

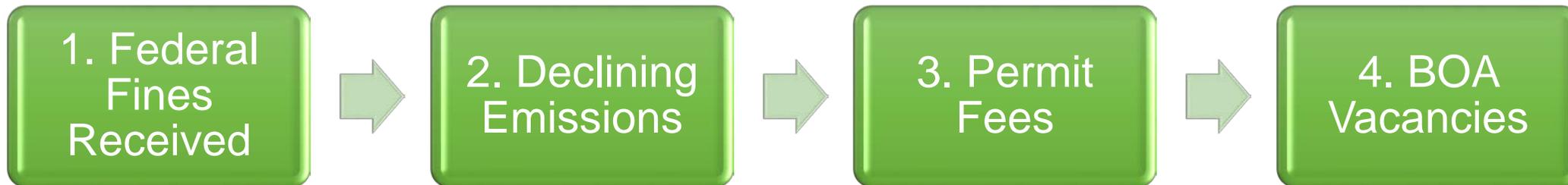


# SFY 2020 Revenue Stabilization Project CAAAG Meeting

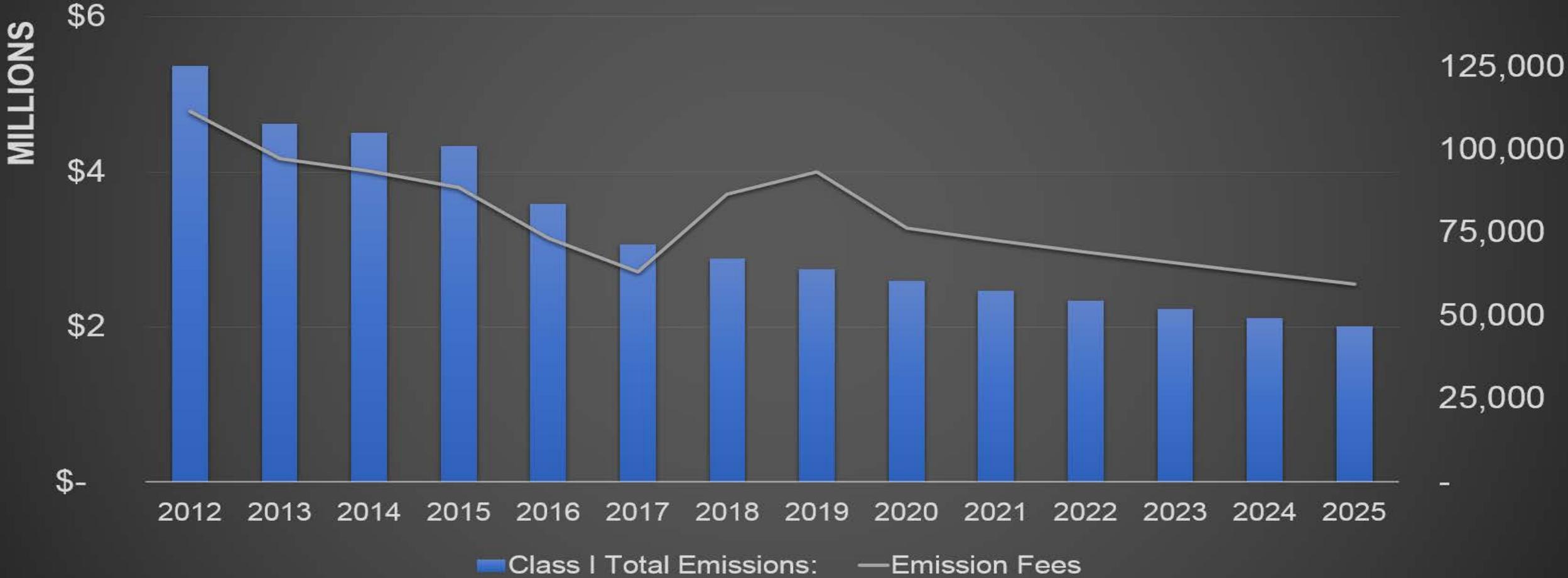
## **Clean Air Act Advisory Group Meeting** Manhattan, KS | August 13, 2019

**Douglas Watson, Meteorologist**  
Chief, Monitoring and Planning Section  
Bureau of Air | Kansas Department of Health and Environment

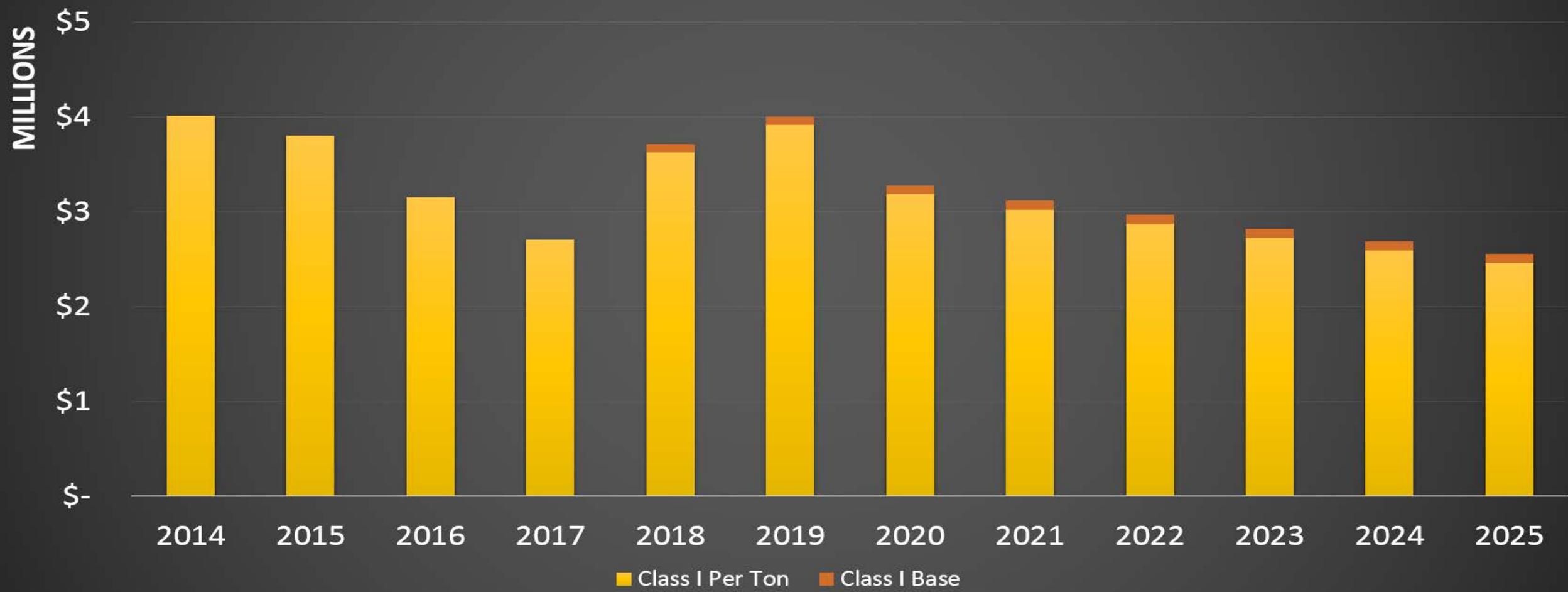
## 4-Main Issues:



## Class I Emission Fee Trends with No Fee Changes (Actuals 2014-2019; Budgeted 2020-2025)



## Class I Emission Fee Trends with No Fee Changes (Actuals 2014-2019; Budgeted 2020-2025)



**Overall AQFF with No Fee Changes  
(Actuals 2014-2019; Budgeted 2020-2025)**



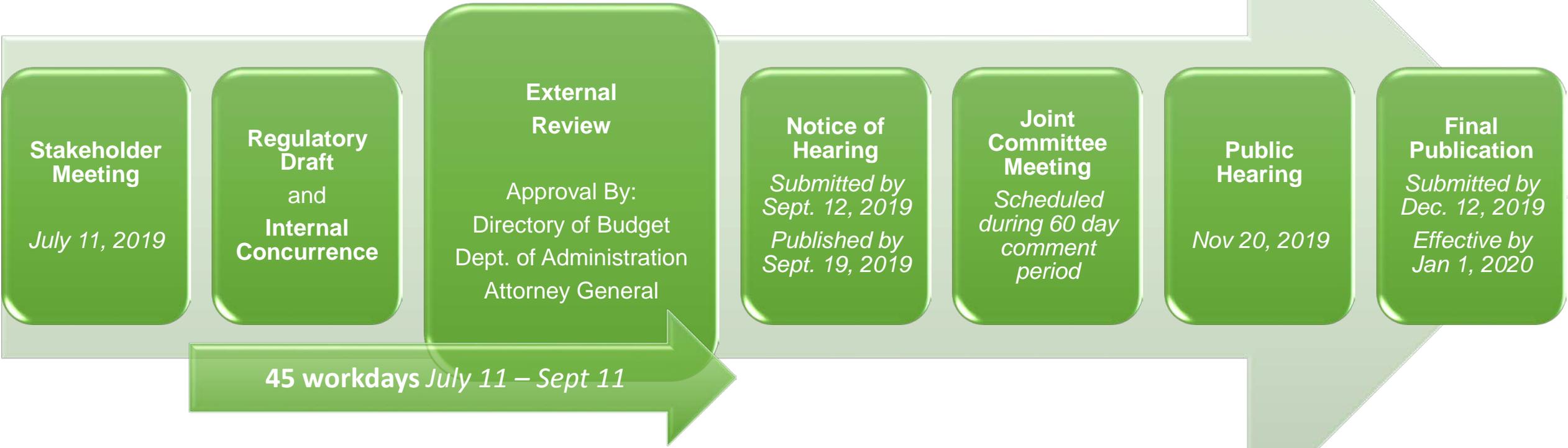
## Concepts to Stabilize Revenue

- 3-Phase Stabilization Project did not work:
  - SFY2019 Permit fees not adequate to cover even 6% Permit Staffing.
- Develop a base fee that is not calculated based on emissions but is consistent with bureau work performed to adequately administer the air quality program in Kansas.
- Develop fees for those emissions defined as being Hazardous Air Pollutants to capture bureau work done specific to sources emitting these toxic substances.
- Broaden the pool of sources paying annual fees.

## Proposed Regulatory Changes:

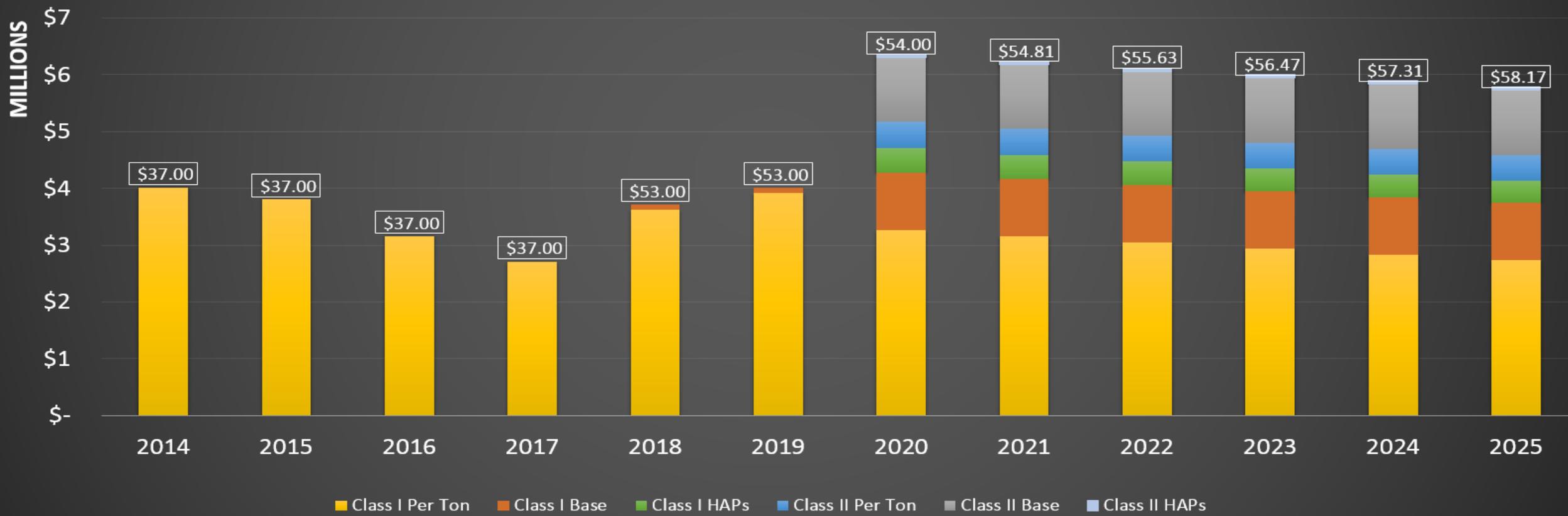
- \$150/ton HAP Emission Fee.
  - Sources would pay HAP fee before PM/VOC (Criteria) fee
  - No double charge
- “Complexity” Base fee(s) based on source category complexity.
- \$54/ton Criteria Emission Fee
- 1.50% annual increment to \$/ton Criteria Fee Only.
- Apply All fees to both Class I and II Sources.

## Regulatory Process and Implementation Schedule:



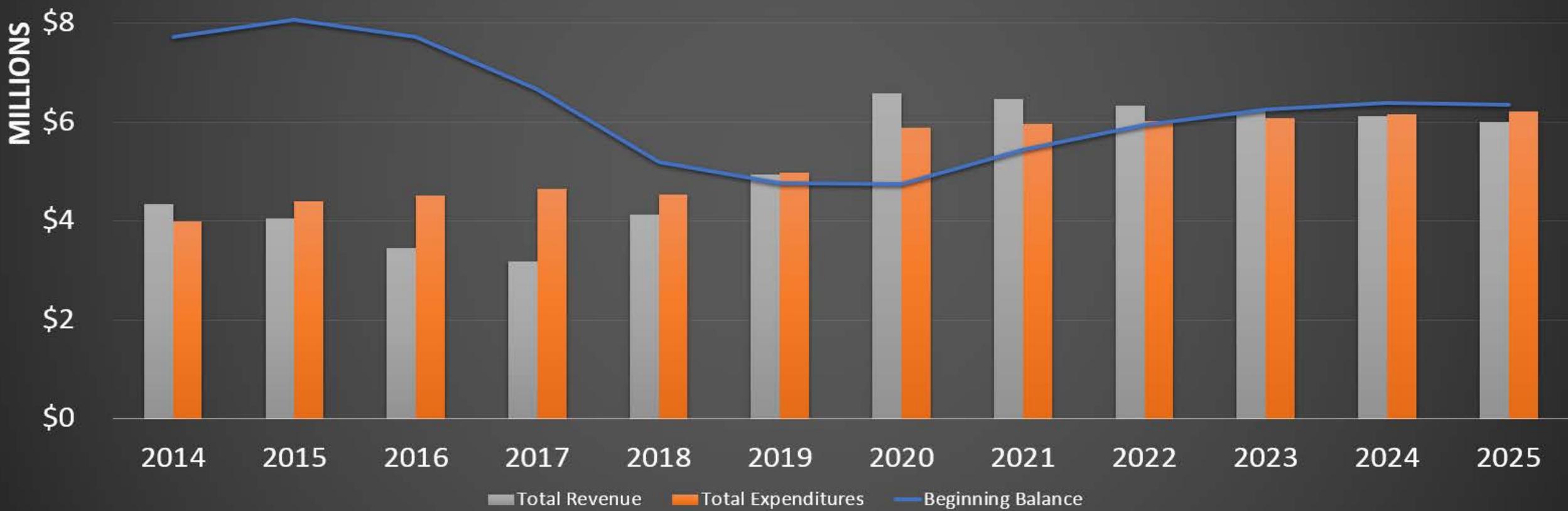
# SFY 2020 Revenue Stabilization Project

**Proposed Class I and II Fees Beginning in 2020:  
\$150/ton HAP Fee, "Complexity" Base Emission Fee and  
\$54/ton + 1.50% Annual Increment  
(Actuals 2014-2019; Budgeted 2020-2025)**



# SFY 2020 Revenue Stabilization Project

**Overall AQFF with Proposed Class I and II Fees Beginning in 2020:  
\$150/ton HAP Fee, "Complexity" Base Emission Fee and  
\$54/ton + 1.50% Annual Increment  
(Actuals 2014-2019; Budgeted 2020-2025)**



## “Complexity” Base Fee

- **Purpose:** To offset reductions in total emissions and be equitable across source categories.
- **Development Process:**
  - Originally based on similar concept to K.A.R. 28-19-304 using 3-Digit NAICS
  - Analyzed source categories by number of applicable requirements/standards and number of affected units
  - Adjusted for complexity based on work required by all sections
  - Lowest complexity set at “original” base fee to address small source sustainability

## Average Impacts of Proposal by Base Fee Source Category:

High Complexity Base Fee	Class I- \$7000		Class II- \$3500	
3-Digit NAICS Source Category	Number of Sources	Average Impact per Source	Number of Sources	Average Impact per Source
221 - Utilities	38	\$7,460		
324 - Petroleum and Coal Products Manufacturing	3	\$8,471	82	\$3,761
325 - Chemical Manufacturing	15	\$7,310	24	\$6,272
488 - Support Activities for Transportation			3	\$4,112
611 - Educational Services	1	\$7,023	7	\$4,025
622 - Hospitals			9	\$3,926
928 - National Security and International Affairs	1	\$7,050	2	\$4,067
<b>Grand Total</b>	<b>58</b>	<b>\$7,463</b>	<b>127</b>	<b>\$4,360</b>

# SFY 2020 Revenue Stabilization Project

Medium Complexity Base Fee  3-Digit NAICS Source Category	Class I- \$3000		Class II- \$1500	
	Number of Sources	Average Impact per Source	Number of Sources	Average Impact per Source
211 - Oil and Gas Extraction	23	\$3,209	44	\$3,028
221 - Utilities			67	\$1,694
311 - Food Manufacturing	11	\$3,145	37	\$2,287
312 - Beverage and Tobacco Product Manufacturing	1	\$3,165		
326 - Plastics and Rubber Products Manufacturing	12	\$3,061	10	\$2,483
327 - Nonmetallic Mineral Product Manufacturing	9	\$3,502	65	\$1,739
332 - Fabricated Metal Product Manufacturing	10	\$3,036	25	\$2,131
333 - Machinery Manufacturing	7	\$3,038	20	\$2,307
335 - Electrical Equipment, Appliance, and Component Manufacturing			5	\$2,537
336 - Transportation Equipment Manufacturing	12	\$3,155	12	\$2,472
424 - Merchant Wholesalers, Nondurable Goods	5	\$3,086	48	\$1,818
486 - Pipeline Transportation	82	\$3,212	51	\$2,402
541 - Professional, Scientific, and Technical Services			2	\$1,554
562 - Waste Management and Remediation Services	19	\$3,021	1	\$1,986
922 - Justice, Public Order, and Safety Activities			4	\$1,649
<b>Grand Total</b>	<b>191</b>	<b>\$3,148</b>	<b>391</b>	<b>\$2,149</b>

# SFY 2020 Revenue Stabilization Project

Low Complexity Base Fee 3-Digit NAICS Source Category	Class I- \$1000		Class II- \$500	
	Number of Sources	Average Impact per Source	Number of Sources	Average Impact per Source
115 - Support Activities for Agriculture and Forestry			5	\$932
212 - Mining (except Oil and Gas)	1	\$0	171	\$981
237 - Heavy and Civil Engineering Construction	3	\$162	3	\$500
238 - Specialty Trade Contractors	6	\$45		
321 - Wood Product Manufacturing			3	\$2,084
322 - Paper Manufacturing	3	\$1,057	3	\$2,174
323 - Printing and Related Support Activities	5	\$1,084	1	\$554
331 - Primary Metal Manufacturing	4	\$1,100	5	\$1,137
337 - Furniture and Related Product Manufacturing	4	\$1,121	2	\$4,523
339 - Miscellaneous Manufacturing			3	\$644
423 - Merchant Wholesalers, Durable Goods			4	\$662
482 - Rail Transportation			1	\$1,040
493 - Warehousing and Storage			3	\$608
511 - Publishing Industries (except Internet)			1	\$2,552
522 - Credit Intermediation and Related Activities			1	\$770
524 - Insurance Carriers and Related Activities			1	\$500
561 - Administrative and Support Services	3	\$0		
623 - Nursing and Residential Care Facilities			1	\$554
811 - Repair and Maintenance			2	\$581
812 - Personal and Laundry Services			1	\$554
924 - Administration of Environmental Quality Programs	1	\$108		
<b>Grand Total</b>	<b>30</b>	<b>\$520</b>	<b>211</b>	<b>\$1,186</b>

## Thank you/Questions

