

Fiscal Estimate - 2011 Session

Original Updated Corrected Supplemental

LRB Number 11-1858/1		Introduction Number SB-110	
Description Ambient air quality standards established by the Department of Natural Resources and the suspension of a rule promulgated by the Department of Natural Resources			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input checked="checked" type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="checked" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.370 (2)(ci)			
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	6/16/2011

Fiscal Estimate Narratives

DNR 6/16/2011

LRB Number	11-1858/1	Introduction Number	SB-110	Estimate Type	Original
Description Ambient air quality standards established by the Department of Natural Resources and the suspension of a rule promulgated by the Department of Natural Resources					

Assumptions Used in Arriving at Fiscal Estimate

Under the federal Clean Air Act (CAA), the U.S. Environmental Protection Agency (EPA) has established National Ambient Air Quality Standards (NAAQS) for six air pollutants. Under current state law, when the U.S. EPA establishes new or revised NAAQS, the Department must promulgate by rule a similar standard that may not be more restrictive than the federal standard. The U.S. EPA establishes two types of air quality standards, primary and secondary. Standards that are established to protect public health are considered primary standards and standards that are established to protect public welfare are considered secondary standards.

This bill provides that the requirement that the Department alter a corresponding state standard does not authorize the Department to alter any state secondary standard so that it is more restrictive than the corresponding federal standard.

State Fiscal Effect – Costs

The Department interprets that the bill would result in the repeal of the Total Suspended Particulate (TSP) air quality standard (NR 404.04 (3), Wis. Adm. Code) because it is more restrictive than the current federal standards. By repealing the TSP air quality standard, the air permitting process may be shortened for applicants subject to the standard, resulting in reduced Department costs. The modeling and analysis for particulate matter impacts would thus focus solely on emissions of coarse particulate matter (PM10) and fine particulate matter (PM2.5).

A review of air program records from June 2008 to May of 2011 shows that 10 out of 375 permit applications had the secondary standard for particulate matter as a limiting factor for the review, or roughly 3 applications per year. Estimated annual costs associated with these reviews are listed as follows:

- Approximately 15 hours of staff time for dispersion modeling analysis @ \$45/hr, or approx. \$675 annually
- Approximately 28 hours of staff engineering time for technical analysis @ \$58/hr, or approx. \$1,624 annually
- Total Department cost reduction - approximately \$2,300 per year

The bill would also result in reduced Department costs related to applications for air construction and operation permits, which must include an emission estimate of particulate matter. Cost reductions would come in the form of reduced review time by staff engineers.

On average, the air program receives approximately 125 applications for construction permits along with accompanying requests to revise operation permits. Assuming an average of 1 hour of staff review time per application, annual Department costs would be reduced by \$7,250 (125 applications x 1 hour of staff engineering time/application x \$58/hr).

In summary, total Department costs are estimated to be reduced by \$9,550 (\$2,300 + \$7,250), rounded to \$9,600.

State Fiscal Effect – Revenues

No fees specific to an analysis of the secondary standard for particulate matter are assessed in air permitting; therefore, the bill has no impact on program revenues.

Private Sector Fiscal Effect – Costs

The bill may reduce or eliminate the cost of installing emission controls for particulate matter at air pollution sources. In addition, the bill would reduce costs to businesses needing an air permit, including those defined

as small businesses, by as much as \$23,750. The estimate is based on the following assumptions:

- A reduction of approximately 33 hours of private consultant time for technical analysis and preparing application material @ \$150/hr., or approximately \$5,000 per year

-A reduction in application costs of approximately \$18,750 per year (125 applications x 1 hour of private consultant time/application @ \$150/hr)

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Ambient air quality standards established by the Department of Natural Resources and the suspension of a rule promulgated by the Department of Natural Resources			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$-9,600
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$-9,600
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		-9,600
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$-9,600	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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