Title V Fees: Running Ourselves Out of Business?

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Chief, Bureau of Air Quality

Spring 2019 AAPCA Meeting
South Carolina Facts

• State Population: 5.1 million (2019 estimate)

• 272 Title V Facilities

• 88.55 FTE’s funded by Title V fees
  • Permitting, compliance, enforcement, inspections, air toxics, modeling, emissions inventory, monitoring, stack testing, administration, etc.
Regulatory Authorities

• State Statute
  • $25/ton + CPI

• State Fee Regulation
  • S.C. Regulation 61-30(G)(3)
  • $25/ton + CPI

• Current rate is $48.88/ton
  • Collected $6,143,251 in Title V fees for FY18
  • Invoiced $6,025,868 for FY19
  • No permit application fees (except expedited review construction permit program; averages $250,000/year)
Early Program Decisions

• Charge ALL facilities (not just Title V facilities)
  $25/ton + CPI
  - Minimum fee: 1 ton = $48.88
  - Collected $743,725 from minor/CM facilities in FY18
  - Invoiced $724,630 for minor/CM facilities for FY19

• Staff work on multiple types of projects
  - 95% of staff are split funded

• Refunds to facilities (surplus of funds):
  - $1,379,686 in 1993
  - $3,792,604 in 1999
Air Program Funding

- Grants: 13%
- General Fund/State Appropriations: 24%
- Fees: 63%
Trending: Title V Fees

• Declining revenue for last decade:
  • Steady emissions decrease
  • Agency responsibilities haven’t decreased
  • Public expectations increasing (public health agency)

• Increasing expenditures/costs:
  • Fringe benefits, insurance
  • Overhead (rent, utilities, IT system upgrades), monitoring network replacement
  • High staff turnover rate (low salaries)
Efforts to Reduce Costs

• Streamlining processes and regulations
• Increasing simpler registration/general permits and life-time permits
• Improving efficiencies (ePermitting)
  • Significant initial $ investment; long term savings
• Reduced FTE’s (not filled vacancies or downgraded positions)
  • Lost over 30 FTE’s in last decade (loss of expertise)
Title V Fees vs. Cost Projections (FY13-2022)
Previous Deficit

• First deficit in 2012
  • ~$1.5 million
  • Moved available funds from other accounts
  • Moved lots of staff off Title V funding
  • Hiring freeze, travel restrictions
  • Changed budgeting strategy
  • Formed industry stakeholder workgroup in 2012 to look at fee regulation changes
  • Last minute budget proviso of state appropriations ($1.6 M increase) in 2013
Last Fee Regulation Change

• Industry stakeholder process began in 2012
• Amended Fee Regulation in June 2014
• Added Maintenance Fee for Title V facilities
  • Range: $500 - $10,000 in addition to $/ton rate
  • Goal: additional $1,000,000/year
  • Average annual additional revenue - $888,000
    • FY18: $881,287
    • FY19: $865,083
Borrowed idea from Virginia

Applies to Title V facilities only

<table>
<thead>
<tr>
<th>Actual Emissions Level</th>
<th>Fee*</th>
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</thead>
<tbody>
<tr>
<td>&lt; (less than) 10 tons</td>
<td>$500</td>
</tr>
<tr>
<td>10 tons to 50 tons</td>
<td>$1,000</td>
</tr>
<tr>
<td>&gt; (greater than) 50 tons to 100 tons</td>
<td>$2,000</td>
</tr>
<tr>
<td>&gt; (greater than) 100 tons to 250 tons</td>
<td>$3,500</td>
</tr>
<tr>
<td>&gt; (greater than) 250 tons to 1000 tons</td>
<td>$6,500</td>
</tr>
<tr>
<td>&gt; (greater than) 1000 tons</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

* in addition to the $/ton + CPI
2019 Stakeholder Process

• Kickoff Meeting in December 2018

• Include all facility types (major and minor sources)
  • Difficulty getting smaller facilities to participate
  • Stakeholders want state appropriations increased again to account for mobile source contribution by the public

• Presented possible scenarios at last meeting
  • Increasing $/ton rate (statute and regulation change)
  • Adding permit application fees (regulation change)
  • Increasing maintenance fees (regulation change)
Challenges

• Expenses already exceeding revenue (2018)
  • Living off past carry forward funds
  • Next deficit projected for 2021 (~$1.5 million)

• Likely to require Legislative approval (18-month process)
  • Fees = taxes; no new taxes pledge!
  • Industry support doesn’t seem to matter
  • Difficult for lawmakers to understand why we need to increase revenue/maintain staff levels when emissions are going down
  • All environmental program fees in same regulation
    • All have a fund with a deficit (or projected shortfall)

• New Agency Director
Contact Us

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