

**Fiscal Note**

**2021-2022 Legislative Session**

**HF503 - 1A - Nonexpiring Air Emission Permit Public Hearing Req**

Chief Author: **Fue Lee**  
 Committee: **Environment And Natural Resources Finance And Policy**  
 Date Completed: **2/22/2021 10:48:39 AM**  
 Agency: **Pollution Control Agency**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
<b>Local Fiscal Impact</b>		
	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Environmental	-	611	513	-	-	-
<b>Total</b>	-	<b>611</b>	<b>513</b>	-	-	-
<b>Biennial Total</b>			<b>1,124</b>			-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Environmental	-	2.09	1.83	.22	.22
<b>Total</b>	-	<b>2.09</b>	<b>1.83</b>	<b>.22</b>	<b>.22</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Jim Carlson      **Date:** 2/22/2021 10:48:39 AM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
Environmental	-	611	513	-	-	-
<b>Total</b>	<b>-</b>	<b>611</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>1,124</b>			<b>-</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Environmental	-	611	513	126	126	
<b>Total</b>	<b>-</b>	<b>611</b>	<b>513</b>	<b>126</b>	<b>126</b>	
<b>Biennial Total</b>			<b>1,124</b>			<b>252</b>
<b>2 - Revenues, Transfers In*</b>						
Environmental	-	-	-	126	126	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>126</b>	
<b>Biennial Total</b>						<b>252</b>

**Bill Description**

The bill amends Section 1. Minnesota Statutes 2020, section 116.07 by adding Subd. 41.

Subd. 41. Nonexpiring air permits; public informational meeting. For each facility issued a nonexpiring state individual air quality permit by the agency, the agency must hold a separate informational meeting at regular intervals to allow the public to make comments or inquiries regarding any aspect of the permit, including but not limited to permit conditions, testing results, the facility's operations, and permit compliance. The informational meeting must be held at a location convenient to the permitted facility. Persons employed at the facility who are responsible for the facility meeting the conditions of the permit and agency officials must be present at the informational meeting. For nonexpiring state individual air quality permits issued after December 31, 2016, an informational meeting must be held under this subdivision no later than five years after the permit is issued and every five years thereafter. For nonexpiring state individual air quality permits issued on or before December 31, 2016, an informational meeting must be held under this subdivision no later than December 1, 2022, and every five years thereafter. State individual air quality permit is defined. Requires the agency's direct and indirect reasonable costs of conducting the activities to be recovered through air quality permit fees. Requires that if the commissioner determines that a person's request for the agency to review an existing state individual air quality permit is not warranted, the commissioner must state the reasons for the determination in writing within 15 days.

This section is effective the day following final enactment.

**Assumptions**

1. The costs reflected in this analysis only address PCA costs and are over and above current program appropriations to the PCA.
2. There is currently a total of 113 nonexpiring state individual air quality permits that would be subject to the requirement of an informational meeting no later than December 1, 2022.
3. Agency work activities would include meeting logistics such as; notification, meeting preparation, meeting attendance, and follow-up.
4. Time required for each informational meeting would vary depending upon size, complexity and extent of public interest for each facility.
5. Informational meetings for the 113 permits must be completed by December 1, 2022, and then completion of informational meetings on the same number of permits must be completed on a five year cycle.

6. Translations may need to be performed in multiple languages in these Environmental Justice areas. It is assumed ~25% of meetings will need these services.

7. Rulemaking will be required in order to recover costs through permit fees. It would take two years, so costs could not be recovered until FY24.

### Expenditure and/or Revenue Formula

1. Number of permits impacted.
  - a. **113 nonexpiring state individual air quality permits = 113 permits requiring informational meetings to be held by December 1, 2022.**
  - b. 113 nonexpiring state individual air quality permits = 113 permits requiring informational meetings every 5 years thereafter. 113/5 years = approximately **23 informational meetings / calendar year beginning in the last half of FY2022** (January - June 2022).
2. Staff time per facility per year.
  - a. **FY 2022. Informational meetings for permits issued before December 31, 2016 completed by December 1, 2022.** Estimated average 10 hours for 2 staff per facility = 20 hours/permit. 20 hours/permit x 113 informational meetings = **2,260 hours/18 months** (begin July 1, 2021 and complete by December 1, 2022). 1 FTE\* = 2,080 hours/year. 2,260 hours/year / 2,080 hours/FTE/year = **1.09 FTE through Dec. 1, 2022**. 1 FTE = \$128,000. 1.09 FTE x \$128,000/year = **\$139,520**
    - i. **FY 2022** costs = \$139,520 x 67% = **\$93,479**, and 1.09 FTE X 67% = **.73 FTE**
    - ii. **FY 2023** costs = \$139,520 x 33% = **\$46,042**, and 1.09 FTE X 33% = **.36 FTE**
  - b. **Five year “cycle” reviews on calendar year schedule beginning January 1, 2022** (for ease of calculation not including Dec. 2 - 31, 2021). Estimated average 10 hours for 2 staff per facility = 20 hours/permit. 20 hours/permit x 23 informational meetings = **460 hours/year**. 1 FTE = 2,080 hours/year. 460 hours/year/2,080 hours/FTE/year = **.22 FTE/year**. 1 FTE = \$128,000. .22 FTE x \$128,000/year = **\$28,160/year**
    - i. FY 2022 (January - December, beginning the 5-year cycle of reviews). \$28,160/year / 6 months = \$14,080. .22 FTE/year / 6 months = **.11 FTE**
    - ii. FY 2023 and beyond. \$28,160/year, **.22 FTE**
3. Calculation of informational meeting venues and related costs
  - a. **FY 2022. Informational meetings for 113 permits issued after December 31, 2016 to date by December 1, 2022.**
    - i. 113 informational meetings/year x venue cost of \$1,500 each = **\$169,500**. (Costs for informational meeting venues can vary greatly depending upon size needs and whether a public space is available (could cost \$200 per event) versus the requirement of using private space (could cost \$2500 per event).)
    - ii. 113 informational meetings/year x public notification cost of \$2,500 each = **\$282,500**. (Costs for public notification includes flyers and other materials mailed and delivered to the affected communities providing notification of meeting purpose, time and location.
    - iii. 113 informational meetings/year. 28 informational meetings (~25% of meetings) anticipated to require translation services x translator cost of \$500 for 3 hours of services x 2 languages = **\$28,000**.
    - iv. Total public engagement, meeting venues and related costs = \$7,476,000. **FY 2022 costs = \$480,000 X 67% = \$321,600. FY 2023 costs = \$480,000 X 33% = \$158,400.**

**b. FY 2023 and beyond. 23 permits requiring Informational meetings/year in five year “cycle” review**

i. 23 informational meetings/year x venue cost of \$1,500 each = **\$34,500/year**. (Costs for informational meeting venues can vary greatly depending upon size needs and whether a public space is available (could cost \$200 per event) versus the requirement of using private space (could cost \$2500 per event).)

ii. 23 informational meetings/year x public notification cost of \$2,500 each = **\$57,500/year**. (Costs for public notification includes flyers and other materials mailed and delivered to the affected communities providing notification of meeting purpose, time and location.

iii. 23 informational meetings/year. 6 informational meetings (~25% of meetings) anticipated to require translation services x translator cost of \$500 for 3 hours of services x 2 languages = **\$6,000/year**.

iv. Total public engagement, meeting venues and related costs = **\$98,000/year**

**4. Rulemaking costs (FY 22 and 23 only)**

i. Rule coordinator staff (0.75 FTE x \$128,000 x 2 years) = \$192,000 (or \$96,000 per FY)

ii. Program staff (0.5 FTE x \$128,000 x 2 years) = \$128,000 (or \$64,000 per FY)

iii. Attorney costs (\$133/hour for 86 hours) = \$11,438 (or \$5,719 per FY)

iv. OAH costs: \$29,025 or \$14,512/year

v. State Register costs: \$3,705 (\$1,852 per FY)

vi. Total rulemaking costs = **\$182,083/year**

**5. Total costs per year**

**a. FY 2022.**

i. Total staff time = **\$93,479 + \$14,080 = \$107,559. (.73 FTE + .11 FTE = .84 FTE)**

ii. Total public engagement, venues and related costs = **\$321,600**

iii. Total rulemaking costs = \$182,083/year (including 1.25 FTE)

**iv. Grand total = \$611,242**

**b. FY 2023**

i. Total staff time = **\$46,042 + \$28,160 = \$74,202 (.36 FTE + .22 FTE = .58 FTE)**

ii. Total public engagement, venues and related costs = **\$158,400 + \$98,000 = \$256,400**

iii. Total rulemaking costs = \$182,083/year (including 1.25 FTE)

**iv. Grand total = \$512,685**

**c. FY 2024 and beyond**

i. Total staff time = **\$28,160/year, (.22 FTE/year)**

ii. Total public engagement, venues and related costs = **\$98,000/year**

**iii. Grand total = \$126,160**

\*The annual cost of 1.0 FTE is \$128,000 in FY2021-2024. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (work space, computer and office supplies, office equipment, local travel, etc.)

### **Long-Term Fiscal Considerations**

Costs associated with this bill will continue in future fiscal years.

### **Local Fiscal Impact**

The bill may have a fiscal impact on local government for staff to provide input and/or monitor the process.

### **References/Sources**

PCA staff with experience in enforcement actions, development of air emission permits, and rulemaking.

Minnesota Rulemaking manual

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