

## **Title V Fees – Fact Sheet**

Pursuant to Item 365 of the Budget Bill, HB 1301 (2012 Special Session I), DEQ is adjusting the Title V program fee structure to ensure adequate funding for the program consistent with Federal requirements. This fee structure is designed to maintain the Title V program, and is not designed to increase or expand the program.

### **Background**

- The Federal Clean Air Act mandates that fees cover the full costs of the Title V major source air program.
- Current projections indicate that the Virginia Title V program will no longer be able to continue to fully fund itself during FY2013.
  - Under the current fee structure, fees are tied to emissions, as emissions have gone down over time, so too have revenues collected from this program. Although revenues have decreased, the costs of the program have remained relatively flat while the responsibility of the program has increased due to the increasing number of Federal regulations and requirements.
- In the absence of a fee increase, there would be insufficient resources available to ensure a continued high level of customer service and to meet Federal requirements, which would put Virginia at risk for losing its program.
- During 2010, DEQ convened a group of stakeholders to assist DEQ in reviewing and developing recommendations for adjusting the air program fee structure for funding the costs of the Title V program. The group generally recognized that DEQ needs to increase its Title V revenues and agreed that they wanted Virginia's Title V program to continue to be run by DEQ (not EPA) and to be able to operate effectively.
- The stakeholder group reached consensus on a 3-prong approach: emissions fees, application fees, and annual maintenance fees. The group was unable to reach consensus with respect to the method for adjusting emissions fees (i.e., raising or eliminating the cap or keeping the cap in place and increasing the \$/ton rate).
- In 2011, DEQ was provided a "short-term fix" in the budget which helped to continue funding for the program through the year, but a longer term solution to ensure continued implementation of the Title V program in Virginia remained.

### **The Budget Bill (HB 1301)**

- The Budget Bill provides the State Air Pollution Control Board with the authority to adjust emissions fees and establish new fees to ensure that the program is fully funded, specifically, Item 365 of the Budget Bill directs the State Air Pollution Control Board to adopt regulations adjusting permit program emissions fees and to establish permit application processing fees and permit maintenance fees sufficient to ensure that the revenues collected from fees cover the total direct and indirect costs of the program consistent with the requirements of Title V of the Clean Air Act, except that the initial adjustment to program emissions fees shall not be increased by more than 30 percent over current fee rates. The Budget Bill directs the Board to make additional adjustments to the procedures associated with collecting emissions fees, including requiring the collection of emissions fees from all sources on an annual basis.
- Additionally, the Budget Bill directs the Board to adopt regulations implementing the provisions of the Budget Bill to become effective no later than July 1, 2012 to ensure the continued funding of the program.

### **Structure of the Fees**

- The fee structure DEQ is recommending to the Board incorporates the concepts of the 3-prong approach developed by the stakeholder group and as directed by the Budget Bill; i.e., (i) the development of new application fees and annual maintenance fees in amounts proportionally reflective of the DEQ resources associated with permitting and compliance activities and (ii) adjustment to emissions fees rates to address the remaining revenue shortfall.
- A separate spreadsheet setting forth the recommended fee structure also is provided.

### **Process**

- Initial regulatory revisions implementing these changes are exempt from the Administrative Process Act.
- DEQ will accept comments during an informal comment period May 16 – May 25, 2012.
- The proposed regulation revisions and any changes thereto, will be presented to the Board for consideration and adoption on June 8, 2012.
- The revisions will be effective on July 1, 2012.