



# Title V Fees: Running Ourselves Out of Business?

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# 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.

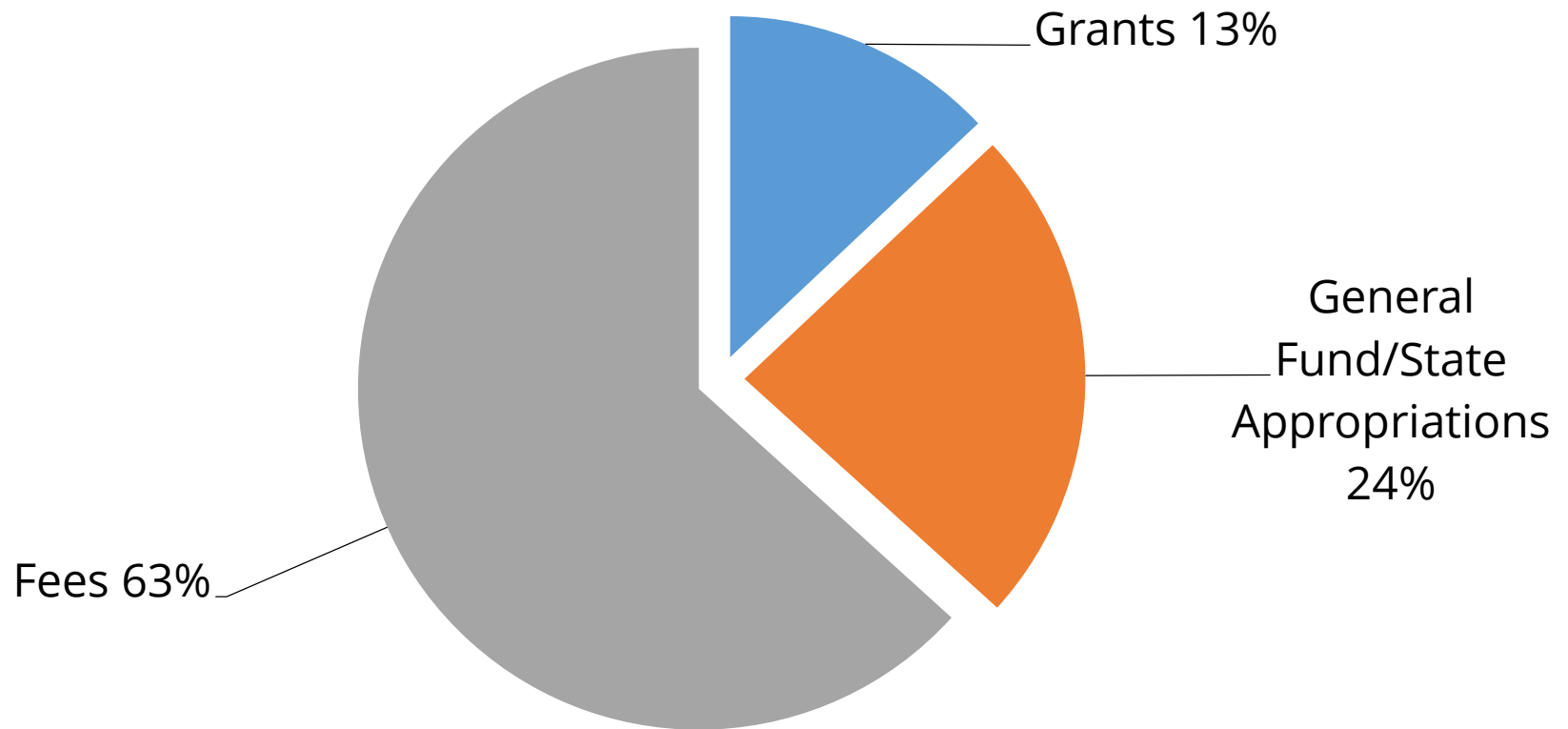
# Regulatory Authorities

- 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



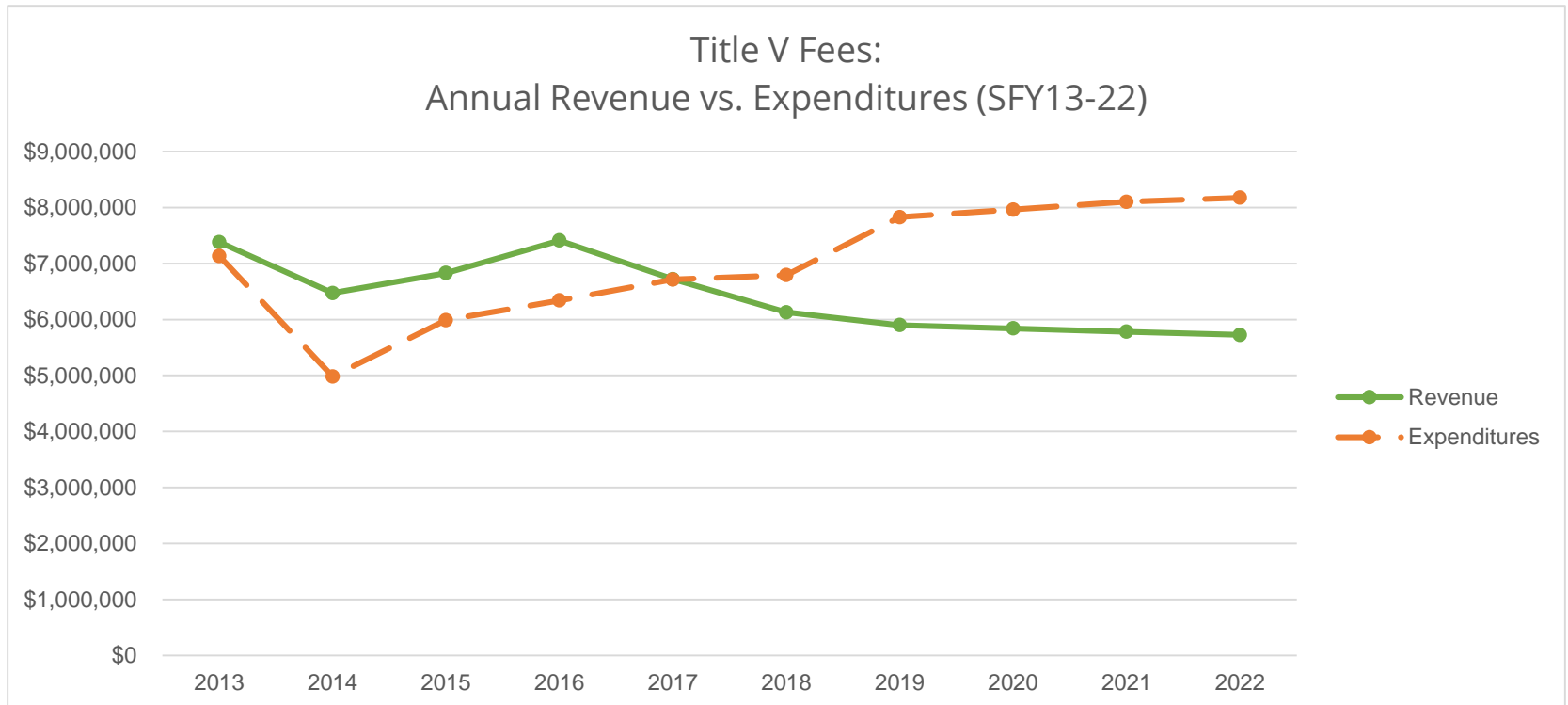
# Trending: Title V Fees

- 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



# Maintenance Fee (effective June 2014)

- Borrowed idea from Virginia
- Applies to Title V facilities only

Actual Emissions Level	Fee*
< (less than) 10 tons	\$500
10 tons to 50 tons	\$1,000
> (greater than) 50 tons to 100 tons	\$2,000
> (greater than) 100 tons to 250 tons	\$3,500
> (greater than) 250 tons to 1000 tons	\$6,500
>(greater than) 1000 tons	\$10,000

\* 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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