

### Fiscal Estimate — 2008 Session

- Original       Updated  
 Corrected       Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR 421 and 439

Subject: Department proposal to establish volatile organic compound (VOC) emission control requirements for air oxidation, distillation and reactor operations at synthetic organic chemical manufacturing industry (SOCMI) facilities classified as major VOC sources in Wisconsin ozone nonattainment areas (i.e., s. NR 421.07, Wis. Adm. Code).

**Fiscal Effect**

- State:  No State Fiscal Effect  
 Indeterminate

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation       Increase Existing Revenues  
 Decrease Existing Appropriation       Decrease Existing Revenues  
 Create New Appropriation

- Increase Costs — May be possible to absorb within agency's budget.  
 Yes       No  
 Decrease Costs

- Local:  No Local Government Costs  
 Indeterminate

1.  Increase Costs  
 Permissive       Mandatory  
2.  Decrease Costs  
 Permissive       Mandatory

3.  Increase Revenues  
 Permissive       Mandatory  
4.  Decrease Revenues  
 Permissive       Mandatory

5. Types of Local Governmental Units Affected:  
 Towns       Villages       Cities  
 Counties       Others  
 School Districts       WTCS Districts

- Fund Sources Affected  
 GPR       FED       PRO       PRS       SEG       SEG-S

Affected Chapter 20 Appropriations  
 20.370 2(bg) and 2(bh)

**Assumptions Used in Arriving at Fiscal Estimate**

Rule summary: The Department proposes an administrative rule in ch. NR 421, Wis. Adm. Code, to establish reasonably available control technology (RACT) requirements for VOC emissions for air oxidation, distillation and reactor operations at SOCMI facilities classified as major VOC sources in Wisconsin's ozone nonattainment areas. A major SOCMI facility for VOC RACT purposes is defined as having maximum theoretical emissions of 100 tons or more of VOCs per year.

According to the US EPA's VOC RACT guidelines for these SOCMI categories (reactor and distillation: published in 1993, air oxidation: published in 1984) – the cost of installing, operating and maintaining control devices for VOC emissions (amortized over 10 years) would range between \$800 and \$4,000 per ton of VOC emissions reduced [Note: these cost estimates have not been adjusted for inflation since their original guideline publication dates].

In 2007 a Department investigation identified no facilities that would be subject to a proposed SOCMI VOC RACT rule for air oxidation, distillation, or reactor operations. Nevertheless, this rule is being proposed to avoid potential EPA action in the event that any SOCMI facilities are identified in Wisconsin's ozone nonattainment areas in the future.

No local governments currently process the VOC waste streams from SOCMI air oxidation, distillation and reactor operations. Consequently, there would be no local government costs associated with implementing the proposed SOCMI VOC RACT rule.

The Department is also proposing a minor change to s. NR 439.075(2)(c)3.j., Wis. Adm. Code, to reference s. NR 440.705, Wis. Adm. Code, to require compliance emission testing for VOCs at reactor operations.

**Long-Range Fiscal Implications**

None

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**Fiscal Estimate Worksheet — 2008 Session**  
 Detailed Estimate of Annual Fiscal Effect

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 Corrected       Supplemental

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Subject: Department proposal to establish VOC emission control requirements for air oxidation, distillation and reactor operations at SOCFI facilities classified as major VOC sources in Wisconsin ozone nonattainment areas (i.e., s. NR 421.07, Wis. Adm. Code).

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations — Salaries and Fringes		\$ -	\$ -
(FTE Position Changes)		( FTE )	( FTE )
State Operations — Other Costs		-	-
Local Assistance		-	-
Aids to Individuals or Organizations		-	-
<b>Total State Costs by Category</b>		\$ 0	\$ 0
<b>B. State Costs by Source of Funds</b>			
GPR		\$ -	\$ -
FED		-	-
PRO/PRS		-	-
SEG/SEG-S		-	-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$ -	\$ -
GPR Earned		-	-
FED		-	-
PRO/PRS		-	-
SEG/SEG-S		-	-
<b>Total State Revenues</b>		\$ 0	\$ 0

**Net Annualized Fiscal Impact**

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ 0	\$ 0
Net Change in Revenues	\$ 0	\$ 0

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