Act Amendments of 1990

Technical Considerations/Comments



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