

BOARD MEETING DATE: June 7, 2019

AGENDA NO. 28

**PROPOSAL:** Determine That Proposed Amendments to Rule 301 – Permitting and Associated Fees Are Exempt from CEQA and Amend Rule 301  
*(Continued from May 3, 2019 Public Hearing)*

**SYNOPSIS:** At the May 3, 2019 hearing, the Board adopted the FY 2019-20 Budget, and adopted amendments to Rule 209 – Transfer and Voiding of Permits, and Regulation III – Fees. As part of that adoption, that portion of Rule 301 addressing toxics emissions fees was continued to June 7, 2019. This proposed amendment would restructure how toxics emissions fees are collected from facilities, and also increase the level of these fees. At the May 3, 2019 hearing, the Board also approved a motion instructing staff to include an option for a two-year phase-in as an alternative to the proposed three-year phase-in of these fees.

**COMMITTEE:** No Committee Review

**RECOMMENDED ACTIONS:**

Adopt the attached Resolution:

1. Determining that the proposed amendments to Rule 301 – Permitting and Associated Fees, are exempt from the requirements of the California Environmental Quality Act; and
2. Amending Rule 301 – Permitting and Associated Fees, with either:
  - a. A two-year phase-in of proposed new toxic emissions fees; or
  - b. A three-year phase-in of proposed new toxic emissions fees.

Wayne Nastri  
Executive Officer

PF:IM:SD

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**Background**

This proposed rule amendment was initially considered by the Board on May 3, 2019 along with other proposed amendments to Regulation III – Fees, and Rule 209-Transfer and Voiding of Permits. At that time, the Board approved the FY 2019-20 budget, the proposed amendments to Rule 209, and the majority of proposed amendments to

Regulation III. In addition, the Board approved a Resolution directing staff to: 1) report back to the Board on implementation of toxics fees, if approved; 2) initiate an assessment and improvement of the South Coast AQMD source test review and approval process; and 3) review and update default emission factors.

The Board continued the portion of Rule 301 pertaining to the proposed increase to toxics emissions fees [found in subdivision 301 (e) and Table IV] to the June 7, 2019 Board hearing. This consideration also includes: Option A) a two-year phase-in beginning January 1, 2020; or Option B) a three-year phase-in, with no change in 2020, and a subsequent two-year phase-in beginning January 1, 2021. Attachment F includes Proposed Amended Rule 301 as presented to the Board at the May hearing, but also includes highlighted text just for the portion of the rule that was continued.

### **Proposal**

Proposed Amended Rule (PAR) 301 would restructure and increase toxics emissions fees for facilities required to annually report emissions to South Coast AQMD. These proposed fees are necessary to meet the requirements of recent state mandates and to improve cost recovery for toxics-related work performed by the agency.

In recent years, staff efforts have substantially increased on monitoring, rulemaking, and enforcement of rules for toxic air contaminants. As a result of these efforts, the amount of time spent on monitoring, inspecting, and auditing facilities' toxics emission inventories as well as planning and rule development related to permitted sources of toxics emissions has substantially increased. Because of this recent increased workload and its expected continuation into the future, staff estimated the amount of work currently performed annually associated with toxics emissions and compared it with the amount of fees collected from toxics emissions. Facilities paid a total of about \$19.5 million in emission fees for emissions that occurred in calendar year 2017, of which about \$0.5 million was attributable to emissions of toxic air contaminants. The South Coast AQMD currently conducts about \$20 million of work annually for which toxics emissions fees could be applied, about half of which is from AB 617 work and the remaining half from other ongoing work on stationary source toxics. There is additional work conducted on toxic air contaminants that is not reflected in this analysis (e.g., AB 2588 Toxic Hot Spots, mobile source toxics, etc.). The difference between the amount collected and the amount of staff resources expended has been paid from a variety of sources, including emissions fees from criteria pollutants (because toxics emissions fees are a component of all emissions fees), one-time penalties, and most recently from portions of one-time allocations from the state legislature of about \$31 million for the implementation of the first two years of AB 617. There is no guarantee that these one-time revenues will continue into the future.

With respect to costs incurred by the South Coast AQMD, there are two key drivers when considering how resources are spent to conduct work related to the permitting, investigation, audit, enforcement and development of limits on toxics emissions.

First, facilities with high toxicity-weighted emissions require greater effort because permitting, rule development, and enforcement related activities in large part are driven by the potential for public health impacts. Second, staff spends extra time working on facilities with more permitted devices with toxics emissions than facilities with the same emissions but fewer permitted devices. The current fee schedule in Rule 301 does not result in higher fees for facilities with higher toxicity of emissions or with more emission sources.

In order to address the workload disparity staff is proposing to change both the structure of how facilities pay air toxics fees, and how much they pay. The proposal seeks to more closely connect fees to current workload from higher toxic emitting facilities. Specifically, the following fee levels are proposed.

- A new Base Toxics Fee of \$78.03 to cover the basic annual software needs and minimal staffing needed to ensure that facilities can readily report emissions to South Coast AQMD. This fee would apply to any permitted facility that reports any toxic air contaminant above existing reporting thresholds in Table IV of Rule 301.
- A new Flat Rate Device Fee of \$341.89 applied per emission source at a permitted facility that emits a toxic air contaminant above reporting thresholds in Table IV of Rule 301. These fees would be equal to the resources needed to run the entire toxics inventory program, including inventory, auditing, coordination with CARB and U.S. EPA, as well as reporting data to those agencies.
- A new Cancer-Potency Weighted Fee of \$10 per cancer-potency weighted pound of emissions above reporting thresholds in Table IV of Rule 301.

As described above, staff conducts about \$19.7 million of work every year for which toxics emissions fees could be used as a funding source. The proposed Base Toxics Fee and the Flat Rate Device Fee are anticipated to only recover about \$1.5 million from facilities that currently report emissions to the South Coast AQMD, leaving a significant shortfall. Much of the remaining work not covered by those fees is focused on facilities in which there is significant public health concern. For example, AB 617 communities are chosen largely due to public health concerns from local toxic emissions, and much of the work in those communities is focused on investigating and enforcing rules on those stationary sources with the highest cancer-potency weighted emissions (e.g., refineries). Similar work is conducted outside of AB 617 communities on other facilities, again focused on facilities with the potential greatest public health impact. Also, work conducted in a particular community leads to work having region-wide benefits, such as monitoring and investigations in Paramount and Compton leading to rules to reduce emissions from metals facilities. Therefore, in order to ensure that toxics emissions fees beyond the Base Toxics Fee and the Flat Rate Device Fee are equitably distributed, the Cancer-Potency Weighted Fee weights each facility's toxics emissions using the state-mandated cancer potency factors used to determine potential health risks in all other South Coast AQMD programs. Facilities with higher potential public health

concern due to their emissions will pay higher fees to cover the higher level of effort for monitoring investigation, enforcement, and planning and rulemaking related to those facilities.

These newly proposed fees are expected to have the following effect after final phase in.

| <b>Fee</b>                         | <b>New Revenue</b>   |
|------------------------------------|----------------------|
| Base Toxics Fee                    | \$0.1 million        |
| Flat Rate Device Fee               | \$1.4 million        |
| Cancer-Potency Weighted Fee        | \$3.4 million        |
| Total New Toxics Fees              | \$4.9 million        |
| Current Toxics Fees                | (\$0.5 million)      |
| <b>Net New Toxics Fees Revenue</b> | <b>\$4.4 million</b> |

The new fee schedule would affect all permitted facilities already required to report toxic emissions pursuant to Rule 301, but would not expand the number of facilities required to report emissions or pay associated fees. CARB is currently working on its Criteria and Toxics Reporting (CTR) regulation that may require more facilities to report emissions to the South Coast AQMD separate from any amendments proposed for Regulation III. However, most of those facilities are expected to have relatively low emissions, and associated toxics fees are expected to be lower than has been estimated for facilities already reporting emissions. In addition, the latest draft of CARB's CTR regulation includes 'abbreviated reporting' for many classes of smaller facilities (e.g., facilities with only diesel backup engines or natural gas boilers, gas stations, etc.). This abbreviated reporting will not require these facilities to report emissions, and it would, as a result, also exempt them from paying any of the proposed toxics fees in Rule 301 as these fees only applies to facilities that 'report emissions.'

The proposed amendment included in the Board package currently has a delayed start for implementing toxic fees. These fees would be phased in over a three-year period, including no new fees in 2020 with the new fee structure and increase starting in the year beginning January 1, 2021. The Board also instructed staff to include an alternative option for a two-year phase-in starting January 1, 2020. Staff will modify the dates to remove the currently drafted one-year lag in the phase-in in the final rule posted on the website if the Board votes to approve the two-year option.

### **Public Process**

During the rulemaking process for Proposed Amended Regulation III in 2019, two Public Consultation Meetings were held: March 22 and April 9. Proposed Amended Regulation III was also discussed at the Budget Advisory Committee on April 5, the Board Budget Study Session on April 12, and at the May 3 Board meeting. In addition, South Coast AQMD hosted a webinar on the proposed increase in toxics emission fees on April 19, 2019. Lastly, an additional working group meeting was held on May 22 to



discuss the proposed new toxic emissions fees. Documents related to Proposed Amended Regulation III, including draft rule language, staff report, socioeconomic impact assessment, and presentation materials, have been made available on South Coast AQMD's website at <http://www.aqmd.gov/home/rules-compliance/rules/proposed-rules#REG%20III>.

### **Key Issues**

At the May 3, 2019 public hearing, a question was raised about the breakdown of the estimated annual \$20 million workload associated with toxics emissions. This analysis is included in Appendix C on pages 66-67 of the Final Staff Report. Page 66 contains the detailed breakdown of the \$9.3 million in costs of existing toxics programs and page 67 contains the breakdown of the \$10.2 million in costs associated with projected AB 617 work programs.

A question was also raised about whether the new proposed toxic emissions fees could have significant financial impacts for a subset of affected facilities. As described in the staff report and the socioeconomic report, the facilities that will experience the highest financial impact are those for which the South Coast AQMD must expend the most resources to monitor, enforce, and conduct related activities. Staff expects that facilities will seek paths to reduce financial impacts through more accurate facility emissions reporting. While some facilities can report more accurate emissions data on their own, staff is also committed to taking measures to improve emissions reporting, including assessing and improving the source test approval process, and updating default emission factors where appropriate. The resources provided through this proposed amendment are expected to assist with this effort.

A final question was asked seeking clarification on the current and future funding status for South Coast AQMD's AB 617 work programs and how state funding might affect the current budget shortfall relating to the South Coast AQMD's toxics workload. Funding for the work programs that are funded by toxics emissions fees primarily comes from three sources: emissions fees, one-time state grants to implement AB 617, and one-time penalties and settlements. Facilities pay about \$19.5 million annually in emissions fees, mostly from criteria pollutants. Toxics emissions fees are part of all emissions fees, and this source of revenue funds work on criteria pollutants and toxics. For AB 617, in 2018 the state provided \$10.8 million in funding for the initial implementation of the AB 617 program and committed an additional \$20 million (not yet received) to help cover the annual costs for FY 2019-20. The legislature is currently crafting this year's state budget, and staff is actively advocating for more resources to be dedicated to this effort, but there is no guarantee that the previous one-time funding distributions will continue. In addition, the authorizing legislation for AB 617 stated that the state does not need to provide resources because air districts can raise fees to fund AB 617 efforts. Finally, one-time penalties can be used to address work programs covering toxics from stationary sources. These penalty revenues fluctuate year-to-year, but are typically budgeted at \$5 million annually.

### **California Environmental Quality Act**

Pursuant to the California Environmental Quality Act (CEQA) and South Coast AQMD Rule 110, the South Coast AQMD, as lead agency for the proposed project, has reviewed the proposed amendments to Rule 301 pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. With respect to the proposed restructuring of how toxics emissions fees are collected from facilities and the increase in toxics emissions fees in Proposed Amended Rule 301, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Thus, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. Additionally, the entirety of Proposed Amended Rule 301 is statutorily exempt from CEQA requirements pursuant to CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges, because the proposed increased fees involve charges by public agencies for the purpose of meeting operating expenses and financial reserve needs and requirements. Also, the proposed amendments to Rule 301 are categorically exempt because they are designed to further protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Action by Regulatory Agencies for Protection of the Environment. Further, staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed amendments to Rule 301 pursuant to CEQA Guidelines Section 15300.2 – Exceptions. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 – Notice of Exemption. If the project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties.

### **Socioeconomic Impact Assessment**

A socioeconomic report that analyzed the economic impacts of the proposed amendments to PAR III with fee changes was prepared for inclusion in the Proposed Amended Regulation III May 3, 2019 Board Package. This analysis included the proposed toxics emissions fees increase, along with other Regulation III amendments that were already approved in May. For toxics emissions fees, facilities within the petroleum and coal products manufacturing and utilities sectors are expected to incur 33 and 17 percent of the additional fee increase, respectively, due to the overall increase in fees on toxic emissions and proposed new toxicity-weighted emission fee.

The cumulative effect of all proposed amendments to Regulation III, including the toxic emissions fee increase with the proposed three-year phase-in period, is estimated to lead to approximately four jobs foregone annually in the manufacturing sector, while leading to job gains in other sectors, such as finance and insurance, health care and social assistance, and the state and local government sector including South Coast AQMD. Overall, an annual average increase of 21 jobs is projected between 2019 and 2028.

Staff evaluated the potential impact of a two-year phase-in of toxics fees and found only slight differences from what is described in the socioeconomic report. By bringing the fees forward one year, the economic impacts are also brought forward, resulting in a slight increase in job loss in the manufacturing sector (one extra job loss annually), and a slight increase in job gains overall (two extra jobs gained annually). This change over a ten-year period is due to removing the gap of one year with no fee change, thus increasing by one the number of years expected to have a fee increase.

### **Implementation and Resource Impacts**

Based on the proposed amendments with the three-year phase-in schedule, the fee impact of all of PAR III (including amendments adopted in May 3, 2019) is estimated to be -\$0.30 million in FY 2019-20, \$1.76 million in FY 2020-21, and \$4.12 million in FY 2021-22 and thereafter. Under a two-year phase-in, the fee impact of PAR III is estimated to be \$1.76 million in FY 2019-20 and \$4.12 million in FY 2020-21 and thereafter.

### **Attachments**

- A. Summary of Proposal
- B. Key Issues and Responses
- C. Rule Development Process for Rule 301
- D. Key Contacts List
- E. Resolution
- F. Proposed Amended Rule 301
- G. Final Staff Report for Proposed Amended Regulation III - Fees
- H. Final Socioeconomic Impact Assessment for Proposed Amended Regulation III - Fees
- I. Responses to Comment Letters Sent After Deadline for May Public Hearing
- J. Notice of Exemption
- K. Board Meeting Presentation

## ATTACHMENT A

### SUMMARY OF PROPOSAL

#### **Proposed Amended Rule 301 – Permitting and Associated Fees**

Proposed Amended Rule 301 would restructure and increase toxics emissions fees for facilities that annually report emissions. Facilities would be required to pay three fees including a Base Toxics Fee (\$78.03), a Flat Rate Device Fee (\$341.89 per device), and a Cancer Potency-Weighted Fee (\$10 per cancer potency-weighted pound of emissions). The Board has the option to phase these fees in over A) a two-year period, or B) a three-year period (one year lag, then a two-year phase-in).

## ATTACHMENT B

### KEY ISSUES AND RESPONSES

#### Proposed Amended Regulation III – Fees & Proposed Amended Rule 209 – Transfer and Voiding of Permits

Through the rulemaking process, staff has reached out broadly to all permitted facilities as well as through targeted outreach to those facilities most impacted by the proposed amendments. Seven key issues related to increased toxics emissions fees have been raised by industry stakeholders.

- 1) *South Coast AQMD staff review and approval of source tests used for emissions reporting should be streamlined, including faster review times and allowing the use of industry pooled source tests.*

As directed in the Resolution adopting Regulation III in May 2019, staff is committed to improving the source test review process, and identifying and implementing mechanisms to improve turnaround times. The increased resources provided by this proposed amendment can assist specifically in this effort. The board Resolution also commits staff to work with industry to review and update emissions estimation methods. An increased focus on developing new, uniform emissions estimation methods (including through source testing) is one of the required elements of AB 617, and pooled source testing could be one of the key methods used to achieve these goals.

- 2) *The proposed three-year phase-in of toxics emissions fees should be extended to four years.*

Staff's proposal already delays the phase in one year to allow facilities an opportunity to prepare for the modified fee structure. The Board Resolution also includes a requirement for staff to report back on the impact of the proposed increased fees within twelve months of final phase in. If appropriate at that time, staff will make recommendations to adjust the fees higher or lower as necessary based on South Coast AQMD costs and revenues for work on toxics from stationary sources. The Board has requested that staff present two options for the phase-in, including

- A) a phase-in of two years, or
- B) a phase-in of three years (a one-year lag, followed by a two-year phase-in).

However, should the evidence support a different phase-in, this would not be precluded.

- 3) *Staff should conduct more outreach for the proposed amendments.*

Based on these comments, the portion of Rule 301 related to toxics emissions fees was delayed one month. Staff increased its outreach for this rule compared to previous years, including through targeted emails to all facilities expected to have a fee increase greater than \$5,000 per year, preparation of detailed fee estimates for all facilities, and extra working group meetings to specifically discuss the proposed increase in toxics emissions fees. If the proposed amended rule is approved, staff will continue to conduct additional outreach to let facilities know how to prepare for the upcoming phase in.

- 4) *Many facilities will pay higher fees due to CARB's Criteria and Toxics Reporting (CTR) regulation.*

CARB has not yet finalized its CTR regulation and it is not clear exactly how many additional facilities may or may not be required to report emissions to South Coast AQMD. The proposed amendments to Rule 301 will not require any new facilities to report emissions that aren't already reporting. Because the existing Rule 301 already captures the highest emitting

## ATTACHMENT B

permitted facilities in our jurisdiction, any new facilities that would be required to report pursuant to CARB's CTR are expected to typically have lower fees than those already required to report pursuant to Rule 301. The structure of the rule has been set to also try to minimize the fiscal impact on these lower emitting facilities, consistent with the expected South Coast AQMD workload. Finally, CARB's latest draft regulation includes abbreviated reporting for many small facilities (e.g., facilities with only one boiler, or one backup engine). These facilities would not pay toxics fees because 'abbreviated reporting' will not include reporting emissions, and fees only apply to facilities who report emissions.

*5) South Coast AQMD's legal authority regarding fees is overstated.*

Statute and case law provides clear legal authority for these fees. Specifically, California Health & Safety Code § 40510 provides broad authority for the District to adopt fees. Subdivision (b) provides for adoption of fees for "variances and permits to cover the reasonable cost of permitting, planning, enforcement, and monitoring related thereto." Subdivision (d) states that "this section shall not prevent the district from establishing or amending an individual permit renewal or operating permit fee applicable to a class of sources to recover the reasonable district costs of permitting, planning, enforcement, and monitoring which that class will cause to district programs." Together these sections clearly authorize the proposed toxic air contaminant fees. These emissions-based fees are related to permitting, planning, enforcement and monitoring and are within the scope of § 40510.

*6) South Coast AQMD's justification for the increased fees is not adequately supported.*

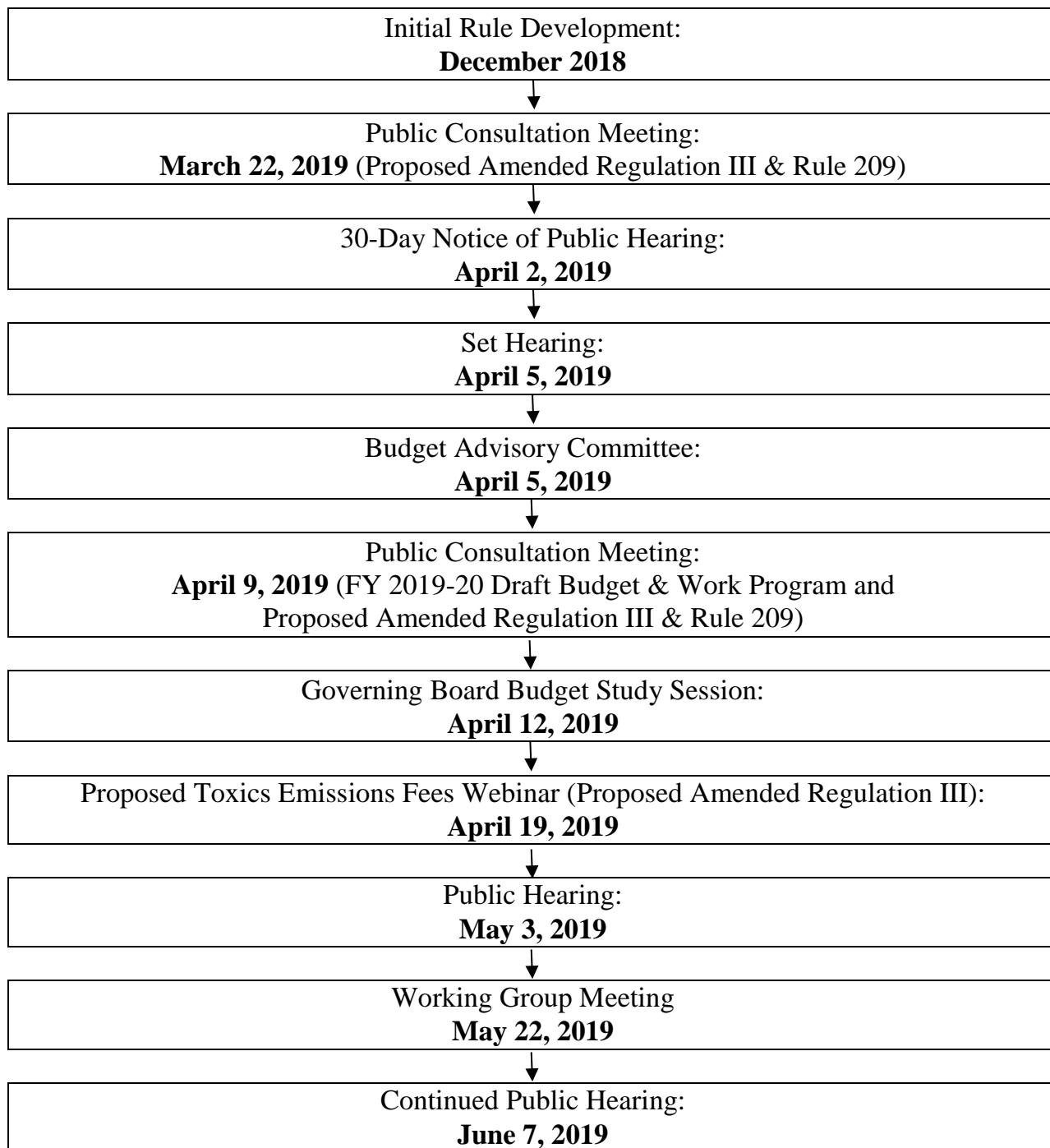
The proposed amendments are necessary to recover reasonable costs of regulatory work performed by the South Coast AQMD and the proposed fee structure is equitable. Current fees are relatively low and fall short of the costs associated with work on toxic emissions at stationary sources. That shortfall, if allowed to continue, has the potential to create inequities in the overall permitted source program.

*7) Small facilities with emergency diesel backup engines will be burdened by the inclusion of Diesel Particulate Matter (DPM) to the list of toxic air contaminants.*

Facilities with emissions of criteria pollutants less than 4 tons per year are not required to report toxic emissions. Clarifying language that ensures these smaller facilities are not required to report or pay toxics fees was added to Rule 301 at the May 3, 2019 public hearing.

## ATTACHMENT C

### RULE DEVELOPMENT PROCESS Proposed Amended Rule 301



**Six (6) months spent in rule development**

**Two (2) Public Consultation Meetings, (1) Webinar, (1) Working Group**

**One (1) Budget Advisory Committee Meeting**

**One (1) Governing Board Budget Study Session**

## **ATTACHMENT D**

### **KEY CONTACTS LIST**

|                    |   |
|--------------------|---|
| Curtis Coleman     | Budget Advisory Committee and Southern California Air Quality Alliance                  |
| Jean Kayano        | Budget Advisory Committee and Center for Community Action and Environmental Justice     |
| Bill LaMarr        | Budget Advisory Committee and California Small Business Alliance                        |
| Priscilla Hamilton | Budget Advisory Committee and Southern California Gas Company                           |
| Janet Whittick     | Budget Advisory Committee and California Council for Environmental and Economic Balance |
| Frances Keeler     | California Council for Environmental and Economic Balance                               |
| Mike Carroll       | Latham and Watkins  |
| Julia Lester       | Ramboll   |
| Susan Stark        | Marathon  |
| Bridget McCann     | Western States Petroleum Association  |
| Neal Davenport     | Davenport Engineering Inc.  |
| Karl Lany          | Montrose Environmental  |



## **ATTACHMENT E**

RESOLUTION NO. 19-\_\_\_\_\_

**A Resolution of the Governing Board of the South Coast Air Quality Management District (South Coast AQMD) determining that the toxics fee increase proposal contained within Proposed Amended Rule 301 – Permitting and Associated Fees is exempt from the requirements of the California Environmental Quality Act (CEQA).**

**A Resolution of the South Coast AQMD Governing Board approving the toxics fee increase proposal by amending Rule 301 – Permitting and Associated Fees.**

**WHEREAS**, the South Coast AQMD Governing Board met on May 3, 2019 to consider multiple amendments to Rule 301, and other rules including 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, and 209;

**WHEREAS**, on May 3, 2019, the South Coast AQMD Governing Board decided to continue consideration of the toxics fee increase proposal within PAR 301 until June 7, 2019;

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that the toxics fee increase proposal contained within Proposed Amended Rule 301 is considered a "project" pursuant to CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and

**WHEREAS**, the South Coast AQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and CEQA Guidelines Section 15251(l) and has conducted a CEQA review pursuant to such program (South Coast AQMD Rule 110); and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that after conducting a review of the proposed project in accordance with CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA, and CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA, that Proposed Amended Rule 301 is determined to be exempt from CEQA; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that it can be seen with certainty that there is no possibility that Proposed Amended Rule 301, which includes a restructuring of how toxics emissions fees are collected from facilities and an increase in toxics emissions fees collected, may have any significant effects on the environment because the proposed changes would not cause any physical changes that would affect any environmental topic area, and therefore, are exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that Proposed Amended Rule 301 involves fees charged by the South Coast AQMD and is statutorily exempt from CEQA pursuant to CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges, because the proposed amendment involves charges by a public agency for the purpose of meeting operating expenses and financial reserve needs and requirements; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines that Proposed Amended Rule 301 is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment, because the proposed amendments are designed to further protect or enhance the environment; and

**WHEREAS**, the South Coast AQMD Governing Board has considered whether Proposed Amended Rule 301 may have significant environmental impacts due to unusual circumstances, as set forth in CEQA Guidelines Section 15300.2, and has determined that none exist for Proposed Amended Rule 301; and

**WHEREAS**, the South Coast AQMD staff has prepared a Notice of Exemption for Proposed Amended Rule 301 that is completed in compliance with CEQA Guidelines Section 15062 – Notice of Exemption; and

**WHEREAS**, Proposed Amended Rule 301, including the Notice of Exemption and other supporting documentation, were presented to the South Coast AQMD Governing Board and the South Coast AQMD Governing Board has reviewed and considered this information, as well as has taken and considered staff testimony and public comment prior to approving the project; and

**WHEREAS**, the South Coast AQMD Governing Board finds and determines, taking into consideration the factors in Section (d)(4)(D) of the Governing Board Procedures (codified as Section 30.5(4)(D)(i) of the Administrative Code), that the modifications to Proposed Amended Rule 301, since the Notice of Public Hearing was published are not so substantial as to significantly

affect the meaning of Proposed Amended Rule 301, within the meaning of Health and Safety Code Section 40726 because: (a) the changes do not impact emission reductions, (b) the changes do not affect the number or type of sources regulated by the rules, or significantly affect the impact of the rule on such sources, (c) the changes are consistent with the information contained in the notice of public hearing, and (d) the consideration of the range of CEQA alternatives is not applicable because the proposed project is exempt from CEQA; and further, that the option of a two-year rather than three-year phase-in was specifically requested at the May 3, 2019 Board meeting to be presented at the June meeting; and

**WHEREAS**, Proposed Amended Rule 301, is not a control measure in the 2016 Air Quality Management Plan (AQMP) and was not ranked by cost-effectiveness relative to other AQMP control measures in the 2016 AQMP; and

**WHEREAS**, Proposed Amended Rule 301, will not be submitted for inclusion into the State Implementation Plan, except to the extent necessary to satisfy Clean Air Act Section 182 (a)(3)(B), emission statements, following appropriate notice and a later hearing before the South Coast AQMD Governing Board; and

**WHEREAS**, Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the South Coast AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the Final Staff Report; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that in order to add rule clarity and to recover reasonable and actual costs incurred by South Coast AQMD in meeting requirements of recently adopted rules and state mandates and implementing necessary clean air programs, a need exists to amend Rule 301 to fund the Proposed Budget in Fiscal Year 2019-2020 and thereafter; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that the Socioeconomic Impact Assessment for Proposed Amended Rule 301 is consistent with the March 17, 1989 Governing Board Socioeconomic Resolution for rule adoption; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that the Socioeconomic Impact Assessment is consistent with the provisions of Health and Safety Code Section 40440.8, even though such assessments are not statutorily required in these circumstances; and

**WHEREAS**, the South Coast AQMD Governing Board has determined Proposed Amended Rule 301 – Permitting and Associated Fees will result in increased costs to the affected industries, yet are considered to be reasonable, with a total annualized cost as specified in the Socioeconomic Impact Assessment; and

**WHEREAS**, the South Coast AQMD Governing Board has actively considered the Socioeconomic Impact Assessment and has made a good faith effort to minimize such impacts; and

**WHEREAS**, Health and Safety Code Section 40510.5(a) requires the South Coast AQMD Governing Board to find that an increased fee will result in an equitable apportionment of fees when increasing fees beyond the CPI. Based on relevant information presented at the public hearing and in the staff report, the proposed new fees and proposed increases in fee rates beyond the CPI in Proposed Amended Rule 301 are found to be equitably apportioned because such fees are necessary to better align program costs and revenues, are based on the reasonable costs to South Coast AQMD, and are reasonably related to the benefits received and burdens imposed by the fee payers; and

**WHEREAS**, the South Coast AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 40000, 40001, 40440, 40500, 40500.1, 40502, 40506, 40510, 40510.5, 40511, 40522, 40522.5, 40523, 40701.5, 40702, 41512, 42705.6, and 44380, and Clean Air Act Section 502(b)(3) [42 U.S.C. Section 7661(b)(3)]; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Proposed Amended Rule 301 is written or displayed so that the meaning can be easily understood by the persons directly affected by them; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Proposed Amended Rule 301 is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Proposed Amended Rule 301 does not impose the same requirements as any existing state or federal regulation and are necessary and proper to execute the power and duties granted to, and imposed upon, the South Coast AQMD; and

**WHEREAS**, the South Coast AQMD Governing Board, in amending Rule 301, references the following statutes which the South Coast AQMD hereby implements, interprets, or makes specific: Health and Safety Code Sections 40500, 40500.1, , 40506, 40510, 40510.5, 40522.5, and 40523; and

**WHEREAS**, a public hearing has been properly noticed in accordance with all provisions of Health and Safety Code Section 40725; and

**WHEREAS**, the South Coast AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

**WHEREAS**, the South Coast AQMD Governing Board has determined that Health and Safety Code Section 40920.6 is not applicable to Proposed Amended Rule 301 since the proposed amendments do not impose limits on air contaminants or implement Best Available Retrofit Control Technology requirements; and

**WHEREAS**, the South Coast AQMD Governing Board specifies the Planning and Rules Manager overseeing the rule development for Proposed Amended Rule 301 as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed project is based, which are located at the South Coast AQMD, 21865 Copley Drive, Diamond Bar, California.

**NOW, THEREFORE BE IT RESOLVED**, that the South Coast AQMD Governing Board does hereby determine, pursuant to the authority granted by law, that Proposed Amended Rule 301 is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. The South Coast AQMD Governing Board does also hereby determine, pursuant to the authority granted by law, that Proposed Amended Rule 301 is statutorily exempt from CEQA pursuant to CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges. Finally, the South Coast AQMD Governing Board does also hereby determine, pursuant to the authority granted by law that Proposed Amended Rule 301 is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15308 – Actions by Regulatory Agencies for Protection of the Environment. No exception to the application of a categorical exemption set forth in CEQA Guidelines Section 15300.2, including the “unusual circumstances” exception, applies to Proposed Amended Rule 301. This information was presented to the South Coast AQMD Governing Board, whose members reviewed, considered and approved the information therein prior to acting on Proposed Amended Rule 301; and

**BE IT FURTHER RESOLVED**, that the South Coast AQMD Governing Board finds that Proposed Amended Rule 301 establishes fees charged for the purposes of meeting operating expenses and financial reserve needs and requirements and the South Coast AQMD Governing Board hereby incorporates by reference the Board letter for the toxic fee amendments and the staff report for Regulation III and Rule 209, plus responses to comments, and the proposed Fiscal Year 2019-2020 Budget and Fiscal Year 2020-2021 budget forecast as setting forth the basis for these findings; and

**BE IT FURTHER RESOLVED**, that the South Coast AQMD Governing Board finds, based on the evidence in the rule-making record, that the increases in fees that exceed the CPI for Fiscal Year 2019-2020 and thereafter are necessary to recover reasonable and actual costs incurred by South Coast AQMD in meeting requirements of recently adopted rules and state mandates and implementing necessary clean air programs and are equitably apportioned; and the Governing Board hereby incorporates by reference the explanation in the Board letter for the toxic fee amendments and the staff report for Regulation III and Rule 209, plus responses to comments ; and

**BE IT FURTHER RESOLVED**, that the South Coast AQMD Governing Board does hereby approve the Socioeconomic Impact Assessment for Proposed Amended Regulation III, which includes Proposed Amended Rule 301; and

**BE IT FURTHER RESOLVED**, that the South Coast AQMD Governing Board does hereby amend Rule 301, pursuant to the authority granted by law as set forth in the attached, and incorporated herein by reference.

**BE IT FURTHER RESOLVED**, that the South Coast AQMD Governing Board directs a [two-year/three-year] phase-in for the proposed new toxic emissions fees commencing January 1, 2020:

DATE: \_\_\_\_\_

\_\_\_\_\_  
CLERK OF THE BOARDS

## ATTACHMENT F

(Adopted Feb. 4, 1977)(Amended May 27, 1977)(Amended Jan. 6, 1978)  
(Amended June 16, 1978)(Amended April 4, 1980)(Amended Sept. 5, 1980)  
(Amended June 5, 1981)(Amended July 9, 1982)(Amended Dec. 3, 1982)  
(Amended June 3, 1983)(Amended May 4, 1984)(Amended July 6, 1984)  
(Amended Nov. 2, 1984)(Amended Dec. 6, 1985)(Amended May 1, 1987)  
(Amended June 3, 1988)(Amended December 2, 1988)(Amended January 6, 1989)  
(Amended June 2, 1989)(Amended June 1, 1990)(Amended June 7, 1991)  
(Amended December 6, 1991)(Amended June 5, 1992)(Amended July 10, 1992)  
(Amended June 11, 1993)(Amended October 8, 1993)(Amended June 10, 1994)  
(Amended May 12, 1995)(Amended October 13, 1995)(Amended May 10, 1996)  
(Amended May 9, 1997)(Amended May 8, 1998)(Amended June 12, 1998)  
(Amended May 14, 1999)(Amended May 19, 2000)(Amended May 11, 2001)  
(Amended May 3, 2002)(Amended June 6, 2003)(Amended July 9, 2004)  
(Amended June 3, 2005)(Amended June 9, 2006)(Amended May 4, 2007)  
(Amended May 2, 2008)(Amended June 5, 2009)(Amended May 7, 2010)  
(Amended May 6, 2011)(Updated July 1, 2012)(Updated July 1, 2013)  
(Amended June 6, 2014)(Amended May 1, 2015)(Updated July 1, 2016)  
(Amended June 2, 2017)(Amended January 5, 2018)(Amended May 4, 2018)  
(Proposed Amended Rule May 3, 2019)

### **Proposed Effective Date July 1, 20182019**

### **PROPOSED AMENDED RULE 301. PERMITTING AND ASSOCIATED FEES**

#### **(a) Applicability**

California Health and Safety Code Section 40510 provides authority for the South Coast Air Quality Management District to adopt a fee schedule for the issuance of permits to cover the cost of evaluation, planning, inspection, and monitoring related to that activity. This rule establishes such a fee schedule and requires that fees be paid for:

- (1) Permit processing for Facility Permits [see subdivisions (l), (m), and (n)], Facility Registrations [see subdivision (t)], and Permits to Construct and/or Permits to Operate equipment (submitted pursuant to Regulation II) that may cause air pollution or equipment intended to control air pollution [see subdivision (c)].
- (2) Processing of applications for banking emission reduction credits; change of title of emissions reduction credits; alteration/modification of emission reduction credits; retirement of short term emission reduction credits for transfer into Rule 2202; and the transfer of ERCs out of Rule 2202 pursuant to Rule 2202 (h)(4); or conversion of emissions reduction credits, mobile source credits, or area source credits to short term emission reduction credits, pursuant to Regulation XIII [see paragraphs (c)(4) and (c)(5)].

- (3) Annual operating permit renewal fee [see subdivision (d)].
- (4) Annual operating permit emissions fee [see subdivision (e)] or Regional Clean Air Incentives Market (RECLAIM) Trading Credits (RTCs) [see subdivision (l)].
- (5) Duplicate and reissued permits [see subdivision (f)].
- (6) Reinstating expired applications or permits [see subdivision (g)].
- (7) Reinstating revoked permits [see subdivision (h)].
- (8) RECLAIM Transaction Registration Fee [see subdivision (l)].
- (9) Non-Tradeable Allocation Credit Mitigation Fee [see subdivision (l)].
- (10) Environmental Impact Analysis, Air Quality Analysis, Health Risk Assessment, Public Notification for Projects and Emission Reduction Credits (pursuant to Regulation XIII - New Source Review) [see paragraph (c)(4) and subdivision (j) of this rule].
- (11) Asbestos demolition and renovation activities [see subdivision (o)].
- (12) Lead abatement activities [see subdivision (p)].
- (13) Evaluation of permit applications submitted for compliance under a National Emission Standard for Hazardous Air Pollutants (NESHAP) [see subdivision (q)].
- (14) Certification of Clean Air Solvents [see subdivision (r)].

(b) Definitions

For the purpose of this rule, the following definitions shall apply:

- (1) ALTERATION or MODIFICATION means any physical change, change in method of operation of, or addition to, existing equipment requiring an application for Permit to Construct pursuant to Rule 201. Routine maintenance and/or repair shall not be considered a physical change. A change in the method of operation of equipment, unless previously limited by an enforceable permit condition, shall not include:
  - (A) An increase in the production rate, unless such increase will cause the maximum design capacity of the equipment to be exceeded; or
  - (B) An increase in the hours of operation.
- (2) ALTERNATIVE OPERATING CONDITION is an order established by the Hearing Board pursuant to subdivision (e) of this rule which, if recognized by the United States Environmental Protection Agency, authorizes a source to be operated in a specified manner that would otherwise not comply with an applicable requirement of the State



Implementation Plan or a permit term or condition based on any such applicable requirement.

- (3) BANKING means the process of recognizing and certifying emission reductions and registering transactions involving emission reduction credits.
- (4) CANCELLATION is an administrative action taken by the District which nullifies or voids a previously pending application for a permit.
- (5) CERTIFIED EQUIPMENT PERMIT means a permit issued to a manufacturer or distributor for a specific model or series of models of equipment. By this permit, the District certifies that the equipment meets all District rules and Best Available Control Technology (BACT) requirements under a set of conditions. Eligibility for the certification process shall be limited to equipment for which the following conditions exist, as determined by the Executive Officer:
  - (A) Equipment operation and emission characteristics will be applicable to a number of identical pieces of equipment;
  - (B) Permitting can be accomplished through the use of identical permit conditions for each piece of equipment regardless of use or location;
  - (C) The equipment is exempt from emission offsets as defined in Rule 1304(a)(4) or Rule 1304(a)(5); or the emissions of each criteria pollutant, except lead, are determined to be less than the limits listed in Rule 1303, Appendix A, Table A-1; and
  - (D) The equipment does not emit lead or the toxic emissions do not result in a Maximum Individual Cancer Risk (MICR) equal to or greater than one in a million as calculated according to Rule 1401.Certified Equipment Permit shall be valid for one year, and shall be renewed annually if the Executive Officer determines the equipment meets all District rules and BACT requirements. Certification shall not relieve the person constructing, installing or operating the equipment from the requirement to obtain all necessary permits to construct and permits to operate, or from compliance with any other District rule including the requirements of Regulation XIII.
- (6) CHANGE OF CONDITION means a change of a current permit condition that will not result in an emission increase. Any request for a Change in Condition to a previously enforceable permit condition that will result in a emission increase subject to the New Source Review Rules in Regulation

XIII, XIV, or XX will be considered a change in the method of operation and processed as an Alteration or Modification.

- (7) CLEAN AIR SOLVENT is as defined in Rule 102 as “Clean Air Solvent”.
- (8) CLEAN AIR SOLVENT CERTIFICATE is as defined in Rule 102 as “Clean Air Solvent Certificate”.
- (9) CONFINED ANIMAL FACILITY (CAF) means a source or group of sources of air pollution at an agricultural source for the raising of 3,360 or more fowl or 50 or more animals, including but not limited to, any structure, building, installation, farm, corral, coop, feed storage area, milking parlor, or system for the collection, storage, or distribution of solid and liquid manure; if domesticated animals, including but not limited to, cattle, calves, horses, sheep, goats, swine, rabbits, chickens, turkeys, or ducks corralled, penned, or otherwise caused to remain in restricted areas for commercial agricultural purposes and feeding is by means other than grazing.
- (10) CONTINUOUS EMISSIONS MONITORING SYSTEM (CEMS) is a system comprised of components that continuously measure all parameters necessary to determine pollutant concentration or pollutant mass emissions, pursuant to a District rule or regulation.
  - (A) For the purpose of this rule, a CEMS includes, but is not limited to, the following analyzers, monitors, components, systems, or equipment:
    - (i) Pollutant concentration analyzer(s) (e.g., NO<sub>x</sub>, SO<sub>x</sub>, CO, Total Sulfur) and associated sample collection, transport, and conditioning equipment, and data acquisition and logging systems,
    - (ii) Diluent gas analyzer (O<sub>2</sub> or CO<sub>2</sub>),
    - (iii) Flow monitor (direct in-stack measurement or indirectly calculated from fuel usage or other process parameters approved by the Executive Officer), and
    - (iv) Other equipment (e.g., moisture monitor) as required to comply with monitoring requirements.
  - (B) For the purpose of this rule, a “time-shared CEMS” means a CEMS as described in paragraph (j)(5) which is common to several sources of emissions at the same facility.
  - (C) For the purpose of this rule, a “Fuel Sulfur Monitoring System” or “FSMS” may be used as an alternative to a CEMS SO<sub>x</sub> monitoring requirement, subject to District Rules and Regulations, and the

approval of the Executive Officer. An FSMS is a total sulfur monitoring system configured similar to the CEMS described in paragraph (j)(5) but, as an alternative to directly monitoring SO<sub>x</sub> emissions at sources required to have SO<sub>x</sub> CEMS (at the same facility), SO<sub>x</sub> emission information at each affected source is determined “indirectly” by monitoring the sulfur content of the fuel gas supply firing the affected sources.

- (D) For the purpose of this rule, an “Alternative Continuous Emissions Monitoring System” or “ACEMS” (also known as a “Predictive or Parametric Emissions Monitoring System” or “PEMS”) may be used as an alternative to a CEMS pollutant monitoring requirement, subject to District Rules and Regulations, and the approval of the Executive Officer. Instead of directly monitoring the pollutant emissions at a source required to have a CEMS as in paragraph (j)(5), emission information is “predicted” by the ACEMS or PEMS by monitoring key equipment operating parameters (e.g., temperature, pressure) at the affected source, irrespective of exhaust gas or fuel supply analysis.
- (11) EMISSION FACTOR means the amount of air contaminant emitted per unit of time or per unit of material handled, processed, produced, or burned.
- (12) EMISSION REDUCTION CREDIT (ERC) means the amount of emissions reduction which is verified and determined by the Executive Officer to be eligible for credit in an emissions reduction bank.
- (13) EMISSION SOURCE is any equipment or process subject to Rule 222. The source does not require a permit, but the owner/operator is required to file information pursuant to Rule 222 and Rule 301(t).
- (14) EQUIPMENT means any article, machine, or other contrivance, or combination thereof, which may cause the issuance or control the issuance of air contaminants, and which:
  - (A) Requires a permit pursuant to Rules 201 and/or 203; or
  - (B) Is in operation pursuant to the provisions of Rule 219
- (15) EXPIRATION means the end of the period of validity for an application, Permit to Operate, or a temporary Permit to Operate.
- (16) FACILITY means any source, equipment, or grouping of equipment or sources, or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-

way, and are owned or operated by the same person (or persons under common control) or an outer continental shelf (OCS) source as defined in 40 CFR § 55.2. Such above-described groupings, if on noncontiguous properties but connected only by land carrying a pipeline, shall not be considered one facility. Equipment or installations involved in crude oil and gas production in Southern California coastal or OCS waters, and transport of such crude oil and gas in Southern California coastal or OCS waters, shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas facility on-shore.

- (17) FACILITY PERMIT is a permit which consolidates existing equipment permits and all new equipment at a facility, into one permit. A facility permit may be issued pursuant to Regulation XX and/or XXX.
- (18) FACILITY REGISTRATION is a permit which consolidates existing equipment permits and all new equipment at a facility into one permit. A Facility Registration may be issued at District discretion to any facility not subject to Regulation XX or XXX.
- (19) GREENHOUSE GAS or “GHG” means carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride (SF<sub>6</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs).
- (20) IDENTICAL EQUIPMENT means any equipment which is to be operated by the same operator, and have the same equipment address, and have the same operating conditions and processing material to the extent that a single permit evaluation would be required for the set of equipment. Portable equipment, while not operating at the same location, may qualify as identical equipment.
- (21) NON-ROAD ENGINE is a portable engine that requires a permit and is certified by the Executive Officer to be a Non-Road Engine regulated by U.S. EPA pursuant to 40 CFR Part 89.
- (22) PREMISES means one parcel of land or contiguous parcels of land under the same ownership or entitlement to use, not including the parcels which are remotely located and connected only by land carrying a pipeline.
- (23) QUALIFYING PORTABLE ENGINE is a portable engine that requires a permit and is certified by the Executive Officer to meet all the requirements of Non-Road Engine of 40 CFR Part 89 except date of manufacture, and has been demonstrated to meet the emission limitations of 40 CFR Section 89.112-96.

- (24) RECLAIM TRADING CREDITS (RTCs) means the amount of emissions credit available to a facility for use at the facility for transfer or sale to another party. Each RTC has a denomination of one pound of RECLAIM pollutant and a term of one year, and can be issued as part of a facility's Annual Allocation or alternatively in the form of an RTC certificate.
- (25) REGISTRATION PERMIT means a permit to construct or permit to operate issued to an owner/operator of equipment which has previously been issued a Certified Equipment Permit by the District. The owner/operator shall agree to operate under the conditions specified in the Certified Equipment Permit.
- (26) RELOCATION means the removal of an existing source from one parcel of land in the District and installation on another parcel of land where the two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way.
- (27) REVOCATION is an action taken by the Hearing Board following a petition by the Executive Officer which invalidates a Permit to Construct or a Permit to Operate.
- (28) SMALL BUSINESS is as defined in Rule 102 as "Small Business."
- (29) SPECIFIC ORGANIC GASES are any of the following compounds:
  - trifluoromethane (HFC-23)
  - chlorodifluoromethane (HCFC-22)
  - dichlorotrifluoroethane (HCFC-123)
  - tetrafluoroethane (HFC-134a)
  - dichlorofluoroethane (HCFC-141b)
  - chlorodifluoroethane (HCFC-142b)
  - 1,1,1-trifluoroethane (HFC-143a)
  - 1,1-difluoroethane (HFC-152a)
  - cyclic, branched, or linear, completely fluorinated alkanes
  - cyclic, branched, or linear, completely fluorinated ethers with no unsaturations
  - cyclic, branched, or linear, completely fluorinated tertiary amines with no unsaturations
  - sulfur-containing perfluorocarbons with no unsaturations and with sulfur bonds only to carbon and fluorine.
- (30) SOURCE means any grouping of equipment or other air contaminant-emitting activities which are located on parcels of land within the District, in actual physical contact or separated solely by a public roadway or other

public right-of-way, and are owned or operated by the same person or by persons under common control. Such above-described groupings, if remotely located and connected only by land carrying a pipeline, shall not be considered one stationary source. (Under RECLAIM, a SOURCE is any individual unit, piece of equipment or process which may emit an air contaminant and which is identified, or required to be identified, in the RECLAIM Facility Permit).

- (31) STREAMLINED STANDARD PERMIT means a permit issued for certain types of equipment or processes commonly permitted by SCAQMD with pre-set levels of controls and emissions. The operating conditions and other qualifying criteria are pre-determined by the SCAQMD and provided to the permit applicant in the permit application package for concurrence.
- (32) STATEWIDE EQUIPMENT is equipment with a valid registration certificate issued by CARB for the Statewide Portable Equipment Registration Program.
- (33) TEMPORARY PERMIT TO OPERATE represents interim authorization to operate equipment until the Permit to Operate is granted or denied. A temporary Permit to Operate is not issued by the District but may exist pursuant to Rule 202.

(c) Fees for Permit Processing

(1) Permit Processing Fee

(A) Permit Processing Fee Applicability

Except as otherwise provided in this rule, every applicant who files an application for a Permit to Construct, Permit to Operate, Facility Permit, court judgments in favor of the District and administrative civil penalties or a revision to a Facility Permit, shall, at the time of filing, pay all delinquent fees associated with the facility and shall pay a permit processing fee.

- (i) Except as otherwise provided in this paragraph, the permit processing fee shall be determined in accordance with the schedules (set forth in Table FEE RATE-A) at the time the application is deemed complete.
- (ii) A person applying for permits for relocation of equipment shall pay fees in accordance with the schedules set forth in Table FEE RATE-A at the time the application is deemed complete. All fees due, within the past 3 years, from the

previous facility for equipment for which a Change of Location application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before the Change of Location application is accepted.

- (iii) A person applying for permits for any equipment/process not otherwise listed in Table IA or Table IB shall pay the fees associated with Schedule C. Prior to the issuance of a permit, these fees are subject to adjustment, as necessary.
- (iv) In the event a Permit to Construct expires under the provisions of Rule 205, and the applicable rules, regulations, and BACT for that particular piece of equipment have not been amended since the original evaluation was performed, the permit processing fee for a subsequent application for a similar equipment shall be the fee established in the Summary Permit Fee Rates - Change of Owner/Operator table according to the applicable schedule under the Change of Owner/Operator category, provided the subsequent application is submitted within one (1) year from the date of expiration of either the Permit to Construct, or an approved extension of the Permit to Construct.

**(B) Notice of Amount Due and Effect of Nonpayment**

For fees due upon notification, such notice may be given by personal service or sent by mail, electronic mail, or other electronic means, and shall be due thirty (30) days from the date of personal service, mailing, or electronic transmission. For the purpose of this subparagraph, the fee payment will be considered to be received by the District if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been delivered, postmarked, or electronically paid on the expiration date. Nonpayment of the fee within this period of time will result in expiration of the application and voiding of the Permit to Construct or Permit to Operate. No further applications will be accepted from the applicant until such time as overdue permit processing fees have been fully paid. If an

application is canceled, a permit processing fee will be charged if evaluation of the application has been initiated.

**(C) Higher Fee for Failing to Obtain a Permit**

(i) When equipment is operated, built, erected, installed, altered, or replaced (except for replacement with identical equipment) without the owner/operator first obtaining a required Permit to Construct or Permit to Operate, the permit processing fee shall be 150 percent (150%) of the amount set forth in Table FEE RATE-A unless the applicant is a Small Business as defined in this provision and the facility has no prior permit applications, Permit to Construct or Permit to Operate (as evidenced by a facility identification number) with the District in which case the permit processing fee shall be the amount set forth in Table FEE RATE-A. If a facility has been issued a Notice of Violation (NOV), there shall be no waiver of the higher fee. The applicant shall also remit annual operating fees for the source for a full three (3) years, or the actual years of operation if less than three (3) years. The assessment of such fee shall not limit the District's right to pursue any other remedy provided for by law. Fees are due and payable within thirty (30) days of receipt of notification. [See subparagraph (c)(2)(B).] However, the higher fee shall be waived if the application is being submitted for equipment that was previously permitted (issued either a Permit to Construct or a Permit to Operate) but had expired due to non-payment of fees, provided the application is submitted within one (1) year of the expiration date, and that permit is reinstatable under subdivision (g) of this rule.

(ii) For purposes of assessing a higher fee for failing to obtain a permit only, small business shall be defined as a business which is independently owned and operated and not an affiliate of a non-small business entity and meets the following criteria:

(A) If a non-manufacturer, the number of employees is 25 or less and the total gross annual receipts are \$1,000,000 or less; or



- (B) If a manufacturer, the number of employees is 50 or less and the total gross annual receipts are \$5,000,000 or less, or
  - (C) Is a not-for-profit training center.
- (iii) This clause shall apply to applications for a Permit to Operate for equipment already constructed without first obtaining a required Permit to Construct. If, at the time the Permit to Operate is granted or denied, it is determined that any annual operating permit fee as provided in subdivision (d) of this rule had been based on incorrect information, the applicant will be billed for or credited with the difference, as appropriate.
- (D) **Small Business**  
When applications are filed in accordance with the provisions of subparagraphs (c)(1)(A), (c)(1)(G)(i), (c)(1)(C) or paragraph (c)(3) for a Small Business as defined in Rule 102 – Definition of Terms, the fees assessed shall be fifty percent (50%) of the amount set forth in Table FEE RATE-A.
- (E) **Fees for Permit Processing for Identical Equipment and Processing of Applications for Short Term Emission Reduction Credits**  
When applications are submitted in accordance with the provisions of subparagraphs (c)(1)(A), (c)(1)(C), (c)(1)(D), (c)(1)(H), paragraphs (c)(3) or (c)(4) concurrently for identical equipment, or for change of title or alteration/modification of short term emission reduction credits, full fees for the first application, and fifty percent (50%) of the applicable processing fee for each additional application shall be assessed. The provisions of this subparagraph do not apply to Certified Equipment Permits, Registration Permits, and the exceptions mentioned in subparagraphs (c)(3)(A), (c)(3)(B), and (c)(3)(C).
- (F) **Discounts for Small Business and Identical Equipment**  
Applications qualifying with the provisions of both subparagraph (c)(1)(D) and (c)(1)(E) shall only be entitled to one fee discount equivalent to the maximum discount afforded under either subparagraph.
- (G) **Fees for Permit Processing for Certified Equipment Permits and Registration Permits**

- (i) Persons applying for a Certified Equipment Permit shall pay a one-time permit processing fee for each application. The fee shall be determined in accordance with Table FEE RATE-A. No annual operating permit renewal fee shall be charged.
- (ii) A permit processing fee equal to 50% of Schedule A Permit Processing Fee of Table FEE RATE-A shall be assessed to a person applying for a Change of Owner/Operator for a Certified Equipment Permit.
- (iii) A permit processing fee equal to 50% of Schedule A Permit Processing Fee of Table FEE RATE-A shall be charged to a person applying for a Registration Permit to Construct and Permit to Operate for certified equipment. Annual operating permit renewal fees shall be paid pursuant to subdivision (d).
- (iv) When certified equipment is built, erected, installed, or replaced (except for identical replacement) without the owner/operator obtaining a required Rule 201 Permit to Construct, the permit processing fee assessed shall be 150 percent (150%) of the amount set forth in subparagraph (c)(1)(G)(iii) of Rule 301.

**(H) Applications Submitted for Equipment Previously Exempted by Rule 219**

When applications for equipment are submitted within one year after the adoption of the most recent amendment to Rule 219 and are filed in accordance with the provisions of subparagraphs (c)(1)(A), (c)(1)(E), paragraphs (c)(2), or (c)(3) and require a permit, solely due to the most recent amendments to Rule 219, the permit processing fees assessed shall be in accordance with Schedule A of Table FEE RATE-A.

**(I) Standard Streamlined Permits**

The Streamlined Standard Permit application processing fee shall be ~~\$930.20~~962.75, except that the fee shall not exceed the applicable permit processing fee including small business discount if applicable. There shall be no small business discount on the basic fee of ~~\$930.20~~962.75. Applications submitted for existing equipment which is operating and qualifies for a Streamlined Standard Permit shall be assessed an application processing fee in

accordance with the provisions of subparagraph 301(c)(1)(C). Standard Streamlined Permits may be issued for the following equipment or processes: Replacement dry-cleaning equipment and Lithographic printing equipment.

(2) Fee for Change of Owner/Operator or Additional Operator

Under Rule 209 (Transfer and Voiding of Permits), a permit granted by the District is not transferable. Every applicant who files an application for a change of owner/operator or additional operator with the same operating conditions of a Permit to Operate shall be subject to a permit processing fee as follows:

(A) The permit processing fee shall be as established in Table FEE RATE-C for equipment at one location so long as the new owner/operator files an application for a Permit to Operate within one (1) year from the last renewal of a valid Permit to Operate and does not change the operation of the affected equipment. All fees billed from the date of application submittal that are associated with the facility for equipment for which a Change of Owner/Operator or Additional Operator application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before the Change of Owner/Operator or Additional Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new owner/operator shall pay such fees within 30 days of notification. If the fees are paid timely, the owner/operator will not be billed for any additional fees billed to the previous owner/operator.

(B) If an application for change of owner/operator of a permit is not filed within one (1) year from the last annual renewal of the permit under the previous owner/operator, the new owner/operator shall submit an application for a new Permit to Operate, along with the permit processing fee as prescribed in subparagraph (c)(1)(A). A higher fee, as described in subparagraph (c)(1)(C), shall apply.

(3) Change of Operating Condition, Alteration/Modification/Addition

All delinquent fees, and court judgments in favor of the District and administrative civil penalties associated with the facility must be paid before a Change of Operating Condition, Alteration/Modification/Addition application will be accepted. When an application is filed for a permit involving change of operating conditions, and/or a permit involving

proposed alterations/modifications or additions resulting in a change to any existing equipment for which a Permit to Construct or a Permit to Operate was granted and has not expired in accordance with these rules, the permit processing fee shall be the amount set forth in Table FEE RATE-A. The only exceptions to this fee shall be:

- (A) Permits that must be reissued with conditions prohibiting the use of toxic materials and for which no evaluation is required, no physical modifications of equipment are made, and the use of substitute materials does not increase Volatile Organic Compounds (VOC) by more than 0.5 pound in any one day. When an application is filed for a modification described by this exception, the permit processing fee shall be the applicable fee as shown in the table below in this subparagraph:

| Facility Type             | Non-Title V                      | Title V                             |
|---------------------------|----------------------------------|-------------------------------------|
| <del>FY 2018-19</del>     | <del>\$930.20</del>              | <del>\$1,053.34</del>               |
| FY 2019-20 and thereafter | <del>\$930.20</del> <u>62.75</u> | <del>\$1,165.62</del> <u>206.41</u> |

- (B) Permits that must be reissued to reflect the permanent removal of a standby fuel supply, or to render equipment non-operational shall pay the applicable reissue permit fee as shown in the tables below in this subparagraph, as follows:

- (i) Does not result in a new source review emission adjustment:

| Facility Type                | Non-Title V<br>(per equipment or<br>reissued permit) | Title V<br>(per equipment or<br>reissued permit) |
|------------------------------|--|--|
| <del>FY 2018-19</del>        | <del>\$681.13</del>                                  | <del>\$771.30</del>                              |
| FY 2019-20<br>and thereafter | <del>\$681.13</del> <u>704.97</u>                    | <del>\$853.53</del> <u>883.40</u>                |

- (ii) Does result in a new source review emission adjustment:

| Facility Type                | Non-Title V<br>(per equipment)     | Title V<br>(per equipment)          |
|------------------------------|------------------------------------|-------------------------------------|
| <del>FY 2018-19</del>        | <del>\$1,785.79</del>              | <del>\$2,022.19</del>               |
| FY 2019-20<br>and thereafter | <del>\$1,785.79</del> <u>48.29</u> | <del>\$2,237.76</del> <u>316.08</u> |

- (C) Permits reissued for an administrative change in permit description, for splitting a permit into two or more permits based on Equipment/Process listed in Table IA or IB (an application is required for each Equipment/Process) or for a change in permit conditions based on actual operating conditions and which do not require any engineering evaluation and do not cause a change in emissions, shall be charged a fee according to the following schedule:

| Schedule | Non-Title V               | Title V               |                           |
|----------|---------------------------|-----------------------|---------------------------|
|          | FY 2018-19 and thereafter | <del>FY 2018-19</del> | FY 2019-20 and thereafter |
| A        | \$681.14 <u>704.98</u>    | \$771.30              | \$853.53 <u>883.40</u>    |
| A1       | \$681.14 <u>704.98</u>    | \$771.30              | \$853.53 <u>883.40</u>    |
| B        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| B1       | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| C        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| D        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| E        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| F        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| G        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |
| H        | \$930.20 <u>962.75</u>    | \$1,053.34            | \$1,165.62 <u>206.41</u>  |

(D) For permits reissued because of Rule 109, which do not result in Best Available Control Technology (BACT) determination, the permit processing fee shall be 50% of the amount set forth in Table FEE RATE-A.

- (4) Fee for Evaluation of Applications for Emission Reductions
- Every applicant who files an application for banking of emission reduction credits; change of title of emission reduction credits; alteration/modification of emission reduction credits; or conversion of emission reduction credits, mobile source credits, or area source credits to short term emission reduction credits, as described in paragraph (a)(2) of this rule shall, at the time of filing, pay a processing fee in accordance with Schedule I in Table

FEE RATE-B. Additionally, the applicant shall, if required by Rule 1310(c), either:

- (A) Pay a fee for publication of public notice and a preparation fee as per Rule 301(j)(4), or
- (B) Arrange publication of the public notice independent of the District option and provide to the Executive Officer a copy of the proof of publication.

- (5) Fees for Retirement of Short Term Emission Reduction Credits for Transfer into Rule 2202, and for ERCs Transfer Out of Rule 2202.

Any applicant who files an application to transfer a short term emission reduction credit certificate into Rule 2202 or to transfer ERCs out of Rule 2202 pursuant to Rule 2202 – On-Road Motor Vehicle Mitigation Options shall, at the time of filing, pay the fee as listed in Table FEE RATE-B.

- (d) Annual Operating Permit Renewal Fee

- (1) Renewal of Permit to Operate

All Permits to Operate (including temporary Permits to Operate pursuant to Rule 202) for equipment on the same premises shall be renewed on the annual renewal date set by the Executive Officer. A Permit to Operate is renewable if the permit is valid according to the District's Rules and Regulations and has not been voided or revoked and if the annual operating permit fee is paid within the time and upon the notification specified in paragraph (d)(8) of this rule and if all court judgments in favor of the District and administrative civil penalties associated with the facility are paid.

- (2) Annual Operating Fees

The annual operating permit renewal fee shall be assessed in accordance with the following schedules:

| Equipment/Process Schedules in Tables IA and IB                  | Non-Title V Annual Operating Permit Renewal Fee                    | Title V Annual Operating Permit Renewal Fee  |
|--|--|--|
| A1   | <del>\$203.04</del> <u>210.11</u>                                  | <del>\$229.88 for FY 2018-19 and \$254.38</del> <u>263.28</u> for FY 2019-20 and thereafter                                      |
| A, B, and B1 (excluding Rule 461 liquid fuel dispensing nozzles) | <del>\$406.79</del> <u>421.02</u>                                  | <del>\$460.64 for FY 2018-19 and \$509.74</del> <u>527.58</u> for FY 2019-20 and thereafter                                      |
| C and D  | <del>\$1,456.96</del> <u>507.95</u>                                | <del>\$1,649.83 for FY 2018-19 and \$1,825.70</del> <u>889.60</u> for FY 2019-20 and thereafter                                  |
| E, F, G, and H   | <del>\$3,498.33</del> <u>620.77</u>                                | <del>\$3,961.46 for FY 2018-19 and \$4,383.76</del> <u>537.19</u> for FY 2019-20 and thereafter                                  |
| Rule 461 liquid fuel dispensing system                           | <del>\$120.26</del> <u>124.46</u> per product dispensed per nozzle | <del>\$136.19 for FY 2018-19 and \$150.71</del> <u>for 155.98</u> for FY 2019-20 and thereafter per product dispensed per nozzle |

In addition to the annual operating permit renewal fees based on equipment/process, each RECLAIM/Title V facility shall pay the additional fee of:

|                              |  |
|------------------------------|--|
| Title V Facility             | <del>\$667.85 for FY 2018-19 and \$739.04</del> <u>764.90</u> for FY 2019-20 and thereafter per facility |
| RECLAIM Facility             | <del>\$978.67</del> <u>1,012.92</u> per Major Device   |
|                              | <del>\$195.74</del> <u>202.59</u> per Large Device   |
|                              | <del>\$195.74</del> <u>202.59</u> per Process Unit Device  |
| RECLAIM and Title V Facility | RECLAIM fee + Title V fee  |

(3) Credit for Solar Energy Equipment

Any permittee required to pay an annual operating permit renewal fee shall receive an annual fee credit for any solar energy equipment installed at the site where the equipment under permit is located. Solar energy projects that receive grant funding from the Rule 1309.1 – Priority Reserve account shall not be eligible for this annual fee credit.



(A) Computation

The design capacity of the solar energy equipment expressed in thousands of British Thermal Units (Btu) per hour shall be used to determine the fee credit calculated at ~~\$1.97~~2.03 per 1,000 Btu.

(B) Limitation

The solar energy credit shall not exceed the annual operating permit renewal fee for all permits at the site where the solar energy equipment is located.

(4) Renewal of Temporary Permit to Operate New Equipment

A Permit to Construct, which has not expired or has not been canceled or voided, will be considered a temporary Permit to Operate on the date the applicant completes final construction and commences operation, pursuant to subdivision (a) of Rule 202. For the purposes of this paragraph, the date specified as the estimated completion date on the application for Permit to Construct will be considered the date of commencement of operation, unless the applicant notifies the District in writing that operation will commence on another date, or unless the equipment already has been placed in operation. Such temporary Permit to Operate shall be valid for the period of time between commencement of operation and the applicant's next annual renewal date following commencement of operation and shall be subject to a prorated amount of the annual operating permit renewal fee prescribed in paragraph (d)(2). The proration shall be based on the time remaining to the next annual renewal date. On that next annual renewal date, and each year thereafter, the annual operating permit renewal fee for the temporary Permit to Operate shall be due in the amount prescribed in paragraph (d)(2).

(5) Renewal of Temporary Permit to Operate Existing Equipment

In the case of equipment operating under a temporary Permit to Operate issued pursuant to subdivision (c) of Rule 202, where a Permit to Construct was not issued, the company is immediately subject to a prorated amount of the annual operating permit renewal fee prescribed in paragraph (d)(2) following the submission of the completed application for Permit to Operate. The proration shall be based on the time remaining to the next annual renewal date. On that next annual renewal date, and each year thereafter, the annual operating permit renewal fee shall be due in the amount prescribed in paragraph (d)(2). If no annual renewal date has been

established, the Executive Officer shall set one upon receipt of the application.

(6) Annual Renewal Date

If, for any reason, the Executive Officer determines it is necessary to change the annual renewal date, all annual operating permit renewal fees shall be prorated according to the new annual renewal date.

(7) Annual Renewal Date for Change of Operator

The same annual renewal date shall apply from one change of owner/operator to another.

(8) Notice of Amount Due and Effect of Nonpayment

At least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit will be notified by mail, electronic mail, or other electronic means, of the amount to be paid and the due date. If such notice is not received at least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit shall notify the District on or before the permit renewal date that said notice was not received. The annual operating permit renewal fee for each permit shall be in the amount described in paragraph (d)(2). If the annual operating permit renewal fee is not paid within thirty (30) days after the due date, the permit will expire and no longer be valid. In the case of a RECLAIM facility, if the individual device fee(s) are not paid, the application(s) associated with the device(s) shall expire and no longer be valid. For a Title V facility, if the Title V facility fee, which is not based on any specific equipment but applies to the whole facility, is not paid, the Title V facility permit shall expire. In such a case, the owner/operator will be notified by mail, electronic mail, or other electronic means, of the expiration and the consequences of operating equipment without a valid permit, as required by Rule 203 (Permit to Operate). For the purpose of this paragraph, the fee payment will be considered to be received by the District if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or state holiday with the same effect as if it had been postmarked on the expiration date.

(9) Annual Operating Fees for Redundant Emission Controls

Any person holding permits to operate for two or more emission controls applicable to the same equipment who establishes that any of the emission

controls is redundant, i.e., not necessary to assure compliance with all applicable legal requirements, shall not be required to pay annual operating permit renewal fees under subdivision (d) for the redundant equipment. The Executive Officer may reinstate the obligation to pay such fees at any time upon determination that operating the control is or has become necessary to assure compliance with any applicable legal requirements.

(e) Annual Operating Emissions Fees

(1) Annual Operating Emission Fee Applicability

In addition to the annual operating permit renewal fee, the owner/operator of all equipment operating under permit shall pay ~~an~~ annual emissions fees ~~based on~~ if any of the criteria in subparagraphs (e)(1)(A) through (e)(1)(C) are met.

(A) The owner/operator of a facility operates equipment under at least one permit.

(B) The total weight of emissions at a facility are greater than or equal to the thresholds for each any of the contaminants specified in Table III paragraph (e)(5), except for ammonia, 1,1,1 trichloroethane, and chlorofluorocarbons, from all equipment used by the owner/operator at all locations, including The total weight of emissions of each of the contaminants specified in Table III paragraph (e)(5) includes:

(i) Emissions from permitted equipment

(ii) Emissions resulting from all products which continue to passively emit air contaminants after they are manufactured, or processed by such equipment, with the exception of such product that is shipped or sold out of the District so long as the manufacturer submits records which will allow for the determination of emissions within the District from such products.

(iii) Emissions from equipment or processes not requiring a written permit pursuant to Regulation II.

(A)(C) The owner/operator of a facility that reports emissions to the District pursuant to CARB's Criteria and Toxics Reporting Regulation (17 California Code of Regulations section 93400 et seq.) or pursuant to CARB's AB 2588 Air Toxics "Hot Spots" Emission Inventory Criteria

and Guidelines Regulation (17 California Code of Regulations section 93300.5).

(2) Emissions Reporting and Fee Calculation

~~For the reporting period July 1, 2000 to June 30, 2001, and all preceding reporting periods, emissions from equipment not requiring a written permit pursuant to Regulation II shall be reported but not incur a fee for emissions so long as the owner/operator keeps separate records which allow the determination of emissions from such non-permitted equipment. Notwithstanding the above paragraph, for the purposes of Rule 317—Clean Air Act Non-Attainment Fees, all~~ All major stationary sources of NOx and VOC, as defined in Rule 317, shall annually report and pay the appropriate clean air act non-attainment fees for all actual source emissions including but not limited to permitted, unpermitted, unregulated and fugitive emissions. ~~Beginning with the reporting period of July 1, 2001 to June 30, 2002, and for subsequent reporting periods, e~~Each facility subject to subparagraph (e)(1)(B) with total emissions including emissions from equipment or processes not requiring a written permit pursuant to Regulation II greater than or equal to the threshold amount of contaminants listed in paragraph (e)(5) shall annually report all emissions for all pollutants above thresholds listed in paragraph (e)(5) and Table IV and incur an emissions fee as prescribed in Table III.

Non-permitted emissions which are not regulated by the District shall not be reported and shall be excluded from emission fees if the facility provides a demonstration that the emissions are not regulated and maintains sufficient records to allow the accurate demonstration of such non-regulated emissions.

(3) Exception for the Use of Clean Air Solvents

An owner/operator shall not pay a fee for emissions from the use of Clean Air Solvents issued a valid Certificate from the District so long as the facility submits separate records which allow the determination of annual emissions, usage, and identification of such products. A copy of the Clean Air Solvent certificate issued to the manufacturer or distributor shall be submitted with the separate records.

(4) Flat Annual Operating Emission Fee

The owner/operator of all equipment subject to paragraph (e)(1)(A) ~~operating under at least one permit~~ (not including certifications,

registrations or plans) shall each year be assessed a flat annual emissions fee of ~~\$131.79~~136.40.

(5) Emission Fee Thresholds

~~Each facility with emissions greater than or equal to the threshold amount of the contaminant listed below shall be assessed a fee as prescribed in Table III.~~

| Air Contaminant(s)  | Annual Emissions Threshold <del>(TPY)</del> |
|---|---|
| Gaseous sulfur compounds<br>(expressed as sulfur dioxide)   | ≥4 TPY                                      |
| Total organic gases<br>(excluding methane, <del>and exempt compounds as specified defined in Rule 102 paragraph (e)(13), and</del><br>specific organic gases as specified in <del>paragraph subdivision(b)(28))</del> | ≥4 TPY                                      |
| Specific organic gases <u>as specified in subdivision (b)</u>   | ≥4 TPY                                      |
| Oxides of nitrogen<br>(expressed as nitrogen oxide)   | ≥4 TPY                                      |
| Total particulate matter  | ≥4 TPY                                      |
| Carbon monoxide   | ≥100 TPY                                    |
| <u>Ammonia</u>  | <u>&gt;0.1 TPY</u>                          |
| <u>Chlorofluorocarbons</u>  | <u>&gt;1 lb per year</u>                    |
| <u>1,1,1 Trichloroethane</u>  | <u>&gt;1 lb per year</u>                    |

(6) Clean Fuels Fee Thresholds

Each facility emitting 250 tons or more per year (≥ 250 TPY) of Volatile Organic Compounds, Nitrogen Oxides, Sulfur Oxides and Particulate Matter shall pay an annual clean fuels fee as prescribed in Table V (California Health and Safety Code Section 40512).

(7) Fees for Toxic Air Contaminants ~~or Ozone Depleters~~

Each facility subject to subparagraph (e)(1)(B) or (C) emitting a toxic air contaminant ~~or ozone depleter~~ greater than or equal to the annual thresholds listed in Table IV shall be assessed ~~an annual emissions fees~~ as indicated in subparagraphs (e)(7)(A), therein. The annual emissions fees for toxic air contaminants ~~and ozone depleters~~ shall be based on the total weight of emissions of these contaminants associated with all equipment and processes including, but not limited to, material usage, handling,

processing, loading/unloading; combustion byproducts, and fugitives (equipment/component leaks).

(A) For emissions reported Bbefore January 1, 2021, any facility subject to paragraph (e)(7) that emits any toxic air contaminant greater than the thresholds listed in Table IV shall pay the fees listed in Table IV. For emissions reported Aafter January 1, 2021, Any any facility subject to paragraph (e)(7) that emits any toxic air contaminant greater than the thresholds listed in Table IV shall not pay the fees in Table IV and shall instead pay the following fees:

(i) A Base Toxics Fee of \$78.03;

(ii) A Flat Rate Device Fee of \$170.95, and \$341.89, starting January 1, 2021, and January 1, 2022, respectively, for each device, including permitted and unpermitted equipment and activity including, but not limited to, material usage, handling, processing, loading/unloading; combustion byproducts, and fugitives (equipment/component leaks) with emissions of any pollutant above the annual thresholds listed in Table IV;

(iii) A Cancer-Potency Weighted Fee of \$5.00 and \$10.00, starting January 1, 2021, and January 1, 2022, respectively, per cancer-potency weighted pound of facility-wide emissions for each pollutant listed in Table IV. The cancer-potency weighted emissions of each toxic air contaminant listed in Table IV shall be calculated as follows:

$$\text{CPWE} = \text{TAC} \times \text{CPF} \times \text{MPF}$$

Where:

CPWE = Cancer Potency Weighted Emissions

TAC = Emissions (pounds) of a Table IV toxic air contaminant

CPF = Cancer Potency Factor for the reported toxic air contaminant

MPF = Multi-Pathway Factor for the reported toxic air contaminant

The CPF and MPF shall be equal to those specified in the Rule 1401 Risk Assessment Procedures that were current at the time that the emissions were required to be reported.

**(B) The following facilities are exempt from paying specified toxics emissions fees:**

- (i) Any dry cleaning facility that emits less than two (2) tons per year of perchloroethylene, and qualifies as a small business as defined in the general definition of Rule 102 shall be exempt from paying any fees listed in subparagraph (e)(7)(A), shall be exempt from fees listed in Table IV. This provision shall be retroactive to include the July 10, 1992, rule amendment which included perchloroethylene in Table IV.
  - (ii) Any facility that emits less than two (2) tons per year, of formaldehyde, perchloroethylene, or methylene chloride, may petition the Executive Officer, at least thirty (30) days prior to the official submittal date of the annual emissions report as specified in paragraph (e)(10), for exemption from fees for formaldehyde, perchloroethylene, or methylene chloride fees as required in subparagraph (e)(7)(A) listed in Table IV. Exemption from emissions fees shall be granted if the facility demonstrates that no alternatives to the use of these substances exist, no control technologies exist, and that the facility qualifies as a small business as defined in the general definition of Rule 102.
  - (ii)(iii) Any facility that is located more than one mile from a residential or other sensitive receptor shall be exempt from paying fees in clause (e)(7)(A)(iii).
- (8) Reporting of Total Emissions from Preceding Reporting Period and Unreported or Under-reported Emissions from Prior Reporting Periods
- (A) The owner/operator of equipment subject to paragraph ~~(e)(1), (e)(2), (e)(5), (e)(6), and (e)(7)~~ shall report to the Executive Officer the total emissions for the immediate preceding reporting period of each of the air contaminants ~~concerned~~ concerned listed in Table III and Table IV from all equipment. The report shall be made at the time and in the manner prescribed by the Executive Officer. The permit holder shall report the total emissions for the twelve (12) month period reporting for each air contaminant concerned from all equipment or processes, regardless of the quantities emitted.

- (B) The Executive Officer will determine default emission factors applicable to each piece of permitted equipment or group of permitted equipment, and make them available to the owner/operator in a manner specified by the Executive Officer and provide them to the owner/operator upon request. In determining emission factors, the Executive Officer will use the best available data. A facility owner/operator can provide alternative emission factors that more accurately represent actual facility operations subject to the approval of the Executive Officer.
  - (C) A facility owner/operator shall report to the Executive Officer, in the same manner, and quantify any emissions of air contaminants in previous reporting periods which had not been reported correctly and should have been reported under the requirements in effect in the reporting period in which the emissions occurred.
- (9) Request to Amend Emissions Report and Refund of Emission Fees
- (A) A facility owner/operator shall submit a written request (referred to as an “Amendment Request”) for any proposed revisions to previously submitted annual emissions reports. Amendment requests with no fee impact, submitted after one (1) year and seventy five (75) days from the official due date of the subject annual emissions report shall include a non-refundable standard evaluation fee of ~~\$343.96~~355.99 for each subject facility and reporting period. Evaluation time beyond two hours shall be assessed at the rate of ~~\$172.04~~178.03 per hour and shall not exceed ten (10) hours. Amendment requests received within one year (1) and seventy five (75) days from the official due date of a previously submitted annual emissions report shall not incur any such evaluation fees. The Amendment Request shall include all supporting documentation and copies of revised applicable forms.
  - (B) A facility owner/operator shall submit a written request (referred to as a “Refund Request”) to correct the previously submitted annual emissions reports and request a refund of overpaid emission fees. Refund Requests must be submitted within one (1) year and seventy five (75) days from the official due date of the subject annual emissions report to be considered valid. The Refund Request shall include all supporting documentation and copies of revised applicable forms. If the Refund Request is submitted within one (1)



year and seventy five (75) days from the official due date of the subject annual emissions report, and results in no fee impact, then the facility owner/operator shall be billed for the evaluation fee pursuant to subparagraph (e)(9)(A).

(10) Notice to Pay and Late Filing Surcharge

- (A) ~~A—The facility owner/operator shall submit an annual emissions report and pay any associated emissions fees if a notice to report emissions and pay the any associated emission fees will be is~~ sent by mail, electronic mail, or other electronic means, annually to the owners/operators of all equipment (as shown in District records) ~~to~~ for which this subdivision applies. A notice to pay the semi-annual fee specified in paragraph (e)(11) will also be sent by mail, electronic mail, or other electronic means, to facilities which in the preceding reporting year emitted any air contaminant equal to or greater than the emission thresholds specified in subparagraph (e)(11)(A). Emissions reports and fee ~~payments~~ payment submittals are the responsibility of the owner/operator regardless of whether the owner/operator was notified.

If both the fee payment and the completed emissions report are not received by the seventy-fifth (75<sup>th</sup>) day following July 1 (for semi-annual reports), or January 1 (for annual reports), they shall be considered late, and surcharges for late payment shall be imposed as set forth in subparagraph (e)(10)(B). For the purpose of this subparagraph, the emissions fee payment and the emissions report shall be considered to be timely received by the District if it is delivered, postmarked, or electronically paid on or before the seventy-fifth (75<sup>th</sup>) day following the official due date. If the seventy-fifth (75<sup>th</sup>) day falls on a Saturday, Sunday, or a state holiday, the fee payment and emissions report may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been delivered, postmarked, or electronically paid on the seventy-fifth (75<sup>th</sup>) day.

- (B) If fee payment and emissions report are not received within the time prescribed by subparagraph (e)(10)(A) or (e)(11)(C), a surcharge shall be assessed and added to the original amount of the emission fee due according to the following schedule:

|                   |                               |
|-------------------|-------------------------------|
| Less than 30 days | 5% of reported amount         |
| 30 to 90 days     | 15% of reported amount        |
| 91 days to 1 year | 25% of reported amount        |
| More than 1 year  | (See subparagraph (e)(10)(D)) |

- (C) If an emission fee is timely paid, and if, within one year after the seventy-fifth (75<sup>th</sup>) day from the official due date is determined to be less than ninety percent (90%) of the full amount that should have been paid, a fifteen percent (15%) surcharge shall be added, and is calculated based on the difference between the amount actually paid and the amount that should have been paid, to be referred to as underpayment. If payment was ninety percent (90%) or more of the correct amount due, the difference or underpayment shall be paid but with no surcharges added. The fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is discovered after one (1) year and seventy five (75) days from the official fee due date, fee rates and surcharges will be assessed based on subparagraph (e)(10)(D).
- (D) The fees due and payable for the emissions reported or reportable pursuant to subparagraph (e)(8)(C) shall be assessed according to the fee rate for that contaminant specified in Tables III, IV, and V, and paragraph (e)(7) and further increased by fifty percent (50%). The fee rate to be applied shall be the fee rate in effect for the year in which the emissions ~~are actually reported, and not the fee rate in effect for the year the emissions actually~~ occurred.
- (E) Effective July 1, 2019, if the underpayment is a result of emissions related to a source test that was submitted to the Source Test unit for approval prior to or at the time the official AER submittal due date of the subject annual emission report, the difference or underpayment shall be paid, but with no surcharges added. If the underpayment is paid within one year after the seventy-fifth (75<sup>th</sup>) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is paid after one year after the seventy-fifth (75<sup>th</sup>) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported.

~~(E)~~(F) If one hundred twenty (120) days have elapsed since January 1st, July 1st, or as applicable, and all emission fees including any surcharge have not been paid in full, the Executive Officer may take action to revoke all Permits to Operate for equipment on the premises, as authorized in Health and Safety Code Section 42307.

(11) Semi-Annual Emissions Fee Payment

(A) For facilities emitting the threshold amount of any contaminant listed below, the Executive Officer will estimate one half (1/2) of the previous annual emission fees and request that the permit holder pay such an amount as the first installment on annual emission fees for the current reporting period.

| Air contaminant(s)   | Annual emissions threshold (TPY) |
|--|----------------------------------|
| Gaseous sulfur compounds<br>(expressed as sulfur dioxide)  | ≥10 TPY                          |
| Total organic gases<br>(excluding methane <del>and</del> exempt compounds as<br><del>specified defined in paragraph (e)(13) Rule 102,</del><br>and specific organic gases as specified in<br><del>paragraph subdivision (b)(28))</del> | ≥10 TPY                          |
| Specific organic gases <u>as specified in subdivision (b)</u>  | ≥10 TPY                          |
| Oxides of nitrogen<br>(expressed as nitrogen dioxide)  | ≥10 TPY                          |
| Total particulate matter   | ≥10 TPY                          |
| Carbon monoxide  | ≥100 TPY                         |

- (B) In lieu of payment of one half the estimated annual emission fees, the owner/operator may choose to report and pay on actual emissions for the first six months (January 1 through June 30). By January 1 of the year following the reporting period, the permit holder shall submit a final Annual Emission Report together with the payment of the balance; the annual emission fees less the installment previously paid. The report shall contain an itemization of emissions for the preceding twelve (12) months of the reporting period (January 1 through December 31).
- (C) An installment fee payment ~~is shall be~~ considered late ~~and is subject to a surcharge~~ if not received by the District, or postmarked, on or before the within seventy five (75) days seventy-fifth (75<sup>th</sup>) day following July 1 of the current reporting period of the due date and shall be subject to a surcharge pursuant to subparagraph (e)(10)(B).
- (12) Fee Payment Subject to Validation  
Acceptance of a fee payment does not constitute validation of the emission data.
- (13) Exempt Compounds  
Emissions of acetone, ethane, methyl acetate, parachlorobenzotrifluoride (PCBTF), and volatile methylated siloxanes (VMS), shall not be subject to the requirements of Rule 301(e).
- (14) Reporting Emissions and Paying Fees

For the reporting period of January 1 through December 31, emission fees shall be determined in accordance with fee rates specified in Tables III,~~IV~~ and V, and paragraphs (e)(2) and (e)(7). Installment fees that have been paid for Semi-Annual Emission Fees shall not be subject to this provision.

(15) **Deadline for Filing Annual Emissions Report and Fee Payment**

Notwithstanding any other applicable Rule 301(e) provisions regarding the annual emissions report and emission fees, for the reporting period January 1 through December 31, the fee payment and the completed annual emissions report shall be delivered, postmarked, or electronically paid on or before the seventy-fifth (75<sup>th</sup>) day following January 1 of the subsequent year to avoid any late payment surcharges specified in subparagraph (e)(10)(B).

(16) **Reporting GHG Emissions and Paying Fees**

A facility that is subject to the California Air Resources Board (CARB)'s mandatory reporting of Greenhouse Gas (GHG) emissions may request District staff to review and verify the facility's GHG emissions. The fee for review and verification for each GHG emissions report shall consist of an initial submittal fee of ~~\$135.77~~145.43 in addition to a verification fee assessed at ~~\$140.52~~145.43 per hour or prorated portion thereof.

(f) **Certified Permit Copies and Reissued Permits**

A request for a certified permit copy shall be made in writing by the permittee after the destruction, loss, or defacement of a permit. A request for a permit to be reissued shall be made in writing by the permittee where there is a name or address change without a change of owner/operator or location. The permittee shall, at the time a written request is submitted, pay the fees to cover the cost of the certified permit copy or reissued permit as follows:

(1) **Certified Permit Copy**

| Facility Type             | Non-Title V                     | Title V                         |
|---------------------------|---------------------------------|---------------------------------|
| <del>FY 2018-19</del>     | <del>\$30.19</del>              | <del>\$34.19</del>              |
| FY 2019-20 and thereafter | <del>\$30.19</del> <u>31.24</u> | <del>\$37.84</del> <u>39.16</u> |

**(2) Reissued Permit**

| Facility Type             | Non-Title V                       | Title V                           |
|---------------------------|-----------------------------------|-----------------------------------|
| <del>FY 2018-19</del>     | <del>\$233.77</del>               | <del>\$264.71</del>               |
| FY 2019-20 and thereafter | <del>\$233.77</del> <u>241.95</u> | <del>\$292.93</del> <u>303.18</u> |

No fee shall be assessed to reissue a permit to correct an administrative error by District staff.

**(g) Reinstating Expired Applications or Permits; Surcharge**

An application or a Permit to Operate which has expired due to nonpayment of fees or court judgments in favor of the District or administrative civil penalties associated with the facility may be reinstated by submitting a request for reinstatement of the application or Permit to Operate accompanied by a reinstatement surcharge and payment in full of the amount of monies due at the time the application or Permit to Operate expired. The reinstatement surcharge shall be fifty percent (50%) of the amount of fees due per equipment at the time the application or Permit to Operate expired, or the following amount, whichever is lower:

| Permit Holder Per Equipment Fee | Title V Facility                  | Non-Title V Facility              | Other Facility Type                           |
|---------------------------------|-----------------------------------|-----------------------------------|---|
| <del>FY 2018-19</del>           | <del>\$280.86</del>               | <del>\$248.03</del>               | <del>\$248.03</del>                           |
| FY 2019-20 and thereafter       | <del>\$310.79</del> <u>321.66</u> | <del>\$248.03</del> <u>256.71</u> | <del>\$248.03</del> <u>256.71</u><br><u>1</u> |

Such request and payment shall be made within one (1) year of the date of expiration. An application or Permit to Operate which has expired due to nonpayment of fees shall not be reinstated if the affected equipment has been altered since the expiration of the application or Permit to Operate. If the period of expiration has exceeded one (1) year or the affected equipment has been altered, operation of the equipment shall require a new Permit to Operate and the application shall be subject to Rule 1313(b).

(h) Reinstating Revoked Permits

If a Permit to Operate is revoked for nonpayment of annual permit fees based on emissions or fees on non-permitted emissions, it may be reinstated upon payment by the permit holder of such overdue fees and accrued surcharge in accordance with (e)(10).

(i) Clean Air Act Non-Attainment Fees

Any fees remitted to the District pursuant to Rule 317 – Clean Air Act Non-attainment Fees shall be held in escrow accounts unique to each source. Fees accrued in such escrow accounts may be used for either of the following at the discretion of the source's owner or operator.

- (1) Creditable up to the amount of fees due by the same source during the calendar year or subsequent calendar year(s) for annual emissions fees due pursuant to Rule 301(e)(2), (4), (6), (7) and (11) and annual operating permit renewal fees due pursuant to Rule 301(d)(1), (2) and (4). In no case shall the credit be greater than the fees paid; or
- (2) Use by the owner or operator for VOC and NOx reduction programs at their source that are surplus to the State Implementation Plan according to the following prioritization:
  - (A) at the source; or
  - (B) use within another facility under common ownership; or
  - (C) use in the community adjacent to the facility; or
  - (D) other uses to reduce emissions.

Up to five percent of funds can be used by the South Coast Air Quality Management District for administrative support for items in paragraph (i)(2).

(j) Special Permit Processing Fees - California Environmental Quality Act (CEQA) Assistance, Air Quality Analysis, Health Risk Assessment, and Public Notice for Projects

(1) Payment for CEQA Assistance

(A) CEQA Document Preparation

When a determination is made by the Executive Officer that the District is the Lead Agency for a project, pursuant to the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq. and state CEQA Guidelines (14 California Code of Regulations section 15000 et seq.), the project applicant may be required to pay a review fee (based on a staff rate of

~~\$172.04~~178.03 per hour) when a 400-CEQA form requires the CEQA staff to review for CEQA applicability. If preparation of CEQA documentation is deemed necessary, the applicant shall pay an initial fee for the preparation of necessary CEQA documentation according to the following schedule:

|  |                                       |
|--|---------------------------------------|
| Notice of Exemption (upon applicant request)                                   | <del>\$344.00</del> <u>356.04</u>     |
| Negative Declaration (ND), including Supplemental or Subsequent ND             | <del>\$5,187.47</del> <u>369.03</u>   |
| Mitigated Negative Declaration (MND), including Supplemental or Subsequent MND | <del>\$5,187.47</del> <u>369.03</u>   |
| Environmental Impact Report (EIR), including Supplemental or Subsequent EIR    | <del>\$6,916.58</del> <u>7,158.66</u> |
| Addendum to EIR, including Addendum to ND/MND                                  | <del>\$3,584.56</del> <u>710.02</u>   |

If the Executive Officer determines that the District's CEQA preparation costs (may include, but not limited to, mailing, noticing, publications, et cetera) and staff time (based on the rate of ~~\$172.04~~178.03 per hour) exceed the initial fee the project applicant, upon notification from the District, shall make periodic payment of the balance due. The Executive Officer shall determine the amount and timing of such periodic payments, based upon the level of CEQA analysis and the amount of monies needed to offset the actual preparation costs.

(B) CEQA Document Assistance

When the District is not the Lead Agency for a project and a request is made by: another public agency; a project proponent; or any third party, for staff assistance with any of the following tasks including, but not limited to: reviewing all or portions of a CEQA document and air quality analysis protocols for emissions inventories and air dispersion modeling prior to its circulation to the public for review pursuant to Public Resources Code §21092; assisting lead agencies with developing and implementing mitigation measures, the requestor may be required to pay a fee for staff time at the rate of ~~\$172.04~~178.03 per hour. This fee shall not apply to review of



CEQA documents prepared by other public agencies that are available for public review pursuant to Public Resources Code §21092 and is part of the District's intergovernmental review responsibilities under CEQA.

**(2) Payment for Air Quality Analysis**

When a determination is made by the Executive Officer that an air quality analysis of the emissions from any source is necessary to predict the extent and amount of air quality impact prior to issuance of a permit, the Executive Officer may order air quality simulation modeling by qualified District personnel. Alternatively, the Executive Officer may require (or the owner/operator of the source may elect) that modeling be performed by the owner/operator or an independent consultant.

Where modeling is performed by the owner/operator or an independent consultant, the Executive Officer may require that the results be verified by qualified District personnel. The owner/operator of the source shall provide to the Executive Officer a copy of the final modeling report including all input data, description of methods, analyses, and results. The owner/operator of the source modeled by District personnel shall pay a fee as specified in Table IIA to cover the costs of the modeling analysis. A fee, as specified in Table IIA, shall be charged to offset the cost of District verification of modeling performed by an independent consultant.

**(3) Payment for Health Risk Assessment**

(A) When a determination is made by the Executive Officer that any source being evaluated for a Permit to Construct or a Permit to Operate may emit toxic or potentially toxic air contaminants, the Executive Officer may order a Health Risk Assessment be conducted by qualified District personnel or by a qualified consultant, as determined by the Executive Officer, engaged by the District under a contract. Alternatively, the Executive Officer may require (or owner/operator of the source may elect) that the assessment be performed by the owner/operator or an independent consultant engaged by the owner/operator. The Health Risk Assessment shall be performed pursuant to methods used by the California EPA's Office of Environmental Health Hazard Assessment.

(B) For a Health Risk Assessment conducted by the owner/operator of the source or the owner/operator's consultant, the Executive Officer

may require that the results be verified by qualified District personnel or by a qualified consultant engaged by the District. The owner/operator of the source shall provide to the Executive Officer a copy of the final Health Risk Assessment including all input data, and description of methods, analyses, and results. The owner/operator of the source for which a Health Risk Assessment is conducted or is evaluated and verified by District personnel or consultant shall pay the fees specified in Table IIA to cover the costs of an Air Quality Analysis and Health Risk Assessment analysis, evaluation, or verification. When the Health Risk Assessment is conducted or is evaluated and verified by a consultant engaged by the District, or District personnel, the fees charged will be in addition to all other fees required.

(C) When a Health Risk Assessment is evaluated by the California EPA, pursuant to Health and Safety Code Sections 42315, 44360, 44361 or 44380.5, or by a consultant engaged by the California EPA, or when the District consults with the California EPA regarding the Health Risk Assessment, any fees charged by the California EPA to the District will be charged to the person whose Health Risk Assessment is subject to the review, in addition to other fees required.

(4) Payment for Public Notice

An applicant shall pay the applicable fee, for preparation of any public notice as required by the rules, as shown below in this paragraph:

| Public Notification Type  | Non-Title V Source                  | Title V Source   |
|---|-------------------------------------|--|
| For a project requiring notification as defined in Rule 212(c)  | <del>\$1,084.50</del> <u>122.45</u> | <del>\$1,228.07 for FY 2018-19</del><br>and<br><del>\$1,358.99</del> <u>406.55</u> for FY 2019-20 and thereafter |
| For emission reduction credits (ERCs) in excess of the amounts as specified in Rule 1310(c)                       | <del>\$1,084.50</del> <u>122.45</u> | <del>\$1,228.07 for FY 2018-19</del><br>and<br><del>\$1,358.99</del> <u>406.55</u> for FY 2019-20 and thereafter |
| Requesting allocations from the Offset Budget or requesting the generation or use of any Short Term Credit (STCs) | <del>\$1,084.50</del> <u>122.45</u> | <del>\$1,228.07 for FY 2018-19</del><br>and<br><del>\$1,358.99</del> <u>406.55</u> for FY 2019-20 and thereafter |
| Significant revision of a Title V permit  | ---                                 | <del>\$1,228.07 for FY 2018-19</del><br>and<br><del>\$1,358.99</del> <u>406.55</u> for FY 2019-20 and thereafter |

The notice preparation fee is waived for existing dry cleaning operations at the same facility that install, modify or replace dry cleaning equipment to comply with Rule 1421 provided there is a concurrent removal from service of the perchloroethylene equipment. Eligibility includes converting from perchloroethylene to non-toxic alternative solvents, including non-toxic hydrocarbon solvents. In addition, an applicant for a project subject to the requirements of Rule 212(g) shall either:

- (A) Pay the actual cost as invoiced for publication of the notice by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located and for the mailing of the notice to persons identified in Rule 212(g), or
- (B) Arrange publication of the above notice independent of the District option. This notice must be by prominent advertisement in the newspaper of general circulation in the area affected where the

facility is located. Where publication is performed by the owner/operator or an independent consultant, the owner/operator of the source shall provide to the Executive Officer a copy of the proof of publication.

- (5) Payment for Review of Continuous Emissions Monitoring System (CEMS), Fuel Sulfur Monitoring System (FSMS), and Alternative Continuous Emissions Monitoring System (ACEMS)

- (A) New Application for Process Equipment Requiring CEMS or, Alternatively, an FSMS or ACEMS to Comply with the CEMS Requirement.

When a determination is made by the Executive Officer that a Continuous Emissions Monitoring System (CEMS) is required in order to determine a source's compliance with a District rule or regulation, the applicant shall:

- (i) Apply for the use of a CEMS and pay a basic processing fee as specified in Table IIB at the time of filing.
- (ii) Apply for the use of an FSMS or ACEMS in lieu of a CEMS and pay a basic processing fee as specified in Table IIB at the time of filing.

- (B) Modification of an Existing Certified CEMS, FSMS, or ACEMS

If a certified CEMS, FSMS, or ACEMS is modified in a manner (excluding routine replacement or servicing of CEMS or FSMS components for preventive or periodic maintenance according to established quality assurance guidelines, or CEMS or FSMS components designated by the Executive Officer as "standardized" or direct replacement-type components) determined by the Executive Officer to compromise a source's compliance with a District rule or regulation, the applicant shall pay a processing fee covering the evaluation of the modification and recertification, if necessary, as follows:

- (i) If one or more CEMS or FSMS components (excluding additional pollutant monitors) are replaced, modified, or added, the applicant shall pay a minimum processing fee of ~~\$907.51~~939.27; and additional fees will be assessed at a rate of ~~\$172.04~~178.03 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of ~~\$5,738.49~~939.33.

- (ii) If one or more pollutant monitors are added to a CEMS or FSMS (and one or more of its components are concurrently replaced, modified, or added), the applicant shall pay a minimum processing fee as specified in Table IIB, based on the number of CEMS or FSMS pollutant monitors and components added.
  - (iii) If one or more pollutant emission sources at a facility are added to an FSMS, a time-shared CEMS, or a SO<sub>x</sub> CEMS which is specifically used to “back-calculate” fuel sulfur content for these sources, the applicant shall pay a minimum processing fee as specified in Table IIB, based on the number of CEMS or FSMS monitors and components added.
  - (iv) If one or more ACEMS (or PEMS) components are replaced, modified, or added, the applicant shall pay a minimum processing fee ~~\$907.51~~939.27; and additional fees will be assessed at a rate of ~~\$172.04~~178.03 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of ~~\$5,738.49~~939.33.
- (C) Modification of CEMS, FSMS, or ACEMS Monitored Equipment  
For any RECLAIM or non-RECLAIM equipment monitored or required to be monitored by a CEMS, FSMS, or ACEMS, that is modified in a manner determined by the Executive Officer to compromise a source’s compliance with a District CEMS-, FSMS-, or ACEMS-related rule or regulation, or requires an engineering evaluation, or causes a change in emissions; the applicant shall pay a minimum processing fee of ~~\$907.51~~939.27, covering the evaluation and recertification, if necessary, of the CEMS, FSMS, or ACEMS. Additional fees will be assessed at a rate of ~~\$172.04~~178.03 per hour for time spent on the evaluation in excess of 10 hours up to a maximum total fee of ~~\$5,738.49~~939.33.
- (D) Periodic Assessment of an Existing CEMS, FSMS, or ACEMS  
An existing CEMS, FSMS, or ACEMS must be retested on a quarterly, semi-annual, or annual basis to remain in compliance with District regulations. The applicant shall pay a minimum processing fee of ~~\$907.51~~939.27 for this evaluation, if required. Additional fees will be assessed at a rate of ~~\$172.04~~178.03 per hour for time

spent on the evaluation in excess of 10 hours up to a maximum total fee of ~~\$5,738.49~~939.33.

- (E) ~~CEMS, FSMS, or ACEMS Change of Ownership~~Owner/Operator  
Every applicant who files an application for a change of owner/operator of a RECLAIM or non-RECLAIM facility permit shall also file an application for a change of owner/operator of a CEMS, FSMS, or ACEMS, if applicable, and be subject to a processing fee equal to ~~\$273.64~~283.18 for the first CEMS, FSMS, or ACEMS, plus ~~\$54.57~~56.48 for each additional CEMS, FSMS, or ACEMS.

(6) Payment for Review and Certification of Barbecue Charcoal Igniter Products

(A) Certification of Barbecue Charcoal Igniter Products

Pursuant to the requirements of District Rule 1174, manufacturers, distributors, and/or retailers of applicable barbecue charcoal igniter products shall perform the required testing and shall submit a formal report for review by SCAQMD staff for product compliance and certification. For each product evaluated, the applicant shall pay a minimum processing fee of ~~\$678.79~~702.54 per product certified, and additional fees will be assessed at the rate of ~~\$135.77~~145.43 per hour for time spent on the evaluation/certification process in excess of 5 hours.

(B) Repackaging of Certified Barbecue Charcoal Igniter Products

When a currently certified barbecue charcoal igniter product is repackaged for resale or redistribution, the manufacturer, distributor, and/or retailer shall submit the required documentation to SCAQMD staff for evaluation and approval. For each product or products evaluated, the applicant shall pay a processing fee of ~~\$339.42~~351.30 for the first certificate issued, and additional fees will be assessed at the rate of ~~\$135.77~~145.43 per hour for the time spent in excess of 3 hours for the first certificate issued. Additional certificates for the same product or products shall be assessed at the rate of ~~\$67.85~~70.22 per each additional certificate issued.

(7) Fees for Inter-basin, Inter-district, or Interpollutant Transfers of Emission Reduction Credits

An applicant for inter-basin, inter-district, or interpollutant transfer of ERCs shall file an application for ERC Change of Title and pay fees as listed in Table FEE RATE-B. Additional fees shall be assessed at a rate based on the number of hours for the time spent on review and evaluation of inter-basin, inter-district, and interpollutant transfers of ERCs pursuant to Rule 1309 subdivisions (g) and (h).

| Facility Type             | Non-Title V                           | Title V                               |
|---------------------------|---------------------------------------|---------------------------------------|
| <del>FY 2018-19</del>     | <del>\$186.04/hr</del>                | <del>\$210.67/hr</del>                |
| FY 2019-20 and thereafter | <del>\$186.04</del> <u>192.55</u> /hr | <del>\$233.13</del> <u>241.29</u> /hr |

- (8) Fees for Grid Search to Identify Hazardous Air Pollutant Emitting Facilities  
A fee of ~~\$341.74~~353.70 shall be submitted by any individual, business or agency requesting the District to conduct a grid search to identify all facilities with the potential to emit hazardous air pollutants located within one-quarter mile of a proposed school boundary.  
Failure to pay the fees described in this subdivision within thirty (30) days after their due date(s) shall result in expiration of pending applications, and no further applications will be accepted from the applicant until the fees have been paid in full.

(k) Government Agencies

All applicants and permittees, including federal, state, or local governmental agencies or public districts, shall pay all fees.

(l) RECLAIM Facilities

- (1) For RECLAIM facilities, this subdivision specifies additional conditions and procedures for assessing the following fees:
- (A) Facility Permit;
  - (B) Facility Permit Amendment;
  - (C) Change of Operating Condition;
  - (D) Change of Owner/Operator;
  - (E) Annual Operating Permit;
  - (F) Transaction Registration;
  - (G) RECLAIM Pollutant Emission;

- (H) Duplicate Permits;
  - (I) Reissued Permits;
  - (J) RECLAIM Breakdown Emissions; and
  - (K) Non-Tradeable Allocation Credit Mitigations.
- (2) RECLAIM Fees Applicability
- All RECLAIM Facility Permit holders shall be subject to this subdivision.
- (3) Rule 301 - Permit Fees Applicability
- Unless specifically stated, all RECLAIM Facility Permit holders shall be subject to all other provisions of Rule 301 - Permit Fees.
- (4) Facility Permit Amendment
- At the time of filing an application for a Facility Permit Amendment, a Facility Permit Amendment Fee shall be paid and an application for such amendment shall be submitted. The Facility Permit Amendment Fees for an application or group of applications are listed in Table VII and shall be based on the type of facility permit. Facility Permit Amendment Fees are in addition to the sum of applicable fees assessed for each application required for affected equipment as specified in subparagraph (c)(3)(C) (for administrative equipment applications) or Table FEE RATE-A (for non-administrative equipment applications) or Rule 306 (i)(1). All delinquent fees, court judgments in favor of the District and administrative civil penalties associated with the facility must be paid before a Facility Permit Amendment application will be accepted.
- (5) Change of Operating Condition
- At the time of filing an application for a Change of Operating Conditions that requires engineering evaluation or causes a change in emissions, a Change of Condition Fee shall be paid. Such fee shall be equal to the sum of fees assessed for each equipment subject to the change of condition as specified in Table FEE RATE-A. All delinquent fees associated with the affected facility subject to the change of condition must be paid before a Change of Operating Conditions application will be accepted.
- (6) Fee for Change of Owner/Operator
- The Permit Processing Fee for a Change of Owner/Operator of a RECLAIM facility permit shall be determined from Table FEE RATE-C. In addition, a Facility Permit Amendment fee as specified in paragraph (1)(4) shall be assessed. All fees, billed within the past 3 years from the date of application submittal that are, associated with the facility\_for equipment for which a



Change of Owner/Operator or Additional Operator application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before a Change of Owner/Operator or Additional Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new owner/operator shall pay such fees within 30 days of notification. If the fees are paid timely the new operator will not be billed for any additional fees billed to the previous owner/operator.

(7) Annual Operating Permit Renewal Fee

- (A) Unless otherwise stated within this subdivision, the Facility Permit holder shall be subject to all terms and conditions pursuant to subdivision (d).
- (B) An Annual Operating Permit Renewal Fee shall be submitted by the end of the compliance year. Such fee shall be equal to the sum of applicable permit renewal fees specified in paragraph (d)(2).
- (C) At least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit will be notified by mail, electronic mail, or other electronic means, of the amount to be paid and the due date. If such notice is not received at least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit shall notify the District on or before the permit renewal date that said notice was not received. If the Annual Operating Permit Renewal fee is not paid within thirty (30) days after the due date, the permit will expire and no longer be valid. In such a case, the owner/operator will be notified by mail, electronic mail, or other electronic means, of the expiration and the consequences of operating equipment without a valid permit as required by District Rule 203 (Permit to Operate). For the purpose of this subparagraph, the fee payment will be considered to be received by the District if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or state holiday as if it had been delivered, postmarked, or electronically paid on the expiration date.

(8) Transaction Registration Fee

The transferor and transferee of an RTC shall jointly register the transaction with the District pursuant to District Rule 2007 – Trading Requirements. The transferee shall pay a Transaction Registration Fee of ~~\$175.37~~181.50 at the time the transaction is registered with the SCAQMD.

**(9) RECLAIM Pollutant Emission Fee**

At the end of the reporting period specified in subparagraph (e)(8)(A), RECLAIM facilities shall pay a RECLAIM Pollutant Emission Fee based on the facilities' total certified RECLAIM pollutant emissions. For facilities emitting ten (10) tons per year or more of any contaminant the previous year, the Facility Permit holders shall pay a semi-annual installment equal to one half (1/2) of the total estimated fee with final balance due at the end of the reporting period.

(A) The Facility Permit Holder shall pay emission fees according to the provisions of subdivision (e) for all emissions that are not accounted for with RECLAIM pollutant emissions. The Facility Permit holder shall add non-RECLAIM emissions to applicable RECLAIM emissions to determine the appropriate fee rate from Table III fee rate per ton of emissions.

(B) Facility Permit Holders shall pay RECLAIM Pollutant Emission Fees according to the provisions of subdivision (e), except that:

- (i) Fees based on emissions of RECLAIM pollutants as defined in Rule 2000(c)(58) for annual payments shall be calculated based on certified emissions as required by paragraph (b)(2) or (b)(4) of Rule 2004, as applicable;
- (ii) RECLAIM Pollutant Emission Fees shall be due as established by subdivision (e) of this rule for both Cycle 1 and Cycle 2 Facilities;
- (iii) Facilities emitting ten (10) tons per year or more of a RECLAIM pollutant during the previous annual reporting period, shall also pay a semi-annual installment based on either (a) one-half (1/2) of the facility's RECLAIM pollutant fees for the previous annual reporting period; or (b) emissions certified pursuant to paragraph (b)(2) and (b)(4) of Rule 2004 in the two (2) quarters falling in the time period that coincides with the first six (6) months of the current reporting period, by the deadline as established by

subdivision (e) of this rule for both Cycle 1 and Cycle 2 Facilities.

- (iv) A fee payment is considered late and subject to the late payment surcharge of paragraph (e)(10) if not received within sixty (60) days of the due date specified in this paragraph.
- (C) If the Executive Officer determines that the APEP emissions reported by a Facility Permit Holder are less than the amount calculated as specified in Rule 2004(b)(2) and (b)(4), the Facility Permit Holder shall pay RECLAIM Pollutant Emission Fees on the difference between the APEP total as determined by the Executive Officer and the reported APEP total as specified in subparagraph (l)(9)(A).
- (D) In the event that certified emissions determined pursuant to Rule 2004(b)(2) and (b)(4), for compliance year beginning January 1, 1995 and after, include emissions calculated using missing data procedures, and these procedures were triggered pursuant to Rule 2011(c)(3) or 2012(c)(3) solely by a failure to electronically report emissions for major sources due to a problem with transmitting the emission data to the District which was beyond the control of the Facility Permit holder, such portion of the emissions may be substituted by valid emission data monitored and recorded by a certified CEMS, for the purpose of RECLAIM pollutant emission fee determination only, provided that a petition is submitted to the Executive Officer with the appropriate processing fee by the Facility Permit holder. The petition must be made in writing and include all relevant data to clearly demonstrate that the valid emission data were recorded and monitored by a certified CEMS as required by Rules 2011 and 2012 and the only reason for missing data procedures being triggered was due to a problem with transmitting the emission data to the District which was beyond the control of the Facility Permit holder. In addition to the RECLAIM pollutant emission fee, the petitioner shall pay a minimum processing fee as shown in the following table in this subparagraph:

| Facility Type             | Non-Title V                       | Title V                           |
|---------------------------|-----------------------------------|-----------------------------------|
| <del>FY 2018-19</del>     | <del>\$725.37</del>               | <del>\$821.41</del>               |
| FY 2019-20 and thereafter | <del>\$725.37</del> <u>750.75</u> | <del>\$908.97</del> <u>940.78</u> |

and an additional fee assessed at the applicable hourly rate, for time spent on evaluation in excess of 3 hours, as shown in the table below in this subparagraph:

| Facility Type<br>(After 3 hours) | Non-Title V                           | Title V                               |
|----------------------------------|---------------------------------------|---------------------------------------|
| <del>FY 2018-19</del>            | <del>\$186.04/hr</del>                | <del>\$210.67/hr</del>                |
| FY 2019-20 and thereafter        | <del>\$186.04</del> <u>192.55</u> /hr | <del>\$233.13</del> <u>241.29</u> /hr |

~~(10) — Certified Permits Copies~~

~~A request for a certified copy of a Facility Permit shall be made in writing by the permittee. The permittee shall, at the time the written request is submitted, pay a fee for the first page as follows:~~

| Facility Type                        | Non Title V        | Title V            |
|--------------------------------------|--------------------|--------------------|
| <del>FY 2018-19</del>                | <del>\$30.19</del> | <del>\$34.19</del> |
| <del>FY 2019-20 and thereafter</del> | <del>\$30.19</del> | <del>\$37.84</del> |

~~and the applicable fee per page for each additional page in the Facility Permit as shown below:~~

| Facility Type                        | Non Title V            | Title V                |
|--------------------------------------|------------------------|------------------------|
| <del>FY 2018-19</del>                | <del>\$2.13/page</del> | <del>\$2.42/page</del> |
| <del>FY 2019-20 and thereafter</del> | <del>\$2.13/page</del> | <del>\$2.68/page</del> |

**(11) — Reissued Permits**

~~A request for a reissued Facility Permit shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time the written request is submitted, pay a fee for the first page as follows:~~

| Facility Type                        | Non Title V         | Title V             |
|--------------------------------------|---------------------|---------------------|
| <del>FY 2018-19</del>                | <del>\$233.78</del> | <del>\$264.71</del> |
| <del>FY 2019-20 and thereafter</del> | <del>\$233.78</del> | <del>\$292.93</del> |

~~and the applicable fee per page for each additional page in the facility permit as shown below:~~

| Facility Type                        | Non Title V            | Title V                |
|--------------------------------------|------------------------|------------------------|
| <del>FY 2018-19</del>                | <del>\$2.13/page</del> | <del>\$2.42/page</del> |
| <del>FY 2019-20 and thereafter</del> | <del>\$2.13/page</del> | <del>\$2.68/page</del> |

**(12) Breakdown Emission Report Evaluation Fee**

The Facility Permit Holder, submitting a Breakdown Emission Report to seek exclusion of excess emissions from the annual allocations pursuant to Rule 2004 - Requirements, shall pay fees for the evaluation of a Breakdown Emission Report. The Facility Permit Holder shall pay a filing fee of one (1) hour based on the fee rates shown in the table below in this paragraph, at the time of filing of a Breakdown Emission Report, and shall be assessed an evaluation fee at the hourly rate shown in the same table.

| Facility Type<br>(After 3 hours)     | Non-Title V                          | Title V                              |
|--------------------------------------|--------------------------------------|--------------------------------------|
| <del>FY 2018-19</del>                | <del>\$186.04/hr</del>               | <del>\$210.67/hr</del>               |
| <del>FY 2019-20 and thereafter</del> | <del>\$186.04</del> <u>192.55/hr</u> | <del>\$233.13</del> <u>241.29/hr</u> |

**(1311) Breakdown Emission Fee**

At the end of the time period from July 1 through June 30, the Facility Permit holder shall pay a Breakdown Emission Fee for excess emissions determined pursuant to District Rule 2004 - Requirements. The Facility Permit Holder shall include excess emissions to the total certified RECLAIM emissions to determine the appropriate RECLAIM Pollutant Emission Fee.

**(1412) Mitigation of Non-Tradeable Allocation Credits**

Upon submitting a request to activate non-tradeable allocation credits pursuant to District Rule 2002(h), the RECLAIM Facility Permit Holder shall pay a mitigation fee per ton of credits requested as shown below:

| Facility Type             | Non-Title V                           | Title V                                  |
|---------------------------|---------------------------------------|--|
| <del>FY 2018-19</del>     | <del>\$12,414.43/ton</del>            | <del>\$14,057.88/ton</del>               |
| FY 2019-20 and thereafter | <del>\$12,414.43</del> 848.93/t<br>on | <del>\$15,556.45</del> 16,100.9<br>2/ton |

plus a non-refundable processing fee as shown below:

| Facility Type             | Non-Title V                | Title V                    |
|---------------------------|----------------------------|----------------------------|
| <del>FY 2018-19</del>     | <del>\$123.74</del>        | <del>\$140.13</del>        |
| FY 2019-20 and thereafter | <del>\$123.74</del> 128.07 | <del>\$155.07</del> 160.50 |

**(1513) Evaluation Fee to Increase an Annual Allocation to a Level Greater than a Facility's Starting Allocation Plus Non-Tradable Credits**

The Facility Permit Holder submitting an application to increase an annual Allocation to a level greater than the facility's starting allocation plus non-tradable credits pursuant to Rule 2005 - New Source Review shall pay fees for the evaluation of the required demonstration specified in Rule 2005(c)(3). The Facility Permit Holder shall pay an evaluation fee at the applicable hourly rate as shown in the table below:

| Facility Type<br>(After 3 hours) | Non-Title V                           | Title V                               |
|----------------------------------|---------------------------------------|---------------------------------------|
| <del>FY 2018-19</del>            | <del>\$186.04/hr</del>                | <del>\$210.67/hr</del>                |
| FY 2019-20 and thereafter        | <del>\$186.04</del> <u>192.55</u> /hr | <del>\$233.13</del> <u>241.29</u> /hr |

**(14) Facility Permit Reissuance Fee for Facilities Exiting RECLAIM**

A facility exiting the NO<sub>x</sub> RECLAIM program pursuant to Rule 2002(f)(78) shall be assessed a Facility Permit Reissuance Fee for the conversion of its RECLAIM Facility Permit to a Command-and-Control Facility Permit. The conversion consists of removal of non-applicable RECLAIM provisions and addition of requirements for applicable command-and-control rules. The Facility Permit Reissuance Fee includes an initial flat fee, plus an additional time and materials (T&M) charge where applicable. Both the initial flat fee and T&M charge are tiered based on the number of permitted RECLAIM NO<sub>x</sub> sources at the facility. Both the initial flat fee and T&M charge are also differentiated based on a facility's Title V status.

The initial flat fee to transition from NO<sub>x</sub> RECLAIM Facility Permit to Command-and-Control Facility Permit per Rule 2002(f)(78) shall be paid at the time of filing and assessed according to the following fee schedule.

| Number of Permitted<br>RECLAIM NO <sub>x</sub> Sources | Non-Title V                          | Title V                                |
|--|--------------------------------------|--|
| Less than 10   | <del>\$2,310.12</del> <u>\$2,232</u> | <del>\$3,270.60</del> <u>\$3,160</u>   |
| Greater than or equal to<br>10 and less than 20        | <del>\$4,813.78</del> <u>\$4,651</u> | <del>\$6,541.20</del> <u>\$6,320</u>   |
| 20 or more   | <del>\$9,627.57</del> <u>\$9,302</u> | <del>\$13,082.40</del> <u>\$12,640</u> |

An additional T&M charge shall be assessed for time spent on the permit conversion in excess of the number of hours and at the hourly rate specified in the following fee schedule and billed following permit reissuance.

|   | Non-Title V                            |                                   | Title V                                |                                   |
|---|--|-----------------------------------|--|-----------------------------------|
| Number of Permitted RECLAIM NO <sub>x</sub> Sources | Begin Charging Hourly Rate After (hrs) | T&M Rate (\$/hr)                  | Begin Charging Hourly Rate After (hrs) | T&M Rate (\$/hr)                  |
| Less than 10  | 12                                     | <del>\$186.04</del> <u>192.55</u> | 15                                     | <del>\$210.67</del> <u>218.04</u> |
| Greater than or equal to 10 and less than 20        | 25                                     | <del>\$186.04</del> <u>192.55</u> | 30                                     | <del>\$210.67</del> <u>218.04</u> |
| 20 or more  | 50                                     | <del>\$186.04</del> <u>192.55</u> | 60                                     | <del>\$210.67</del> <u>218.04</u> |

**(15) Optional Conversion of Transitioned RECLAIM Facility Permit**

A Facility that has transitioned out of the RECLAIM program in accordance with paragraph (1)(146) and that elects to convert all permitted equipment described on the RECLAIM Facility Permit to equipment/process based Permits to Operate (pursuant to Regulation II) shall pay a fee equal to the Change of Condition fee specified in Table FEE RATE-A, in accordance with the Schedule identified in Table IA or IB, for each equipment/process converted.

**(m) Title V Facilities**

**(1) Applicability**

The requirements of this subdivision apply only to facilities that are subject to the requirements of Regulation XXX - Title V Permits.

**(2) Rule 301 Applicability**

All Title V facilities shall be subject to all other provisions of Rule 301 - Permit Fees, except as provided for in this subdivision.

**(3) Permit Processing Fees for Facilities Applying for an Initial Title V Facility Permit**



- (A) The applicant shall pay the following initial fee when the application is submitted:

| Title V INITIAL Fee  |                                     |                                     |   |   |
|--|-------------------------------------|-------------------------------------|---|---|
| Number of Devices  | 1-20                                | 21-75                               | 76-250                                  | 251+                                    |
| <del>Applications submitted on or after July 1, 2018 through June 30, 2019</del> | <del>\$2,106.89</del>               | <del>\$6,742.71</del>               | <del>\$15,171.75</del>                  | <del>\$25,708.01</del>                  |
| Applications submitted on or after July 1, 2019                                  | <del>\$2,331.48</del> <u>413.08</u> | <del>\$7,461.49</del> <u>722.64</u> | <del>\$16,789.06</del> <u>17,376.67</u> | <del>\$28,448.48</del> <u>29,444.17</u> |

To determine the initial fee when the number of devices is not available, the applicant may substitute the number of active equipment. This fee will be adjusted when the Title V permit is issued and the correct number of devices are known.

- (B) The applicant shall, upon notification by the District of the amount due when the permit is issued, pay the following final fee based on the time spent on the application:

| Title V FINAL Fee                              |  |  |  |  |
|--|--|--|--|--|
| Number of Devices                              | 1-20   | 21-75  | 76-250   | 251+   |
| Time Spent in Excess of:                       | 8 Hours  | 30 Hours   | 70 Hours   | 120 Hours  |
| On or after July 1, 2018 through June 30, 2019 | <del>\$210.67 per hour; up to a maximum total fee of \$25,718.81</del>   | <del>\$210.67 per hour; up to a maximum total fee of \$51,437.58</del>   | <del>\$210.67 per hour; up to a maximum total fee of \$131,671.29</del>  | <del>\$210.67 per hour; up to a maximum total fee of \$192,890.92</del>  |
| On or after July 1, 2019                       | <del>\$233.13</del> <u>241.29</u> per hour; up to a maximum total fee of <del>\$28,460.43</del> <u>29,456.54</u> | <del>\$233.13</del> <u>241.29</u> per hour; up to a maximum total fee of <del>\$56,920.83</del> <u>58,913.05</u> | <del>\$233.13</del> <u>241.29</u> per hour; up to a maximum total fee of <del>\$145,707.44</del> <u>150,807.20</u> | <del>\$233.13</del> <u>241.29</u> per hour; up to a maximum total fee of <del>\$213,453.10</del> <u>220,923.95</u> |

For applicants that did not pay the correct initial fee based on the actual number of devices, the fee when the permit is issued shall be equal to the correct initial fee less the initial fee actually paid, plus the final fee.

Applications submitted on or prior to January 15, 1998 shall not be subject to the final fee.

- (C) If the facility requests revisions to the existing permit terms or conditions, including permit streamlining, an alternative operating scenario or a permit shield, the facility shall submit additional applications with the applicable fees in subdivisions (c) and (j) for each piece of equipment for which a revision is requested. Evaluation time spent on these additional applications shall be excluded from the time calculated for the billing for initial permit issuance in subparagraph (m)(3)(B).
- (D) If a new facility is required to obtain a Title V facility permit to construct, the facility shall submit initial Title V fees as specified in

paragraph (m)(3). These fees are in addition to the sum of all the applicable fees in subdivisions (c) and (j) for all equipment at the facility.

- (E) If an existing facility is required to obtain a Title V facility permit because of a modification, the facility shall submit initial Title V fees as specified in paragraph (m)(3). These fees are in addition to the sum of all the applicable fees in subdivisions (c) and (j) for all new and modified equipment at the facility.

(4) **Permit Revision Fee**

The permit processing fees for a Facility Permit Amendment or Revision shall be based on the Facility Permit type as specified in Table VII. Facility Permit Amendment or Revision includes any administrative permit revision or amendment, minor permit revision or amendment, de minimis significant permit revision or amendment, and any significant permit revision or amendment.

(5) **Renewal Fees**

The fees for renewal of a Title V Facility Permit, at the end of the term specified on the permit, are specified in Table VII. Renewal fees include both an initial processing fee that is due when the application is submitted, and a final fee assessed after SCAQMD evaluation is complete and the permit is issued, and is due upon notification by the SCAQMD of the amount due.

(6) **Public Notice Fees**

The holder of, or applicant for, a Title V permit shall either:

- (A) pay the actual cost as invoiced for publication of the notice by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located and for the mailing of the notice to persons identified in Rule 212(g), or
- (B) arrange publication of the above notice independent of the District option. This notice must be by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located.

Where publication is performed by the owner/operator or an independent consultant, the owner/operator of the source shall provide to the Executive Officer a copy of the proof of publication.

(7) Public Hearing Fees

The holder of, or applicant for, a Title V permit shall, upon notification by the District of the amount due, pay fees of ~~\$4,217.11 for FY 2018-19 and \$4,666.65~~829.98 for FY 2019-20 and thereafter plus ~~\$1,311.16 for FY 2018-19 and \$1,450.93~~501.71 for FY 2019-20 and thereafter per hour for a public hearing held on a permit action.

(8) Application Cancellation

If a Title V permit application is canceled, the applicant shall pay, upon notification of the amount due, a final fee in accordance with this subdivision. The District shall refund the initial fee only if evaluation of the application has not been initiated.

(9) Notice of Amount Due and Effect of Nonpayment

For fees due upon notification, such notice may be given by personal service or sent by mail, electronic mail, or other electronic means, and shall be due thirty (30) days from the date of personal service, mailing, or electronic transmission. For the purpose of this paragraph, the fee payment will be considered to be received by the District if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been delivered, postmarked, or electronically paid on the expiration date. Nonpayment of the fee within this period of time will result in permit expiration or revocation of the subject permit(s) in accordance with subdivision (f) of Rule 3002. No further applications will be accepted from the applicant until such time as overdue permit processing fees have been fully paid.

(10) Exclusion Requests

The fees for requesting exclusion or exemption from the Title V program shall be calculated in accordance with Rule 306 – Plan Fees.

(n) All Facility Permit Holders

(1) Applicability

The requirements of this subdivision apply to all non-RECLAIM holders of a Facility Permit.

(2) Rule 301 Applicability

All non-RECLAIM Facility Permit holders or applicants shall be subject to all other provisions of Rule 301 - Permit Fees, except as provided for in this subdivision.

(3) Facility Permit Revision

Except as provided in paragraphs (m)(4) and (m)(5), the permit processing fee for an addition, alteration or revision to a Facility Permit that requires engineering evaluation or causes a change in emissions shall be the sum of applicable fees assessed for each affected equipment as specified in subdivisions (c) and (j). For a non-Title V facility, the facility permit revision fee shall be the applicable facility permit fee in Table VII.

(4) Change of Operating Condition

The permit processing fee for a Change of Operating Condition that requires engineering evaluation or causes a change in emissions shall be the sum of fees assessed for each equipment or process subject to the change of condition as specified in subdivisions (c) and (j).

(5) Fee for Change of Owner/Operator

The Permit Processing Fee for a Change of Owner/Operator of a facility permit shall be determined from Table FEE RATE-C. In addition, an administrative permit revision fee, as specified in Table VII, shall be assessed. All fees billed within the past 3 years from the date of application submittal that are associated with the facility for equipment for which a Change of Owner/Operator or Additional Operator application is filed, and all facility specific fees (such as "Hot Spots" fees), must be paid before the Change of Owner/Operator or Additional Operator application is accepted. If after an application is received, ~~and the~~ SCAQMD determines that additional fees are due, the new owner/operator shall pay such fees within 30 days of notification. If the fees are paid timely, the new owner/operator will not be billed for any additional fees billed to the previous owner/operator.

(6) Annual Operating Permit Renewal Fee

(A) Unless otherwise stated within this subdivision, the Facility Permit holder shall be subject to all terms and conditions pursuant to subdivision (d).

(B) An Annual Operating Permit Renewal Fee shall be submitted by the end of the compliance year. Such fee shall be equal to the sum of

applicable annual operating permit renewal fees specified in paragraph (d)(2).

- (C) At least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit will be notified by mail, electronic mail, or other electronic means, of the amount to be paid and the due date. If such notice is not received at least thirty (30) days before the annual renewal date, the owner/operator of equipment under permit shall notify the District on or before the permit renewal date that said notice was not received. If the Annual Operating Permit Renewal Fee is not paid within thirty (30) days after the due date, the permit will expire and no longer be valid. In such a case, the owner/operator will be notified by mail, electronic mail, or other electronic means of the expiration and the consequences of operating equipment without a valid permit as required by District Rule 203 (Permit to Operate). For the purpose of this subparagraph, the fee payment will be considered to be received by the District if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or state holiday as if it had been delivered, postmarked, or electronically paid on the expiration date.

~~.(7) — Certified Permit Copies~~

~~A request for a certified copy of a Facility Permit shall be made in writing by the permittee. The permittee shall, at the time a written request is submitted, pay \$27.92 for the first page and \$1.97 for each additional page in the facility permit.~~

~~(8) — Reissued Permits~~

~~A request for a reissued Facility Permit shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time a written request is submitted, pay \$216.14 for the first page plus \$1.97 for each additional page in the Facility Permit.~~

(o) Asbestos Fees

Any person who is required by District Rule 1403 - Asbestos Emissions from Demolition/Renovation Activities to submit a written notice of intention to demolish or renovate shall pay at the time of delivery of notification, the Asbestos and Lead Fees specified in Table VI of this rule. Fees are per notification and multiple fees may apply. No notification shall be considered received pursuant to Rule 1403, unless it is accompanied by the required payment. Each revision of a notification shall require a payment of the Revision to Notification fee in Table VI. When a revision involves a change in project size, the person shall pay, in addition to the revision fee, the difference between the fee for the original project size and the revised project size according to Table VI. If the project size does not change for the revision, no additional fees based on project size shall be required. Revisions are not accepted for expired notifications.

For all requests of pre-approved Procedure 5 plans submitted in accordance with Rule 1403(d)(1)(D)(i)(V)(2), the person shall pay the full fee for the first evaluation and shall pay fifty percent (50%) of the applicable fee for each subsequent pre-approved Procedure 5 plan evaluation.

(p) Lead Abatement Notification Fees

A person who is required by a federal or District rule to submit written notice of intent to abate lead shall, at the time of delivery of notification, pay the appropriate renovation and abatement fee specified in Table VI of this rule. Fees are per notification and multiple fees may apply. No notification shall be considered received unless it is accompanied by the required payment. Each revision of a notification shall require a payment of the Revision to Notification fee in Table VI. When a revision involves a change in project size, the person shall pay, in addition to the revision fee, the difference between the fee for the original project size and the revised project size according to Table VI. If the project size does not change for the revision, no additional fees based on project size shall be required. Revisions are not accepted for expired notifications.

(q) NESHAP Evaluation Fee

(1) At the time of filing an application for a Change of Operating Conditions submitted solely to comply with the requirements of a NESHAP, a NESHAP Evaluation Fee shall be paid. The fee shall be ~~\$348.04~~\$360.19. Additional fees shall be assessed at a rate of ~~\$172.04~~\$178.03 per hour for time spent in the evaluation in excess of two (2) hours, to a maximum total

fee not to exceed the applicable Change of Conditions Fees listed for each affected piece of equipment as specified in Table FEE RATE-A.

- (2) Payment of all applicable fees shall be due in thirty (30) days from the date of personal service, mailing, or electronic transmission of the notification of the amount due. Non-payment of the fees within this time period will result in expiration of the permit. For the purpose of this paragraph, the fee payment will be considered to be received by the District if it is delivered, postmarked, or electronically paid on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the business day following the Saturday, Sunday, or the state holiday, with the same effect as if it had been delivered, postmarked, or electronically paid on the expiration date. No further applications will be accepted until such time as all overdue fees have been fully paid.

(r) Fees for Certification of Clean Air Solvents

At the time of filing for a Clean Air Solvent certificate, the applicant shall submit a fee of ~~\$1,503.77~~556.40 for each product to be tested. Additional fees will be assessed at the rate of ~~\$135.77~~145.43 per hour for time spent on the analysis/certification process in excess of 12 hours. Adjustments, including refunds or additional billings, shall be made to the submitted fee as necessary. A Clean Air Solvent Certificate shall be valid for five (5) years from the date of issuance and shall be renewed upon the determination of the Executive Officer that the product(s) containing a Clean Air Solvent continue(s) to meet Clean Air Solvent criteria, and has not been reformulated. The renewal fee shall be \$145.43 per certificate.

(s) Fees for Certification of Consumer Cleaning Products Used at Institutional and Commercial Facilities

At the time of filing for certification of any Consumer Cleaning Products Used at Institutional and Commercial Facilities, the applicant shall submit a fee of ~~\$1,503.77~~556.40 for each product to be tested, plus an additional fee of ~~\$300~~310.50 for quantification of total nitrogen, total phosphorous, and trace metals by a contracting laboratory. Additional fees will be assessed at the rate of ~~\$135.77~~145.43 per hour for time spent on the analysis/certification process in excess of 12 hours. Adjustments, including refunds or additional billings, shall be



made to the submitted fee as necessary. A Consumer Cleaning Products Used at Institutional and Commercial Facilities Certificate shall be valid for three (3) years from the date of issuance and shall be renewed upon the determination of the Executive Officer that the product(s) certified as a Consumer Cleaning Products Used at Institutional and Commercial Facilities continue(s) to meet Consumer Cleaning Products Used at Institutional and Commercial Facilities criteria, and has not been reformulated. The renewal fee shall be \$145.43 per certificate.

**(t) All Facility Registration Holders**

**(1) Applicability**

The requirements of this subdivision apply to all holders of a Facility Registration.

**(2) Rule 301 Applicability**

Unless specifically stated otherwise, all Facility Registration holders shall be subject to all other provisions of Rule 301 - Permit Fees.

**(3) Fee Applicability to Existing Facilities**

Existing facilities entering the Facility Registration Program shall pay no fee if no changes are initiated by actions of the permittee to the existing permit terms or conditions or to the draft Facility Registration prepared by the District.

**(4) Duplicate of Facility Registrations**

A request for a duplicate of a Facility Registration shall be made in writing by the permittee. The permittee shall, at the time a written request is submitted, pay ~~\$27.92~~28.89 for the first page and ~~\$1.97~~2.03 for each additional page in the Facility Registration.

**(5) Reissued Facility Registrations**

A request for a reissued Facility Registration shall be made in writing by the permittee where there is a name or address change without a change of owner/operator or location, or for an administrative change in permit description or a change in permit conditions to reflect actual operating conditions, which do not require any engineering evaluation, and do not cause a change in emissions. The permittee shall, at the time a written request is submitted, pay ~~\$216.14~~223.70 for the first equipment listed in the Facility Registration plus ~~\$1.97~~2.03 for each additional equipment listed in the Facility Registration.

(u) Fees for Non-permitted Emission Sources Subject to Rule 222

(1) Initial Filing Fee

Prior to the operation of the equipment, the owner/operator of an emission source subject to Rule 222 shall pay to the District an initial non-refundable non-transferable filing and processing fee of ~~\$209.98~~217.32 for each emission source.

(2) Change of Owner/Operator or ~~Location~~

If the owner/operator or the location of an emission source subject to Rule 222 changes, the current owner/operator must file a new application for Rule 222 and pay to the District an initial non-refundable non-transferable filing and processing fee of ~~\$209.98~~217.32 for each emission source.

(3) Annual Renewal Fee

On an annual re-filing date set by the Executive Officer the owner/operator of a source subject to Rule 222 shall pay a renewal fee of ~~\$209.98~~217.32 (except for non-retrofitted boilers). At least thirty (30) days before such annual re-filing date, all owners/operators of emission sources subject to Rule 222 will be notified by mail, electronic mail, or other electronic means, of the amount to be paid and the due date for the annual re-filing fee.

(4) Notification of Expiration

If the annual re-filing fee is not paid within thirty (30) days after the due date, the filing will expire and no longer be valid. In such case, the owner/operator will be notified by mail, electronic mail, or other electronic means, of the expiration and the consequences of operating equipment without a valid Rule 222 filing.

(5) Reinstating Expired Filings

To re-establish expired filings, the owner/operator of a source subject to Rule 222 shall pay a reinstatement fee of fifty percent (50%) of the amount of fees due per emission source. Payment of all overdue fees shall be made in addition to the reinstatement surcharge. Payment of such fees shall be made within one year of the date of expiration. If the period of expiration has exceeded one year or the affected equipment has been altered, the owner/operator of an emission source subject to Rule 222 shall file a new application and pay all overdue fees.

(v) Fees for Expedited Processing Requests

An applicant has the option to request expedited processing for an application for a permit, CEQA work, an application for an ERC/STC, Air Dispersion Modeling, HRA, Source Test Protocols and Report Fees and Asbestos Procedure 4 & 5 notifications. A request for expedited processing pursuant to this section shall be made upon initial application submittal. Expedited processing is intended to be performed by District Staff strictly during overtime work. Approval of such a request is contingent upon the District having necessary procedures in place to implement an expedited processing program and having available qualified staff for overtime work to perform the processing requested. The applicant shall be notified whether or not the request for expedited processing has been accepted within 30 days of submittal of the request. If the request for expedited processing is not accepted by the District, the additional fee paid for expedited processing will be refunded to the applicant.

(1) Permit Processing Fee

Fees for requested expedited processing of permit applications will be an additional fee of fifty percent (50%) of the applicable base permit processing fee (after taking any discounts for identical equipment but not the higher fee for operating without a permit) by equipment schedule. For schedule F and higher as shown in the table below in this paragraph, expedited processing fees will include an additional hourly fee, as set forth in the applicable “Non-Title V Added Base Hourly Fee” or “Title V Added Base Hourly Fee” columns, when the processing time exceeds times as indicated in the “Processing Time Exceeding” column; but not to exceed the total amounts in the applicable “Non-Title V Maximum Added Base Cap Fee” or “Title V Maximum Added Base Cap Fee” columns.

| Processing Time Exceeding | Schedule | Non-Title V Added Base Hourly Fee | Non-Title V Maximum Added Base Cap Fee | Title V Added Base Hourly Fee  | Title V Maximum Added Base Cap Fee     |
|---------------------------|----------|-----------------------------------|--|--------------------------------|--|
| FY 2018-19                |          |                                   |  |                                |  |
| 99 hours                  | F        | \$279.08                          | \$52,454.40                            | \$316.02                       | \$59,398.44                            |
| 117 hours                 | G        | \$279.08                          | \$89,866.71                            | \$316.02                       | \$101,763.49                           |
| 182 hours                 | H        | \$279.08                          | \$114,265.30                           | \$316.02                       | \$129,392.03                           |
| FY 2019-20                |          |                                   |  |                                |  |
| 99 hours                  | F        | <del>\$279.08</del> 288.<br>84    | <del>\$52,454.40</del> 54,<br>290.30   | <del>\$316.02</del> 361<br>.95 | <del>\$59,398.44</del> 68<br>,030.87   |
| 117 hours                 | G        | <del>\$279.08</del> 288.<br>84    | <del>\$89,866.71</del> 93,<br>012.04   | <del>\$316.02</del> 361<br>.95 | <del>\$101,763.49</del> 1<br>16,552.87 |
| 182 hours                 | H        | <del>\$279.08</del> 288.<br>84    | <del>\$114,265.30</del> 11<br>8,264.58 | <del>\$316.02</del> 361<br>.95 | <del>\$129,392.03</del> 1<br>48,196.70 |

(2) CEQA Fee

Fees for requested expedited CEQA work will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of ~~\$172.01~~178.03 plus ~~\$89.21~~92.33 per hour (one half of hourly plus mileage). The established CEQA fees found in the provisions of Rule 301(j) shall be paid at the time of filing with the additional overtime costs billed following permit issuance. Notwithstanding other provisions of this section, fees are due at the time specified in the bill which will allow a reasonable time for payment. This proposal is contingent upon the ability of the District to implement the necessary policies and procedures and the availability of qualified staff for overtime work.

(3) CEMS, FSMS, and ACEMS Fee

Fees for requested expedited processing of CEMS, FSMS, and ACEMS applications will be an additional fee based upon actual review and work

time billed at a rate for staff overtime which is equal to the staff's hourly rate of ~~\$172.04~~178.03 plus ~~\$89.24~~92.33 per hour (one half of hourly plus mileage). The established "Basic Fee" schedule found in the CEMS, FSMS, and ACEMS Fee Schedule in TABLE IIB shall be paid at the time of filing with the additional overtime costs billed following project completion. Notwithstanding other provisions of this section, fees are due at the time specified in the bill which will allow a reasonable time for payment. A request for expedited CEMS, FSMS, and ACEMS application work can only be made upon initial work submittal, and approval of such a request is contingent upon the ability of the District to implement the necessary policies and procedures and the availability of qualified staff for overtime work.

(4) Air Dispersion Modeling and HRA Fees

Fees for requested expedited review and evaluation of air dispersion modeling and health risk assessments will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of ~~\$144.05~~149.09 plus ~~\$74.72~~77.33 per hour (one half of hourly plus mileage).

(5) ERC/STC Application Fees

Fees for requested expedited review and evaluation of ERC/STC application fees will be an additional fee based upon actual review and work time billed at a rate for staff overtime which is equal to the staff's hourly rate of ~~\$172.04~~178.03 plus ~~\$89.24~~92.33 per hour (one half of hourly plus mileage).

(6) Procedure 4 & 5 Evaluation

Fees for requested expedited reviews and evaluation of Procedure 4 or 5 plans per Rule 301(o) Asbestos Fees will be an additional fee of fifty percent (50%) of the Procedure 4 & 5 plan evaluation fee.

(w) Enforcement Inspection Fees for Statewide Portable Equipment Registration Program (PERP)

(1) Registered Portable Equipment Unit Inspection Fee

Registered portable equipment units are those which emit PM10 in excess of that emitted by an associated engine alone. An hourly fee of ~~\$98.00~~115.00 shall be assessed for a triennial portable equipment unit inspection, including the subsequent investigation and resolution of

violations, if any, of applicable state and federal requirements, not to exceed ~~\$500.00~~590.00 per unit.

- (2) Registered Tactical Support Equipment (TSE) Inspection Fee  
Registered TSE includes registered equipment using a portable engine, including turbines, that meet military specifications, owned by the U.S. Department of Defense, the U.S. military services, or its allies, and used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.
  - (A) To determine compliance with all applicable state and federal requirements, each registered TSE unit will be inspected once per calendar year.
    - (i) For registered TSE units determined to be in compliance with all applicable state and federal requirements during the annual inspection:
      - (a) A fee for the annual inspection of a single registered TSE unit shall be assessed at a unit cost of ~~\$75.00~~90.00.
      - (b) A fee for annual inspection of two or more registered TSE units at a single location shall be assessed at the lesser of the following costs:
        - (1) The actual time to conduct the inspection at the rate of ~~\$100.25~~115.00 per hour; or
        - (2) A unit cost of ~~\$75.00~~90.00 per registered TSE unit inspected.
    - (ii) For registered TSE units determined to be out of compliance with one or more applicable state or federal requirements during the annual inspection, fees for the annual inspection (including the subsequent investigation and resolution of the violation) shall be assessed at the lesser of the following costs:
      - (1) The actual time to conduct the inspection at the rate of ~~\$100.25~~115.00 per hour; or
      - (2) A unit cost of ~~\$75.00~~90.00 per registered TSE unit inspected.
- (3) Off-hour Inspection Fee  
In addition to the inspection fees stated above, any arranged inspections requested by the holder of the registration that are scheduled outside of

District normal business hours may be assessed an additional off-hour inspection fee of ~~\$40.96~~60.00 per hour for the time necessary to complete the inspection.

(4) Notice to Pay and Late Payment Surcharge

A notice to pay the inspection fees will be sent by mail, electronic mail, or other electronic means, to the registration holder. Fees are due and payable immediately upon receipt of the notice to pay. ~~All inspection fees required under this section are due within 30 days of the invoice date. If fee payment is not received by the thirtieth (30th) day following the date of the notice to pay, the fee shall be considered late and, a late payment surcharge of \$70.11 per portable engine or equipment unit shall be imposed, not to exceed \$138.73 for any notice to pay. For the purpose of this subparagraph, the inspection fee payment shall be considered to be timely received by the District if it is delivered, postmarked, or electronically paid on or before the thirtieth (30th) day following the date of the notice to pay. If the thirtieth (30th) day falls on a Saturday, Sunday, or a state holiday, the fee payment may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been delivered, postmarked, or electronically paid on the thirtieth (30th) day. Failure to pay the inspection fees and any late payment surcharge within 120 days of the date of the initial notice to pay may result in the suspension or revocation of the registration by CARB. Once a registration has been suspended, CARB will not consider reinstatement until all fees due, including late payment surcharge fees, have been paid in full.~~

(x) Notification Fees for Rules 1118.1, 1149, 1166, and 1466~~Rule 1149, Rule 1166, and Rule 1466~~ Notification Fees

- (1) Any person who is required by the District to submit a written notice pursuant to Rules 1118.1, 1149, ~~Rule 1166, Rule 1466~~, or for soil vapor extraction projects shall pay a notification fee of ~~\$62.92~~65.12 per notification.
- (2) Notifications pursuant to Rule 1466 paragraph (f)(2) shall be exempt from this subdivision.

- (y) Fees for the Certification of Equipment Subject to the Provisions of Rules 1111, 1121 and 1146.2
- (1) Initial Certification Fee
- Any person requesting certification pursuant to Rules 1111, 1121 or 1146.2 shall pay a fee of ~~\$579.97~~600.26 per certification letter for each family of model series certified. This fee shall be paid in addition to the fees paid to review any associated source test report(s).
- (2) Additional Fees for Modification or Extension of Families to Include a New Model(s)
- Any person requesting a modification or extension of a certification already issued to include a new model(s) shall pay an additional fee of ~~\$290.00~~300.15 for certification of new models added by extension to the previously certified model series per request.
- (3) Failure to pay all certification fees shall result in the revocation of each certified piece of equipment that was evaluated for which fee payment has not been received within 30 days after the due date.
- (z) “No Show” Fee for Rule 461 – Gasoline Dispensing Equipment Scheduled Testing
- (1) Reverification, and Performance Testing
- If a testing company and/or tester does not show for a Reverification test, or Performance test within one hour of its original scheduled time, and an SCAQMD inspector arrives for the inspection, a “No Show” fee of ~~\$426.45~~441.37 shall be charged to the testing company and/or tester. The fee shall be paid within 60 days of the date of the invoice. If the fee is not paid, the account will become delinquent 30 days after the due date. Any delinquent account holder will not be allowed to schedule any future tests within SCAQMD jurisdiction until all overdue fees are paid in full.
- (2) Pre-Backfill Inspection
- If a contracting company is not ready for a Pre-Backfill inspection of its equipment at the original scheduled time, and/or did not notify the SCAQMD inspector of postponement/cancellation at least three hours prior to the scheduled time, a “No Show” fee of ~~\$426.45~~441.37 shall be charged to the contracting company. The fee shall be paid within 60 days of the date of the invoice. If the fee is not paid, the account will become delinquent 30 days after the due date. Any delinquent account holder will not be allowed to schedule any future pre-backfill inspections within SCAQMD jurisdiction until all overdue fees are paid in full.



(aa) Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees

- (1) The owner or operator of a petroleum refinery subject to Rule 1180 shall pay an annual operating and maintenance fee for a refinery-related community air monitoring system designed, developed, installed, operated, and maintained by SCAQMD in accordance with California Health and Safety Code Section 42705.6.
- (2) The annual operating and maintenance fee per facility required by paragraph (aa)(1) shall be as follows:

| Facility Name* and Location                      | Annual Operating and Maintenance Fee      |
|--|---|
| Andeavor Corporation (Carson)                    | <del>\$871,086.00</del> <u>901,574.01</u> |
| Andeavor Corporation (Wilmington)                | <del>\$435,543</del> <u>450,787.00</u>    |
| Chevron U.S.A, Inc. (El Segundo)                 | <del>\$871,086.00</del> <u>901,574.01</u> |
| <del>Delek U.S. Holdings, Inc. (Paramount)</del> | <del>\$217,771.50</del>                   |
| Phillips 66 Company (Carson)                     | <del>\$435,543</del> <u>450,787.00</u>    |
| Phillips 66 Company (Wilmington)                 | <del>\$435,543</del> <u>450,787.00</u>    |
| PBF Energy, Torrance Refining Company (Torrance) | <del>\$871,086.00</del> <u>901,574.01</u> |
| Valero Energy (Wilmington)                       | <del>\$435,543</del> <u>450,787.00</u>    |

\*Based on the current facility names. Any subsequent owner(s) or operator(s) of the above listed facilities shall be subject to this rule.

- (3) The annual operating and maintenance fee required by this subdivision shall be billed with the annual operating permit renewal fee required by subdivision (d) beginning in calendar year 2020. If the annual operating and maintenance fee required by this subdivision is not paid in full within sixty (60) calendar days of its due date, a ten-percent (10%) penalty shall be imposed every sixty (60) calendar days from the due date.
- (4) No later than January 1, 2022 and every three years thereafter, the Executive Officer shall reassess the annual operating and maintenance fee required by

this subdivision to ensure that the fee is consistent with the requirements of the California Health and Safety Code Section 42705.6 (f)(1) and (f)(2).

**(ab) Defense of Permit**

Within 10 days of receiving a complaint or other legal process initiating a challenge to the SCAQMD's issuance of a permit, the SCAQMD shall notify the applicant or permit holder in writing. The applicant or permit holder may, within 30 days of posting of the notice, request revocation of the permit or cancellation of the application. An applicant or permit holder not requesting revocation or cancellation within 30 days of receipt of notice from the District shall be responsible for reimbursement to the District for all reasonable and necessary costs to defend the issuance of a permit or permit provisions against a legal challenge, including attorney's fees and legal costs. The Executive Officer will invoice the applicant or permit holder for fees and legal costs at the conclusion of the legal challenge. The SCAQMD and the applicant or permit holder will negotiate an indemnity agreement within 30 days of the notice by SCAQMD to the ~~facility operator~~ applicant or permit holder. The agreement will include, among other things, attorneys' fees and legal costs. The Executive Officer or designee may execute an indemnity agreement only after receiving authorization from the Administrative Committee. The Executive Officer may in his discretion, waive all or any part of such costs upon a determination that payment for such costs would impose an unreasonable hardship upon the applicant or permit holder.

**(ac) Severability**

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule are held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

**~~TABLE FEE RATE A. FY 2018-19~~**  
**~~SUMMARY PERMIT FEE RATES – PERMIT PROCESSING, CHANGE OF~~**  
**~~CONDITIONS, ALTERATION/MODIFICATION~~**

| Schedule | Non Title V         |                     |                         | Title V             |                     |                         |
|----------|---------------------|---------------------|-------------------------|---------------------|---------------------|-------------------------|
|          | Permit Processing   | Change of Condition | Alteration/Modification | Permit Processing   | Change of Condition | Alteration/Modification |
| A        | \$1,785.79          | \$930.20            | \$1,785.79              | \$2,022.19          | \$1,053.34          | \$2,022.19              |
| A1       | \$1,785.79          | \$930.20            | \$1,785.79              | \$2,022.19          | \$1,053.34          | \$2,022.19              |
| B        | \$2,846.14          | \$1,409.95          | \$2,846.14              | \$3,222.92          | \$1,596.61          | \$3,222.92              |
| B1       | \$4,501.77          | \$2,440.17          | \$4,501.77              | \$5,097.71          | \$2,763.20          | \$5,097.71              |
| C        | \$4,501.77          | \$2,440.17          | \$4,501.77              | \$5,097.71          | \$2,763.20          | \$5,097.71              |
| D        | \$6,213.19          | \$4,173.34          | \$6,213.19              | \$7,035.72          | \$4,725.82          | \$7,035.72              |
| E        | \$7,143.30          | \$6,127.48          | \$7,143.30              | \$8,088.94          | \$6,938.66          | \$8,088.94              |
| F        | \$17,951.51+<br>T&M | \$8,945.72+<br>T&M  | \$14,230.75+<br>T&M     | \$20,327.97+<br>T&M | \$10,129.97+<br>T&M | \$16,114.65+<br>T&M     |
| G        | \$21,188.37+<br>T&M | \$15,180.30+<br>T&M | \$17,467.57+<br>T&M     | \$23,993.33+<br>T&M | \$17,189.91+<br>T&M | \$19,779.97+<br>T&M     |
| H        | \$32,833.37+<br>T&M | \$19,247.37+<br>T&M | \$29,112.58+<br>T&M     | \$37,179.92+<br>T&M | \$21,795.39+<br>T&M | \$32,966.58+<br>T&M     |

| Schedule | Begin Charging<br>Hourly Rate After<br>(hrs) | Non Title V<br>T& M Rate<br>(\$/hr) | Non Title V<br>Not to Exceed<br>(\$) | Title V<br>T& M Rate<br>(\$/hr) | Title V<br>Not to Exceed<br>(\$) |
|----------|--|-------------------------------------|--------------------------------------|---------------------------------|----------------------------------|
| F        | 99   | \$186.04                            | \$34,969.61                          | \$210.67                        | \$39,598.97                      |
| G        | 117  | \$186.04                            | \$59,911.11                          | \$210.67                        | \$67,842.29                      |
| H        | 182  | \$186.04                            | \$76,176.86                          | \$210.67                        | \$86,261.34                      |

**TABLE FEE RATE-A. FY 2019-20 and thereafter  
SUMMARY PERMIT FEE RATES - PERMIT PROCESSING, CHANGE OF  
CONDITIONS, ALTERATION/MODIFICATION**

| Schedule | Non-Title V                                   |  |   | Title V                                       |  |  |
|----------|---|--|---|---|--|--|
|          | Permit Processing                             | Change of Condition                                  | Alteration/Modification                       | Permit Processing                             | Change of Condition                        | Alteration/Modification                      |
| A        | <u>\$1,785.79</u> <u>84</u><br><u>8.29</u>    | <u>\$930.20</u> <u>962.</u><br><u>75</u>             | <u>\$1,785.79</u> <u>84</u><br><u>8.29</u>    | <u>\$2,237.76</u> <u>31</u><br><u>6.08</u>    | <u>\$1,465.62</u> <u>20</u><br><u>6.41</u> | <u>\$2,237.76</u> <u>316.</u><br><u>08</u>   |
| A1       | <u>\$1,785.79</u> <u>84</u><br><u>8.29</u>    | <u>\$930.20</u> <u>962.</u><br><u>75</u>             | <u>\$1,785.79</u> <u>84</u><br><u>8.29</u>    | <u>\$2,237.76</u> <u>31</u><br><u>6.08</u>    | <u>\$1,465.62</u> <u>20</u><br><u>6.41</u> | <u>\$2,237.76</u> <u>316.</u><br><u>08</u>   |
| B        | <u>\$2,846.14</u> <u>94</u><br><u>5.75</u>    | <u>\$1,409.95</u> <u>45</u><br><u>9.29</u>           | <u>\$2,846.14</u> <u>94</u><br><u>5.75</u>    | <u>\$3,566.48</u> <u>69</u><br><u>1.30</u>    | <u>\$1,766.81</u> <u>82</u><br><u>8.64</u> | <u>\$3,566.48</u> <u>691.</u><br><u>30</u>   |
| B1       | <u>\$4,501.77</u> <u>65</u><br><u>9.33</u>    | <u>\$2,440.17</u> <u>52</u><br><u>5.57</u>           | <u>\$4,501.77</u> <u>65</u><br><u>9.33</u>    | <u>\$5,641.13</u> <u>83</u><br><u>8.57</u>    | <u>\$3,057.76</u> <u>16</u><br><u>4.78</u> | <u>\$5,641.13</u> <u>838.</u><br><u>57</u>   |
| C        | <u>\$4,501.77</u> <u>65</u><br><u>9.33</u>    | <u>\$2,440.17</u> <u>52</u><br><u>5.57</u>           | <u>\$4,501.77</u> <u>65</u><br><u>9.33</u>    | <u>\$5,641.13</u> <u>83</u><br><u>8.57</u>    | <u>\$3,057.76</u> <u>16</u><br><u>4.78</u> | <u>\$5,641.13</u> <u>838.</u><br><u>57</u>   |
| D        | <u>\$6,213.19</u> <u>43</u><br><u>0.65</u>    | <u>\$4,173.34</u> <u>31</u><br><u>9.40</u>           | <u>\$6,213.19</u> <u>43</u><br><u>0.65</u>    | <u>\$7,785.73</u> <u>8.0</u><br><u>58.23</u>  | <u>\$5,229.60</u> <u>41</u><br><u>2.63</u> | <u>\$7,785.73</u> <u>8.05</u><br><u>8.23</u> |
| E        | <u>\$7,143.30</u> <u>39</u><br><u>3.31</u>    | <u>\$6,127.48</u> <u>34</u><br><u>1.94</u>           | <u>\$7,143.30</u> <u>39</u><br><u>3.31</u>    | <u>\$8,951.22</u> <u>9.2</u><br><u>64.51</u>  | <u>\$7,678.32</u> <u>94</u><br><u>7.06</u> | <u>\$8,951.22</u> <u>9.26</u><br><u>4.51</u> |
| F        | <u>\$17,951.51</u><br><u>8,579.81+</u><br>T&M | <u>\$8,945.72</u> <u>9.2</u><br><u>58.82+</u><br>T&M | <u>\$14,230.75</u><br><u>28.82+</u><br>T&M    | <u>\$22,494.94</u><br><u>3,282.26+</u><br>T&M | <u>\$11,209.83</u><br><u>02.17+</u><br>T&M | <u>\$17,832.48</u><br><u>456.61+</u><br>T&M  |
| G        | <u>\$21,188.37</u><br><u>29.96+</u><br>T&M    | <u>\$15,180.30</u><br><u>11.61+</u><br>T&M           | <u>\$17,467.57</u><br><u>8,078.93+</u><br>T&M | <u>\$26,551.02</u><br><u>7,480.30+</u><br>T&M | <u>\$19,022.35</u><br><u>88.13+</u><br>T&M | <u>\$21,888.51</u><br><u>654.60+</u><br>T&M  |
| H        | <u>\$32,833.37</u><br><u>3,982.53+</u><br>T&M | <u>\$19,247.37</u><br><u>21.02+</u><br>T&M           | <u>\$29,112.58</u><br><u>0,131.52+</u><br>T&M | <u>\$41,143.30</u><br><u>2,583.31+</u><br>T&M | <u>\$24,118.77</u><br><u>65.12+</u><br>T&M | <u>\$36,480.81</u><br><u>757.63+</u><br>T&M  |

| Schedule | Begin Charging Hourly Rate After (hrs) | Non-Title V T & M Rate (\$/hr) | Non-Title V Not to Exceed (\$)      | Title V T & M Rate (\$/hr)    | Title V Not to Exceed (\$)          |
|----------|--|--------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
| F        | 99                                     | <u>\$186.04</u> <u>192.55</u>  | <u>\$34,969.61</u> <u>36,193.54</u> | <u>\$233.13</u> <u>241.29</u> | <u>\$43,820.23</u> <u>45,353.93</u> |
| G        | 117                                    | <u>\$186.04</u> <u>192.55</u>  | <u>\$59,911.11</u> <u>62,007.99</u> | <u>\$233.13</u> <u>241.29</u> | <u>\$75,074.28</u> <u>77,701.88</u> |
| H        | 182                                    | <u>\$186.04</u> <u>192.55</u>  | <u>\$76,176.86</u> <u>78,843.05</u> | <u>\$233.13</u> <u>241.29</u> | <u>\$95,456.79</u> <u>98,797.77</u> |

TABLE FEE RATE-B. SUMMARY OF ERC PROCESSING RATES, BANKING, CHANGE OF TITLE, ALTERATION/MODIFICATION, CONVERSION TO SHORT TERM CREDITS, RE-ISSUANCE OF SHORT TERM CREDITS, RETIREMENT OF SHORT TERM CREDITS FOR TRANSFER INTO RULE 2202, and TRANSFER OF ERCs OUT OF RULE 2202

| Schedule I  | Non-Title V          | Title V    |                           |
|---|----------------------|------------|---------------------------|
|   |                      | FY 2018-19 | FY 2019-20 and thereafter |
| Banking Application   | \$4,608.0676<br>9.34 | \$5,218.08 | \$5,774.3397<br>6.43      |
| Change of Title   | \$814.00842.<br>49   | \$921.75   | \$1,020.0405<br>5.71      |
| Alteration/Modification   | \$814.00842.<br>49   | \$921.75   | \$1,020.0405<br>5.71      |
| Conversion to Short Term Credits  | \$814.00842.<br>49   | \$921.75   | \$1,020.0405<br>5.71      |
| Re-Issuance of Short Term Credits   | \$814.00842.<br>49   | \$921.75   | \$1,020.0405<br>5.71      |
| Retirement of Short Term Emission Credits for Transfer into Rule 2202 and Transfer of ERCs Out of Rule 2202 | \$273.76283.<br>34   | \$310.01   | \$343355.06               |

TABLE FEE RATE-C. SUMMARY OF PERMIT FEE RATES  
CHANGE OF OWNER/OPERATOR<sup>a</sup>

| Facility Type      | Non-Title V                       | Title V   |
|--------------------|-----------------------------------|---|
| Small Business     | <del>\$248.03</del> <u>256.71</u> | <del>\$280.86 for FY 2018-19 and</del><br><del>\$310.79</del> <u>321.66</u> for FY 2019-<br>20 and thereafter |
| Non-Small Business | <del>\$681.14</del> <u>704.98</u> | <del>\$771.30 for FY 2018-19 and</del><br><del>\$853.53</del> <u>883.40</u> for FY 2019-<br>20 and thereafter |

<sup>a</sup> Fees are for each permit unit application and apply to all facilities, including RECLAIM facilities. The change of owner/operator fee for Non-RECLAIM Title V facilities shall not exceed ~~\$9,593.22 for FY 2018-19 and~~ \$10,615.86~~987.41~~ for FY 2019-20 and thereafter per facility and for all other Non-RECLAIM facilities shall not exceed ~~\$16,943.43~~17,536.45 per facility. ~~There is no limit to the change of operator fees~~The change of owner/operator fee for RECLAIM facilities shall not exceed \$50,000.00.

**Rule 301 (Cont.) (Amended May 4, 2018)**

**TABLE IA - PERMIT FEE RATE SCHEDULES FOR CONTROL EQUIPMENT**

| Equipment/Process  | Schedule |
|--|----------|
| Abatement System/HEPA, Asbestos, Lead  | B        |
| Activated Carbon Adsorber, Venting Single Source (s.s.=single source)              | B        |
| Activated Carbon Adsorber, Venting Multiple Source (m.s.=multiple sources)         | C        |
| Activated Carbon Adsorber, Other   | D        |
| Activated Carbon Adsorber, Drum Venting Toxic Source (t.s. = toxic source)         | C        |
| Activated Carbon Adsorber, with regeneration                                       | E        |
| Afterburner (<= 1 MMBTU/hr, venting s.s.)  | B        |
| Afterburner (<= 1 MMBTU/hr, venting m.s.)  | C        |
| Afterburner, Catalytic for Bakery Oven   | C        |
| Afterburner, Direct Flame  | D        |
| Afterburner/Oxidizer: Regenerative Ceramic/Hot Rock Bed Type, Recuperative Thermal | D        |
| Afterburner/Oxidizer, Catalytic  | D        |
| Air Filter, Custom   | C        |
| Amine (or DEA) Regeneration Unit <sup>1</sup>                                      | D        |
| Amine Treating Unit <sup>1</sup>   | D        |
| Baghouse, Ambient (<= 100 FT <sup>2</sup> )  | A        |
| Baghouse, Ambient (> 100 - 500 FT <sup>2</sup> )                                   | B        |
| Baghouse, Ambient (> 500 FT <sup>2</sup> )   | C        |
| Baghouse, Hot (> 350 F)  | D        |
| Biofilter (<= 100 cfm)   | B        |
| Biofilter (> 100 cfm)  | C        |
| Boiler as Afterburner  | D        |
| CO Boiler  | F        |
| Condenser  | C        |
| Control Systems, two in series   | C        |
| Control Systems, three in series   | D        |
| Control Systems, four or more in series  | E        |
| Control Systems, Venting Plasma Arc Cutters  | B1       |
| Cyclone  | B        |
| Dry Filter (<= 100 FT <sup>2</sup> )   | A        |
| Dry Filter (> 100 - 500 FT <sup>2</sup> )  | B        |

| Equipment/Process   | Schedule |
|---|----------|
| Dry Filter (> 500 FT <sup>2</sup> )                                 | C        |
| Dust Collector/HEPA, other Rule 1401 toxics                         | C        |
| Electrostatic Precipitator, Restaurant                              | B        |
| Electrostatic Precipitator, Asphalt Batch Equipment                 | C        |
| Electrostatic Precipitator, Extruder                                | B        |
| Electrostatic Precipitator, < 3000 CFM                              | B        |
| Electrostatic Precipitator, => 3000 CFM                             | D        |
| Electrostatic Precipitator for Fluid Catalytic Cracking Unit (FCCU) | H        |
| Ethylene Oxide Sterilization, Control, Hospital                     | B        |
| Flare, Landfill/Digester Gas, Enclosed                              | E        |
| Flare, Landfill/Digester Gas, Open                                  | C        |
| Flare, Portable   | B        |
| Flare System, Refinery <sup>2</sup>                                 | F        |
| Flare Other   | C        |
| Flue Gas Desulfurization <sup>1</sup>                               | D        |
| Gas Absorption Unit <sup>3</sup>                                    | D        |
| Gas Scrubbing System <sup>1</sup>                                   | F        |
| Incinerator, Afterburner  | D        |
| Mesh pads, for toxics gas stream                                    | C        |
| Mesh pads, for other acid mists                                     | B        |
| Mist Control  | B        |
| Mist Eliminator with HEPA   | C        |
| Negative Air Machine/HEPA, Asbestos, Lead                           | A        |
| Non-Selective Catalytic Reduction                                   | B        |
| Odor Control Unit   | D        |
| Relief and Blowdown System <sup>4</sup>                             | D        |
| Scrubber, Biofiltration   | C        |
| Scrubber Controlling NO <sub>x</sub> venting                        | D        |
| Scrubber Controlling SO <sub>x</sub> venting                        | D        |
| Scrubber Controlling HCL or NH <sub>3</sub> venting s.s.            | B        |
| Scrubber Controlling HCL or NH <sub>3</sub> venting m.s.            | C        |
| Scrubber, NO <sub>x</sub> , multistage                              | D        |
| Scrubber, NO <sub>x</sub> , single stage                            | C        |
| Scrubber, Odor, < 5000 cfm  | C        |

**Rule 301 (Cont.) (Amended May 4, 2018)**

**TABLE IA - PERMIT FEE RATE SCHEDULES FOR CONTROL EQUIPMENT**

| Equipment/Process   | Schedule |
|---|----------|
| Scrubber, Other venting s.s.  | B        |
| Scrubber, Other venting m.s.  | C        |
| Scrubber, Other Chemical venting s.s.   | B        |
| Scrubber, Other Chemical venting m.s.   | D        |
| Scrubber, Particulates venting s.s.   | B        |
| Scrubber, Particulates venting m.s.   | C        |
| Scrubber, Particulates venting t.s.   | D        |
| Scrubber, Restaurant  | B        |
| Scrubber, Toxics venting  | D        |
| Scrubber, Venturi venting s.s.  | B        |
| Scrubber, Venturi venting m.s.  | C        |
| Scrubber, Venturi venting t.s.  | C        |
| Scrubber, Water (no packing)  | B        |
| Selective Catalytic Reduction (SCR)   | C        |
| Settling Chamber  | B        |
| Ship Hold Hatch Cover   | A        |
| Slop Oil Recovery System  | D        |
| Sour Water Oxidizer Unit <sup>5</sup>   | D        |
| Sour Water Stripper <sup>6</sup>  | D        |
| Sparger   | B        |
| Spent Acid Storage & Treating Facility <sup>7</sup>                                       | E        |
| Spent Carbon Regeneration System  | D        |
| Spent Caustic Separation System <sup>8</sup>  | D        |
| Spray Booth/Enclosure, Other  | B        |
| Spray Booth/Enclosure, Powder Coating System with single or multiple APC for particulates | B        |

| Equipment/Process   | Schedule |
|---|----------|
| Spray Booth, Metallizing  | C        |
| Spray Booth with Carbon Adsorber (non-regenerative)                           | C        |
| Spray Booths (multiple) with Carbon Adsorber (non-regenerative)               | D        |
| Spray Booth(s) with Carbon Adsorber (regenerative)                            | E        |
| Spray Booth(s) (1 to 5) with Afterburner/Oxidizer (Regenerative/Recuperative) | D        |
| Spray Booths (>5) with Afterburner/Oxidizer (Regenerative/Recuperative)       | E        |
| Spray Booth, Automotive, with Multiple VOC Control Equipment                  | C        |
| Spray Booth with Multiple VOC Control   | D        |
| Spray Booths (multiple) with Multiple VOC Control Equipment                   | E        |
| Storm Water Handling & Treating System <sup>9</sup>                           | E        |
| Sulfur Recovery Equipment <sup>7</sup>  | H        |
| Tail Gas Incineration   | D        |
| Tail Gas Unit <sup>10</sup>   | H        |
| Storage Tank, Degassing Unit  | D        |
| Ultraviolet Oxidation   | D        |
| Vapor Balance System <sup>11</sup>  | B        |
| Vapor Recovery, Serving Crude Oil Production <sup>11</sup>                    | D        |
| Vapor Recovery, Serving Refinery Unit <sup>11</sup>                           | E        |
| Waste Gas Incineration Unit   | E        |

<sup>1</sup> Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels

<sup>2</sup> Including, but not limited to, all or part of the following: Flare, Compressors, Drums, Knock Out Pots, Pots, Vessels

<sup>3</sup> Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock

Out Pots, Pots, Pumps, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels

<sup>4</sup> Including, but not limited to, all or part of the following: Compressors, Drums, Knock Out Pots, Pots

<sup>5</sup> Including, but not limited to, all or part of the following: Accumulators, Columns, Drums, Knock Out Pots, Tanks, Vessels

<sup>6</sup> Including, but not limited to, all or part of the following: Condensers, Coolers, Drums, Sumps, Vessels

<sup>7</sup> Including, but not limited to, all or part of the following: Accumulators, Clarifier, Columns,



**Rule 301 (Cont.) (Amended May 4, 2018)**

**TABLE IA - PERMIT FEE RATE SCHEDULES FOR CONTROL EQUIPMENT**

|   |   |
|---|---|
| Compressors, Condensers, Drums, Filters, Filter Presses, Heat Exchangers, Knock Out Pots, Pits, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, towers, Vessels | Units, Filter Presses, Clarifiers, Settling Tanks, Waste Water Separators, Tanks  |
| <sup>8</sup> Including, but not limited to, all or part of the following: Process Tanks, Separators, Tanks  | <sup>10</sup> Including, but not limited to, all or part of the following: Absorbers, Condensers, Coolers, Drums, Heat Exchangers, Knock Out Pots, Reactors, Tanks, Vessels |
| <sup>9</sup> Including, but not limited to, all or part of the following: Air Flootation Units, Flootation  | <sup>11</sup> Including, but not limited to, all or part of the following: Absorbers, Compressors, Condensers, Knock Out Pots, Pumps, Saturators                            |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule |
|--|----------|
| Abatement System, Asbestos, Lead   | B        |
| Abrasive Blasting (Cabinet, Mach., Room)   | B        |
| Abrasive Blasting (Open)   | A        |
| Absorption Chillers, Gas-Fired, < 5 MM Btu/hr  | B        |
| Absorption Chillers, Gas-Fired, => 5 MM Btu/hr   | C        |
| Acetylene Purification System<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | C        |
| Acid Treating<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                 | E        |
| Adhesives Organic Additions<br>Including, but not limited to, all or part of the following: Reactors, Mixers, Process Tanks, Vessels   | C        |
| Adsorption Chillers, Gas-Fired, < 5 MM Btu/hr  | B        |
| Adsorption Chillers, Gas-Fired, => 5 MM Btu/hr   | C        |
| Adsorption, Other  | B        |
| Aeration Potable Water   | C        |
| Aggregate, Tank Truck Loading/Conveying<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Weigh Stations  | B        |
| Aggregate Production, with Dryer<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations  | E        |

| Equipment/Process   | Schedule |
|---|----------|
| Aggregate Production/Crushing (< 5000 tpd)<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations   | C        |
| Aggregate Production/Crushing (=> 5000 tpd)<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations  | D        |
| Aggregate Screening<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Cyclones, Screens, Weigh Stations  | C        |
| Air Strippers   | C        |
| Aircraft Fueling Facility<br>Including, but not limited to, all or part of the following: Storage Tanks, Dispensing Nozzles   | D        |
| Alkylation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                              | E        |
| Ammonia Mfg.<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels              | C        |
| Ammonia Vaporization Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | C        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule | Equipment/Process  | Schedule |
|--|----------|--|----------|
| Animal Feed Processing, Conveying<br>Including, but not limited to, all or part<br>of the following: Conveyors, Bins,<br>Hoppers, Bucket Elevators   | B        | Battery Charging/Manufacturing<br>Including, but not limited to, all or part<br>of the following: Cutters, Crushers,<br>Separators, Process Tanks,<br>Conveyors  | C        |
| Animal Feed Processing, Other<br>Including, but not limited to, all or part<br>of the following: Conveyors, Bins,<br>Hoppers, Bucket Elevators, Mixers,<br>Feeders, Grinders   | C        | Benzene/Toluene/Xylene Production<br>Equip.<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Heat Exchangers, Knock Out Pots,<br>Pots, Pumps, Reactors,<br>Regenerators, Scrubbers, Settling<br>Tanks, Sumps, Tanks, Towers,<br>Vessels | E        |
| Anodizing (sulfuric, phosphoric)   | B        | Beryllium Machining and Control<br>Including, but not limited to, all or part<br>of the following: Machining<br>Operations, Filters, Baghouses,  | C        |
| Aqueous Ammonia Transfer & Storage   | C        | Bleach Manufacturing<br>Including, but not limited to, all or part<br>of the following: Accumulators,<br>Columns, Com-pressors,<br>Condensers, Drums, Heat<br>Exchangers, Knock Out Pots, Pots,<br>Pumps, Tanks, Towers, Vessels   | B        |
| Aromatics Recovery Unit<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Heat Exchangers, Knock Out Pots,<br>Pots, Pumps, Reactors,<br>Regenerators, Scrubbers, Settling<br>Tanks, Sumps, Tanks, Towers,<br>Vessels | E        | Blending, Other  | B        |
| Asphalt Air Blowing  | B        | Boiler/hot water heater, various<br>locations, diesel/oil fired (<<br>300,000 BTU/hr)  | A        |
| Asphalt Blending/Batching<br>Including, but not limited to, all or part<br>of the following: Bins, Bucket<br>Elevators, Conveyors, Cyclones,<br>Dryers, Feeders, Hoppers, Knock<br>Out Pots, Mixers, Screens, Tanks,<br>Weigh Stations   | E        | Boiler/hot water heater, single facility,<br>portable, diesel/oil fired (< 600,000<br>BTU/hr)  | A        |
| Asphalt Coating  | C        | Boiler, Landfill/Digester Gas (< 5<br>MMBTU/hr)  | B        |
| Asphalt Day Tanker/Tar Pot   | A        | Boiler, Landfill/Digester Gas (5 to 20<br>MMBTU/hr)  | C        |
| Asphalt Refining<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Heat Exchangers, Knock Out Pots,<br>Pots, Pumps, Reactors,<br>Regenerators, Scrubbers, Settling<br>Tanks, Sumps, Tanks, Towers,<br>Vessels        | E        | Boiler, Landfill/Digester Gas (> 20 to<br>50 MMBTU/hr)   | D        |
| Asphalt Roofing Line<br>Including, but not limited to, all or part<br>of the following: Pumps,<br>Conveyors, Process Tanks, Coater<br>Operations, Cutters  | C        | Boiler, Landfill/Digester Gas<br>(>50MMBTU/hr)   | F        |
| Asphalt Roofing Saturator  | D        | Boiler, Natural gas-fired, 5 – 20 MM<br>BTU/hr   | C        |
| Asphalt-Rubber Spraying  | B        | Boiler, Other Fuel (< 5MMBTU/hr)   | B        |
| Auto Body Shredding  | C        | Boiler, Other Fuel (5 - 20 MMBTU/hr)   | C        |
| Autoclave, Non-sterilizing Type  | B        | Boiler, Other Fuel (> 20 - 50<br>MMBTU/hr)   | D        |
|  |          | Boiler, Other Fuel (> 50 MMBTU/hr)   | E        |
|  |          | Boiler, Utility (> 50 MW)  | H        |
|  |          | Brake Shoes, Grinding, Bonding and<br>Debonding, Deriveter   | B        |
|  |          | Bulk Chemical Terminal   | B        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule |
|--|----------|
| Bulk Loading/Unloading Stn<br>(< 50,000 GPD)   | B        |
| Bulk Loading/Unloading Rack<br>(50,000 - 200,000 GPD)  | D        |
| Bulk Loading/Unloading Rack<br>(> 200,000 GPD)   | E        |
| Bulk Loading/Unloading   | C        |
| Carbon Dioxide Production Facility<br>Including, but not limited to, all or part of the following: Separator, Knockout Pot, Scrubber, Chiller, Pumps, Blowers, Oil Separator, Compressor, Intercoolers, Filters, Cooling Tower   | F        |
| Carpet Processing System<br>Including, but not limited to, all or part of the following: Process Tanks, Dryers, Carpet Beaters, Carpet Shears  | D        |
| Catalyst Handling System<br>Including, but not limited to, all or part of the following: Centrifuge, Bins, Conveyors, Hoppers, Cyclones, Screens, Tanks, Weigh Stations  | C        |
| Catalyst Mfg./Calcining<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Reactors, Mixers, Process Tanks, Kilns  | D        |
| Catalyst Storage (Hoppers)   | C        |
| Catalytic Reforming Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        |
| Caustic Treating Unit<br>Including, but not limited to, all or part of the following: Knock Out Pots, Tanks, Towers, Vessels   | E        |
| Cement Marine Loading & Unloading<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Loading & Unloading Arms, Weigh Stations   | E        |
| Cement Packaging<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Weigh Stations  | C        |
| Cement Truck Loading   | C        |

| Equipment/Process  | Schedule |
|--|----------|
| Charbroiler, Eating Establishment  | A        |
| Charbroiler with Integrated Control  | B        |
| Charbroiler, Food Manufacturing  | C        |
| Chemical Additive Injection System<br>Including, but not limited to, all or part of the following: Injectors, Compressors, Pumps   | C        |
| Chip Dryer   | D        |
| Chippers, Greenwaste, not including I.C. Engine  | A        |
| Circuit Board Etchers  | B        |
| Cleaning, Miscellaneous  | B        |
| Coal Bulk Loading<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Loading Arms, Weigh Stations   | E        |
| Coal Research Pilot / Equip<br>(0-15 MMBTU/hr)   | C        |
| Coal Research Pilot / Equip<br>(> 15 MMBTU/hr)   | D        |
| Coal Tar Treating<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | C        |
| Coating & Drying Equipment, Continuous Organic, Web Type<br>Including, but not limited to, all or part of the following: Coater Operations, Process Tanks, Dryers  | C        |
| Coffee Roaster < 50 lbs capacity with integrated afterburner   | B        |
| Coffee Roasting, (11-49 lb roaster capacity)<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers   | A        |
| Coffee Roasting, 50-99 lb roaster capacity<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers   | B        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process   | Schedule | Equipment/Process   | Schedule |
|---|----------|---|----------|
| Coffee Roasting, 100 lb or more roaster capacity<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers  | C        | Crude Oil, Cracking Catalytic<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | G        |
| Coke Handling & Storage Facility<br>Including, but not limited to, all or part of the following: Centrifuge, Bins, Conveyors, Clarifier, Hoppers, Cyclones, Screens, Tanks, Weigh Stations  | E        | Crude Oil, Distillation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels  | E        |
| Composting, in vessel<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Hoppers  | C        | Crude Oil/Gas/Water Separation System (< 30 BPD)**<br>Including, but not limited to, all or part of the following: Adsorbers, Oil Water Separators, Oil Gas Water Separators, Pits, Sumps, Tanks, Vessels   | C        |
| Concrete/Asphalt Crushing<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Screens, Vibrating Grizzlies, Weigh Stations                             | C        | Crude Oil/Gas/Water Separation System, (= > 30 BPD & < 400 BPD)**<br>Including, but not limited to, all or part of the following: Adsorbers, Oil Water Separators, Oil Gas Water Separators, Pits, Sumps, Tanks, Vessels  | C        |
| Concrete Batch Equipment<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations | C        | Crude Oil/Gas/Water Separation System, (= > 400 BPD)**<br>Including, but not limited to, all or part of the following: Adsorbers, Oil Water Separators, Oil Gas Water Separators, Pits, Sumps, Tanks, Vessels   | E        |
| Confined Animal Facility  | A        | Decorating Lehr   | C        |
| Container Filling, Liquid   | B        | Decorator   | B        |
| Conveying, Other  | B        | Deep-Fat Fryer  | C        |
| Cooling Tower, Petroleum Operations   | C        | Dehydration Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                             | C        |
| Cooling Tower, Other  | B        | Degreaser, Cold Solvent Dipping   | B        |
| Core Oven   | B        |   |          |
| Cotton Ginning System<br>Including, but not limited to, all or part of the following: Hoppers, Conveyors, Separators, Screens, Classifiers, Mixers  | D        |   |          |
| Crankcase Oil, Loading and Unloading  | C        |   |          |
| Crematory   | C        |   |          |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process   | Schedule | Equipment/Process   | Schedule |
|---|----------|---|----------|
| Degreaser, Cold Solvent Spray   | C        | Emission Reduction Credits<br>[Rule 301(c)(4) and (c)(5)]   | I        |
| Degreaser, (<= 1 lb VOC/day)  | B        | End Liner, Can  | B        |
| Degreaser (> 1 lb VOC/day)  | B        | Ethylene Oxide Sterilization, Hospital  | B        |
| Degreaser, (VOCw/Toxics)  | C        | Evaporation, Toxics   | C        |
| Delayed Coking Unit<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Fractionators, Heat Exchangers,<br>Knock Out Pots, Pots, Pumps,<br>Reactors, Regenerators, Scrubbers,<br>Settling Tanks, Sumps, Tanks,<br>Towers, Vessels | E        | Evaporator, Other   | B        |
| Deposition on Ceramics (< 5 pieces)   | B        | Extraction - Benzene<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Heat Exchangers, Knock Out Pots,<br>Pots, Pumps, Reactors,<br>Regenerators, Scrubbers, Settling<br>Tanks, Sumps, Tanks, Towers,<br>Vessels | C        |
| Deposition on Ceramics (5 or more<br>pieces)  | C        | Extruder  | B        |
| Desalting Unit<br>Including, but not limited to, all or part<br>of the following: Mixers, Pumps,<br>Reactors, Settling Tanks, Sumps,<br>Tanks, Vessels  | C        | Extrusion System (Multiple Units)<br>Including, but not limited to, all or part<br>of the following: Extruders  | C        |
| Die Casting Equipment   | C        | Fatty Acid Mfg.   | C        |
| Digester Gas Desulfurization System<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Heat Exchangers, Knock Out Pots,<br>Pots, Pumps, Reactors,<br>Regenerators, Scrubbers, Settling<br>Tanks, Tanks, Towers, Vessels          | C        | Feathers, Size Classification   | A        |
| Dip Tank, Coating   | B        | Feed Handling (combining conveying<br>and loading)  | D        |
| Dip Tank, (<= 3 gal/day)  | B        | Fermentation/Brewing<br>Including, but not limited to, all or part<br>of the following: Hoppers,<br>Conveyors, Brew Kettles   | C        |
| Distillation, Other<br>Including, but not limited to, all or part<br>of the following: Absorbers,<br>Accumulators, Columns,<br>Compressors, Condensers, Drums,<br>Fractionators, Heat Exchangers,<br>Knock Out Pots, Pots, Pumps,<br>Reactors, Regenerators, Scrubbers,<br>Settling Tanks, Sumps, Tanks,<br>Towers, Vessels | C        | Fertilizer, Natural, Packaging/<br>Processing<br>Including, but not limited to, all or part<br>of the following: Bins, Conveyors,<br>Bucket Elevators, Hoppers,<br>Loading Arms, Weigh Stations   | B        |
| Drilling Rig, Crude Oil Prod.   | C        | Fertilizer, Synthetic, Production<br>Including, but not limited to, all or part<br>of the following: Bins, Conveyors,<br>Bucket Elevators, Mixers, Dryers,<br>Process Tanks, Reactors, Hoppers,<br>Loading Arms, Weigh Stations   | C        |
| Drop Forge  | B        | Fiberglass Panel Mfg<br>Including, but not limited to, all or part<br>of the following: Conveyors,<br>Mixers, Reactors, Process Tanks,<br>Cutters   | C        |
| Dry Cleaning & Associated Control<br>Equipment  | A        | Filament Winder, Rule 1401 Toxics   | C        |
| Dryer for Organic Material  | C        | Filament Winder, Other  | B        |
| Drying/Laundry  | A        | Filling Machine, Dry Powder   | C        |
| Drying, Other   | B        | Film Cleaning Machine   | B        |
|   |          | Flour Handling (combining conveying,<br>packaging, and loadout)   | E        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule | Equipment/Process   | Schedule |
|--|----------|---|----------|
| Flour Manufacturing (combining milling and conveying)  | E        | Furnace, Burn-Off, Engine Parts   | C        |
| Flour Milling<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Mills, Weigh Stations  | D        | Furnace, Burn-Off, Paint  | C        |
| Flow Coater  | B        | Furnace, Burn-Off, Wax  | C        |
| Fluid Catalytic Cracking Equipment<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | H        | Furnace, Burn-Off, Other  | C        |
| Fluid Elimination, Waste Water   | B        | Furnace, Cupola   | D        |
| Foam-in-Place Packaging  | A        | Furnace, Electric, Induction and Resistance   | C        |
| Food Processing<br>Grinding, Blending, Packaging, Conveying, Flavoring   | C        | Furnace, Frit   | C        |
| Fractionation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                 | E        | Furnace, Galvanizing  | C        |
| Fruit and Vegetable Treating   | A        | Furnace, Graphitization and Carbonization   | C        |
| Fuel Gas Mixer   | C        | Furnace, Heat Treating  | B        |
| Fuel Gas, Treating<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Scrubbers, Settling Tanks, Towers, Vessels  | D        | Furnace, Other Metallic Operations  | C        |
| Fuel Storage & Dispensing Equipment (Rule 461)<br>Including, but not limited to, all or part of the following: Storage Tanks, Dispensing Nozzles   | A        | Furnace, Pot/Crucible   | C        |
| Fumigation   | A        | Furnace, Reverberatory  | D        |
| Furnace, Arc   | D        | Furnace, Wire Reclamation   | C        |
| Furnace, Burn-Off, Armature  | C        | Garnetting, Paper/Polyester<br>Including, but not limited to, all or part of the following: Feeders, Conveyors, Condensers, Cutters   | C        |
| Furnace, Burn-Off, Drum  | D        | Gas Plant<br>Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Re-generators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels   | E        |
|  |          | Gas Turbine, Landfill/Digester Gas, <0.3 MW   | B        |
|  |          | Gas Turbine, Landfill/Digester Gas, => 0.3 MW   | E        |
|  |          | Gas Turbine, <= 50 MW, other fuel   | D        |
|  |          | Gas Turbine, > 50 MW, other fuel  | G        |
|  |          | Gas Turbine, Emergency, < 0.3 MW  | A        |
|  |          | Gas Turbine, Emergency, => 0.3 MW   | C        |
|  |          | Gas Turbines (Microturbines only)   | A        |
|  |          | Gas-Oil Cracking Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule | Equipment/Process   | Schedule |
|--|----------|---|----------|
| Gasoline, In-line Blending<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels               | D        | Gasoline Fractionation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | F        |
| Gasoline, Refining<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                       | D        | Gasoline Transfer & Dispensing Facility (See Fuel Storage & Dispensing Equipment)   |          |
|  |          | Glass Forming Machine   | C        |
|  |          | Glass Furnace < 1TPD  | B        |
|  |          | Glass Furnace, > 1 - 50 TPD Pull  | D        |
|  |          | Glass Furnace, > 50 TPD Pull  | E        |
| Gasoline, Separation - Liquid Production<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | D        | Grain Cleaning<br>Including, but not limited to, all or part of the following: Air Classifiers, Bins, Conveyors, Bucket Elevators, Hoppers, Mills, Screens, Weigh Stations  | C        |
|  |          | Grain Handling (combining storage and cleaning)   | E        |
|  |          | Grain Storage   | C        |
|  |          | Grinder, Size Reduction   | B        |
| Gasoline, Vapor Gathering System<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels         | D        | Groundwater Treatment System<br>Including, but not limited to, all or part of the following: Air Strippers, Adsorbers, Process Tanks  | C        |
|  |          | Gypsum, Calcining<br>Including, but not limited to, all or part of the following: Air Classifiers, Bins, Conveyors, Bucket Elevators, Hoppers, Kilns, Weigh Stations  | E        |
| Gasoline Blending Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Scrubbers, Settling Tanks, Towers, Vessels  | E        | Halon/Refrigerants, Recovery and Recycling Equipment  | A1       |
|  |          | Heater, (< 5 MMBTU/hr)  | B        |
|  |          | Heater, (5 - 20 MMBTU/hr)   | C        |
|  |          | Heater, (> 20-50 MMBTU/hr)  | D        |
|  |          | Heater, (> 50 MMBTU/hr)   | E        |
|  |          | Hot End Coating, (Glass Mfg. Plant)   | B        |
|  |          | Hydrant Fueling, Petrol. Middle Distillate<br>Including, but not limited to, all or part of the following: Storage Tanks, Dispensing Nozzles  | D        |



**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process   | Schedule | Equipment/Process  | Schedule |
|---|----------|--|----------|
| Hydrocarbons, Misc., Treating<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels       | D        | Ink Mfg./Blending<br>Including, but not limited to, all or part of the following: Process Tanks, Mixers  | B        |
| Hydrogen Desulfurization (HDS) Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | F        | Inorganic Chemical Mfg.<br>Including, but not limited to, all or part of the following: Process Tanks, Mixers, Reactors  | D        |
| Hydrogen Production Equipment<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels       | F        | Insecticide Separation/Mfg<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        |
| Hydrotreating Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                  | E        | Iodine Reaction<br>Including, but not limited to, all or part of the following: Columns, Compressors, Condensers, Coolers, Heat Exchangers, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Tanks, Towers  | C        |
| IC Engine, (51-500 HP) Cogeneration   | B        | Isomerization Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels             | E        |
| IC Engine, (> 500 HP) Cogeneration  | C        | Jet Engine Test Facility   | C        |
| IC Engine, Emergency  | B        | Kiln, Natural Gas  | C        |
| IC Engine, Landfill/Digester Gas  | D        | Landfill Condensate/Leachate Collection/Storage  | B        |
| IC Engine, Other, 51-500 HP   | B        | Landfill Gas, Collection, (< 10 Wells)   | B        |
| IC Engine, Other, > 500 HP  | C        | Landfill Gas, Collection, (10 -50 Wells)   | C        |
| Impregnating Equipment  | C        | Landfill Gas, Collection, (> 50 Wells)   | D        |
| Incineration, Hazardous Waste   | H        | Landfill Gas, Treatment  | E        |
| Incinerator, < 300 lbs/hr, Non-Hazardous  | E        | Lime/Limestone, Conveying<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Weigh Stations   | C        |
| Incinerator, >= 300 lbs/hr, Non-Hazardous   | F        | Liquid Separation, Other<br>Including, but not limited to, all or part of the following: Process Tanks, Settling Tanks, Separators, Tanks  | D        |
| Indoor Shooting Range   | B        |  |          |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process   | Schedule | Equipment/Process  | Schedule |
|---|----------|--|----------|
| Liquid Waste Processing, Hazardous<br>Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Reactors, Process Tanks, Clarifiers, Settling Tanks, Waste Water Separators, Tanks   | E        | Merichem Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                        | D        |
| Liquid Waste Processing, Non Hazardous<br>Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Reactors, Process Tanks, Clarifiers, Settling Tanks, Waste Water Separators, Tanks   | C        | Merox Treating Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                  | E        |
| LPG, Tank Truck Loading   | D        | Metal Deposition Equipment   | C        |
| LPG, Treating<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels         | D        | Metallic Mineral Production<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Crushers, Cyclones, Log Washers, Mixers, Screens, Vibrating Grizzlies, Weigh Stations   | E        |
| LPG Distillation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        | Misc. Solvent Usage at a Premise   | B        |
| Lube Oil Additive/Lubricant Mfg.  | B        | Mixer, Chemicals   | B        |
| Lube Oil Re-refining<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels  | D        | MTBE Production Facility<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Mixers, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | F        |
| Marine Bulk Loading/Unloading System, Including, but not limited to, all or part of the following: Absorbers, Compressors, Condensers, Knock Out Pots, Pumps, Reactors, Saturators  | D        | Natural Gas Dehydration<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                             | C        |
| Marine Vessel Displaced Vapor Control, Including, but not limited to, all or part of the following: Absorbers, Compressors, Condensers, Knock Out Pots, Pumps, Reactors, Saturators   | D        | Natural Gas Odorizers  | C        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process   | Schedule | Equipment/Process  | Schedule |
|---|----------|--|----------|
| Natural Gas Stabilization Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Scrubbers, Regenerators, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        | Pesticide/Herbicide Mfg.<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Coolers, Drums, Ejectors, Heat Exchangers, Knock Out Pots, Mixers, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        |
| Nut Roasters<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Roasters, Coolers  | C        | Petroleum Coke Calcining<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Reactors, Mixers, Process Tanks, Kilns   | F        |
| Nut Shell Drying<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Bucket Elevators, Hoppers, Dryers, Coolers  | C        | Petroleum Coke Conveying<br>Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators  | B        |
| Oil/Water Separator (< 10,000 GPD)<br>Including, but not limited to, all or part of the following: Oil Water Separators, Pits, Sumps, Tanks, Vessels  | B        | Pharmaceutical Mfg.<br>Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Reactors, Process Tanks, Pelletizers, Mixers, Dryers   | C        |
| Oil/Water Separator (>= 10,000 GPD)<br>Including, but not limited to, all or part of the following: Oil Water Separators, Pits, Sumps, Tanks, Vessels   | C        | Pharmaceutical Mfg.<br>Tableting, Coating Vitamins or Herbs  | C        |
| Open-Air resin operations   | A        | Pipe Coating, Asphaltic  | B        |
| Oven Bakery   | C        | Plasma Arc Cutting   | B1       |
| Oven, Curing (Rule 1401 toxics)   | C        | Plastic Mfg., Blow Molding Machine   | B        |
| Oven, Other   | B        | Plastic/Resin Size Reduction<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Feeders, Hoppers, Grinders, Mills, Cyclones, Screens, Weigh Stations   | B        |
| Packaging, Other  | B        | Plastic/Resins Reforming   | C        |
| Paint Stripping, Molten Caustic   | C        | Plastic/Resins Treating  | C        |
| Paper Conveying   | A        | Plastisol Curing Equipment   | B        |
| Paper Pulp Products   | D        | Polystyrene Expansion/Molding  | C        |
| Paper Size Reduction  | C        | Polystyrene Expansion/Packaging  | C        |
| Pavement Grinder  | B        | Polystyrene Extruding/Expanding  | B        |
| Pavement Heater   | B        | Polyurethane Foam Mfg.<br>Including, but not limited to, all or part of the following: Coolers, Heat Exchangers, Pumps, Reactors, Mixers, Process Tanks  | C        |
| Pelletizing, Chlorine Compounds<br>Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Pelletizers, Mixers, Dryers   | C        | Polyurethane Mfg/Production  | B        |
| Perlite Furnace   | C        | Polyurethane Mfg/Rebonding   | B        |
| Perlite Handling<br>Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators   | C        | Process Line, Chrome Plating (Hexavalent)  | C        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process   | Schedule | Equipment/Process   | Schedule |
|---|----------|---|----------|
| Process Line, Chrome Plating (Trivalent)  | B        | Sand Handling Equipment, Foundry Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators  | C        |
| Precious Metal, Recovery, Other   | B        | Sand Handling Equipment w/Shakeout, Foundry Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators   | D        |
| Precious Metal, Recovery, Catalyst  | D        | Screening, Green Waste  | A        |
| Printing Press, Air Dry   | B        | Screening, Other Including, but not limited to, all or part of the following: Screens, Conveyors, Bins, Hoppers, Bucket Elevators   | C        |
| Printing Press With IR, EB or UV Curing   | B        | Semiconductor, Int. Circuit Mfg (< 5 pieces)  | B        |
| Printing Press, Other   | C        | Semiconductor, Int. Circuit Mfg (5 or more)   | C        |
| Printing Press, Screen  | B        | Semiconductor, Photo resist (< 5 pieces)  | B        |
| Production, Other   | B        | Semiconductor, Photo resist (5 or more pieces)  | C        |
| Railroad Car Loading/Unloading, Other   | C        | Semiconductor, Solvent Cleaning (< 5 pieces)  | B        |
| Railroad Car Unloading, liquid direct to trucks   | B        | Semiconductor, Solvent Cleaning (5 or more pieces)  | C        |
| Reaction, Other   | C        | Sewage Sludge Composting  | C        |
| Recovery, Other   | B        | Sewage Sludge Drying, Conveying, Storage, Load-out Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators, Loading Arms  | D        |
| Refined Oil/Water Separator Including, but not limited to, all or part of the following: Oil/Water Separators, Pits, Sumps, Tanks, Vessels        | B        | Sewage Sludge Digestion   | D        |
| Refrigerant Recovery/Recycling  | A1       | Sewage Sludge Dryer   | D        |
| Rendering Equipment, Blood Drying   | C        | Sewage Sludge Incineration  | H        |
| Rendering Equipment, Fishmeal Drying  | C        | Sewage Treatment, (<= 5 MGD), Aerobic Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Trickling Filters, Waste Water Separators, Tanks | C        |
| Rendering Equipment, Rendering  | D        | Sewage Treatment, (> 5 MGD) Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Filter Presses, Clarifiers, Settling Tanks, Trickling Filters, Waste Water Separators, Tanks           | F        |
| Rendering Equipment, Separation, Liquid   | C        |   |          |
| Rendering Product, Handling Including, but not limited to, all or part of the following: Conveyors, Bins, Hoppers, Bucket Elevators               | C        |   |          |
| Resin, Varnish Mfg. Including, but not limited to, all or part of the following: Coolers, Heat Exchangers, Pumps, Reactors, Mixers, Process Tanks | D        |   |          |
| Roller Coater   | B        |   |          |
| Rubber Mfg. Including, but not limited to, all or part of the following: Coolers, Heat Exchangers, Pumps, Reactors, Mixers, Process Tanks         | C        |   |          |
| Rubber Presses or Molds with a ram diameter of more than 26 inches Submitted before September 11, 1999  | A        |   |          |
| Submitted on or after September 11, 1999  | B        |   |          |
| Rubber Roll Mill  | B        |   |          |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule | Equipment/Process  | Schedule |
|--|----------|--|----------|
| Sewage Treatment, (> 5 MGD), Anaerobic<br>Including, but not limited to, all or part of the following: Air Floatation Units, Floatation Units, Digesters, Filter Presses, Clarifiers, Settling Tanks, Trickling Filters, Waste Water Separators, Tanks | G        | Solvent Redistillation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels           | E        |
| Sheet Machine  | B        | Spent Stretford Solution Regeneration<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | D        |
| Shell Blasting System  | B        | Spray Equipment, Open  | B        |
| Shipping Container System  | B        | Spray Machine, Adhesive  | B        |
| Sintering  | C        | Spray Machine, Coating   | B        |
| Size Reduction, Other<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Mixers, Screens, Weigh Stations   | C        | Spray Machine, Powder Coating  | B        |
| Size Reduction, Petroleum Coke<br>Including, but not limited to, all or part of the following: Bins, Bucket Elevators, Conveyors, Dryers, Feeders, Hoppers, Crushers, Cyclones, Mixers, Screens, Weigh Stations  | C        | Spraying, Resin/Gel Coat   | C        |
| Sludge Dewatering, Other<br>Including, but not limited to, all or part of the following: Filter Press, Process Tanks, Settling Tanks   | D        | Sterilization Equipment  | C        |
| Sludge Dryer, Other  | B        | Stereolithography  | A        |
| Sludge Incinerator   | H        | Storage, Petroleum Coke  | C        |
| Smoke Generator  | B        | Storage Container, Baker-Type  | B        |
| Smokehouse   | C        | Storage Container, Baker-Type w/Control  | C        |
| Soap/Detergent Mfg<br>Including, but not limited to, all or part of the following: Process Tanks, Mixers, Tanks, Conveyors, Bins, Hoppers, Bucket Elevators  | D        | Storage Silo, Other Dry Material   | A        |
| Soil Treatment, Other<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Ovens   | D        | Storage Tank, w/o Control, Crude Oil/Petroleum Products  | B        |
| Soil Treatment, Vapor Extraction<br>Including, but not limited to, all or part of the following: Adsorbers, Afterburners   | C        | Storage Tank, Acid with sparger  | B        |
| Solder Leveling  | B        | Storage Tank, Ammonia with sparger   | B        |
| Soldering Machine  | B        | Storage Tank, Asphalt <= 50,000 gallons  | B        |
| Solvent Reclaim, Still (Multistage)  | C        | Storage Tank, Asphalt > 50,000 gallons   | C        |
| Solvent Reclaim, Still (Single stage)  | A        | Storage Tank, Degassing Unit   | D        |
|  |          | Storage Tank, Fixed Roof with Internal Floater   | C        |
|  |          | Storage Tank, Fixed Roof with Vapor Control  | C        |
|  |          | Storage Tank, Fuel Oil   | A        |
|  |          | Storage Tank, Lead Compounds   | C        |
|  |          | Storage Tank, LPG  | A        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule |
|--|----------|
| Storage Tank, LPG w/Vaporizing System  | C        |
| Storage Tank, Other  | A        |
| Storage Tank, Other w/ Control Equipment   | B        |
| Storage Tank, with Passive Carbon s.s.   | B        |
| Storage Tank, with Passive Carbon m.s.   | C        |
| Storage Tank, with Passive Carbon t.s.   | C        |
| Storage Tank, Rendered Products  | C        |
| Storage Tank, Waste Oil  | A        |
| Storage Tank with condenser  | B        |
| Storage Tank, with External Floating Roof  | C        |
| Stove-Oil Filter/Coalescer Facility  | D        |
| Striper, Can   | B        |
| Striper, Pavement  | B        |
| Stripping, Other   | B        |
| Sulfonation<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | E        |
| Sulfuric Acid Plant<br>Including, but not limited to, all or part of the following: Accumulators, Columns, Condensers, Drums, Heat Exchangers, Knock Out Pots, Pots, Pumps, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels                           | F        |
| Sump, Covered & Controlled   | C        |
| Sump, Spill Containment  | A        |
| Tablet Coating Pans  | A        |
| Tank, Hard Chrome Plating  | C        |
| Tank/Line, Other Chrome Plating or Chrome Anodizing  | C        |
| Tank, Line, Other Process Emitting Hexavalent Chrome   | C        |
| Tank/Line, Trivalent Chrome Plating  | B        |
| Tank/Line, Cadmium or Nickel Plating   | C        |
| Tank/Line, Other Process Emitting Nickel or Cadmium  | B1       |

| Equipment/Process   | Schedule |
|---|----------|
| Tank/Line, Other Plating  | B        |
| Tank/Line Nitric Acid Process Emitting NOx  | C        |
| Tank/Line, Other Process Using Aqueous Solutions  | B        |
| Tank, Paint Stripping w/Methylene Chloride  | C        |
| Textiles, Recycled, Processing  | C        |
| Thermal Cracking Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels           | E        |
| Tire Buffer   | A        |
| Treating, Other   | B        |
| Treating, Petroleum Distillates<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels | D        |
| Vacuum Distillation Unit<br>Including, but not limited to, all or part of the following: Absorbers, Accumulators, Columns, Compressors, Condensers, Drums, Fractionators, Heat Exchangers, Knock Out Pots, Pots, Pumps, Reactors, Regenerators, Scrubbers, Settling Tanks, Sumps, Tanks, Towers, Vessels        | E        |
| Vacuum Machine  | C        |
| Vacuum Metalizing   | B        |
| Vacuum Pumps  | C        |
| Vegetable Oil Extractor<br>Including, but not limited to, all or part of the following: Bins, Conveyors, Cookers, Presses, Tanks, Kilns   | E        |
| Warming Device, Electric  | A        |

**TABLE IB - PERMIT FEE RATE SCHEDULES FOR BASIC EQUIPMENT**

| Equipment/Process  | Schedule |
|--|----------|
| Waste Water Treating<br>(< 10,000 gpd)<br>Including, but not limited to, all or part<br>of the following: Air Floatation<br>Units, Floatation Units, Filter<br>Presses, Clarifiers, Settling Tanks,<br>Waste Water Separators, Tanks           | B        |
| Waste Water Treating<br>(< 20,000 gpd) no toxics<br>Including, but not limited to, all or part<br>of the following: Air Floatation<br>Units, Floatation Units, Filter<br>Presses, Clarifiers, Settling Tanks,<br>Waste Water Separators, Tanks | B        |
| Waste Water Treating<br>(20,000 - 50,000 gpd)<br>Including, but not limited to, all or part<br>of the following: Air Floatation<br>Units, Floatation Units, Filter<br>Presses, Clarifiers, Settling Tanks,<br>Waste Water Separators, Tanks    | D        |
| Waste Water Treating<br>(> 50,000 gpd)<br>Including, but not limited to, all or part<br>of the following: Air Floatation<br>Units, Floatation Units, Filter<br>Presses, Clarifiers, Settling Tanks,<br>Waste Water Separators, Tanks           | E        |
| Waste-to-Energy Equipment  | H        |
| Wet Gate Printing Equipment using<br>Perchloroethylene   | B        |
| Weigh Station  | A        |
| Wood Treating Equipment<br>Including, but not limited to, all or part<br>of the following: Coater<br>Operations, Process Tanks   | C        |

TABLE IIA  
SPECIAL PROCESSING FEES  
AIR QUALITY ANALYSIS/HEALTH RISK ASSESSMENT

| Schedule | Fee                                      |
|----------|--|
| A        | <del>\$1,406.78</del> <u>456.01</u>      |
| B        | <del>\$1,406.78</del> <u>456.01</u>      |
| C        | <del>\$1,406.78</del> <u>456.01</u>      |
| D        | <del>\$5,036.43</del> <u>212.70</u> +T&M |
| E        | <del>\$5,036.43</del> <u>212.70</u> +T&M |
| F        | <del>\$5,036.43</del> <u>212.70</u> +T&M |
| G        | <del>\$5,036.43</del> <u>212.70</u> +T&M |
| H        | <del>\$6,716.44</del> <u>951.51</u> +T&M |

D through G: T&M = Time and Material charged at ~~\$144.05~~per 149.09 per hour above 35 hours.

H: T&M = Time and Material charged at ~~\$144.05~~149.09 per hour above 47 hours. Time and material charges for work beyond these hourly limits shall be for analysis or assessment required due to modification of the project or supporting analysis submitted for initial review or for multiple analyses or assessments required for a project or other special circumstances and shall be approved by the Executive Officer.

An additional fee of ~~\$2,411.61~~496.01 shall be assessed for a project requiring modeling review triggered by the requirements of Regulation XVII – Prevention of Significant Deterioration (PSD). The total combined fee for these reviews shall not exceed ~~\$16,077.38~~640.08.



TABLE IIB  
CEMS, FSMS, & ACEMS FEE SCHEDULE

| Certification Review   |                                       |   |
|--|---------------------------------------|---|
| CEMS and FSMS Review <sup>1</sup>  | Basic Fee <sup>2</sup>                | Maximum Fee                             |
| Any combination of pollutants, diluent, flow, or other parameter <sup>3</sup> for:   |                                       |   |
| One to two components  | <del>\$3,894.50</del> <u>4,030.80</u> | <del>\$6,972.94</del> <u>7,216.99</u>   |
| Three to four components   | <del>\$4,684.79</del> <u>48.75</u>    | <del>\$12,831.72</del> <u>13,280.83</u> |
| For each additional component beyond four, the following amount is added to the fee for four components  | \$0.00                                | <del>\$3,469.68</del> <u>280.61</u>     |
| For time-sharing of CEMS, the following amount is added to any fee determined above  | \$0.00                                | <del>\$3,469.68</del> <u>280.61</u>     |
| ACEMS Review   | Basic Fee <sup>4</sup>                | Maximum Fee                             |
|  | <del>\$3,894.50</del> <u>4,030.80</u> | <del>\$12,831.72</del> <u>13,280.83</u> |
| <sup>1</sup> The certification fee includes the initial application approval, approval of test protocol, and approval of the performance test results. An application resubmitted after a denial will be treated as a new application and will be subject to a new fee.  |                                       |   |
| <sup>2</sup> Covers up to 40 hours evaluation time for the first two components, 60 hours for the first four components, and up to an additional 12 hours for each component beyond four. Excess hours beyond these will be charged at <del>\$172.01</del> <u>178.03</u> per hour, to the maximum listed in the table. |                                       |   |
| <sup>3</sup> Additional components, as necessary, to meet monitoring requirements (e.g., moisture monitor).  |                                       |   |
| <sup>4</sup> Covers up to 40 hours evaluation time.  |                                       |   |

TABLE III - EMISSION FEES

| Annual Emissions (tons/yr) | Organic Gases* (\$/ton)     | Specific Organics** (\$/ton) | Nitrogen Oxides (\$/ton)  | Sulfur Oxides (\$/ton)      | Carbon Monoxide (\$/ton) | Particulate Matter (\$/tons) |
|----------------------------|-----------------------------|------------------------------|---------------------------|-----------------------------|--------------------------|------------------------------|
| 4—25                       | \$625.176<br><u>47.05</u>   | \$111.85115<br><u>.76</u>    | \$365.7537<br><u>8.55</u> | \$433.63448<br><u>80</u>    | -                        | \$478.05494.7<br><u>8</u>    |
| >25—75                     | \$1,015.03<br><u>050.55</u> | \$177.23183<br><u>.43</u>    | \$580.9760<br><u>1.30</u> | \$700.97725<br><u>50</u>    | -                        | \$774.62801.7<br><u>3</u>    |
| >75 and <100               | \$1,519.37<br><u>572.54</u> | \$265.82275<br><u>.12</u>    | \$874.9790<br><u>5.59</u> | \$1,052.4108<br><u>9.24</u> | -                        | \$1,159.81200<br><u>.40</u>  |
| ≥100                       | \$1,519.37<br><u>572.54</u> | \$265.82275<br><u>.12</u>    | \$874.9790<br><u>5.59</u> | \$1,052.4108<br><u>9.24</u> | \$7.4975                 | \$1,159.81200<br><u>.40</u>  |

\* Excluding methane, exempt compounds as specified in paragraph (c)(13), and specific organic gases as specified in paragraph defined in subdivision (b) of this rule.

\*\* See specific organic gases as defined in subdivision (b) of this rule.

| Annual Emissions (tons/year)  | ≥1 (lb/year) | ≥0.1≥200 (lb/year) | 4 — 25 (ton/year) | >25 — 75 (ton/year) | >75 - <100 (ton/year) | >100 (ton/year) |
|-------------------------------|--------------|--------------------|-------------------|---------------------|-----------------------|-----------------|
| Organic Gases* (\$/ton)       |              | =                  | \$647.05          | \$1,050.55          | \$1,572.54            | \$1,572.54      |
| Specific Organics** (\$/ton)  |              | =                  | \$115.76          | \$183.43            | \$275.12              | \$275.12        |
| Nitrogen Oxides (\$/ton)      |              | =                  | \$378.55          | \$601.30            | \$905.59              | \$905.59        |
| Sulfur Oxides (\$/ton)        |              | =                  | \$448.80          | \$725.50            | \$1,089.24            | \$1,089.24      |
| Carbon Monoxide (\$/ton)      |              | =                  | =                 | =                   | =                     | \$7.75          |
| Particulate Matter (\$/ton)   |              | =                  | \$494.78          | \$801.73            | \$1,200.40            | \$1,200.40      |
| Ammonia (\$/lb)               |              | \$0.04             | \$0.04            | \$0.04              | \$0.04                | \$0.04          |
| Chlorofluorocarbons (\$/lb)   | \$0.43       | \$0.43             | \$0.43            | \$0.43              | \$0.43                | \$0.43          |
| 1,1,1-trichloroethane (\$/lb) | \$0.06       | \$0.06             | \$0.06            | \$0.06              | \$0.06                | \$0.06          |

\* Excluding methane, and exempt compounds as defined in Rule 102 specified in paragraph (c)(13), and specific organic gases as specified in paragraph defined in subdivision (b) of this rule.

\*\* See specific organic gases as defined in subdivision (b) of this rule.

TABLE IV  
TOXIC AIR CONTAMINANTS AND OZONE DEPLETERS

| <u>CAS</u>      | <u>TOXIC COMPOUNDS</u>  | <u>Annual Emission<br/>Thresholds (lbs)</u> | <u>Fees Before<br/>January 1, 2021</u> |
|-----------------|---|---|--|
|                 |   |   | <u>\$/1 lb</u>                         |
| <u>1332214</u>  | <u>Asbestos</u>   | <u>0.0001</u>                               | <u>6.74</u>                            |
| <u>71432</u>    | <u>Benzene</u>  | <u>2</u>                                    | <u>2.27</u>                            |
| <u>7440439</u>  | <u>Cadmium</u>  | <u>0.01</u>                                 | <u>6.74</u>                            |
| <u>56235</u>    | <u>Carbon tetrachloride</u>   | <u>1</u>                                    | <u>2.27</u>                            |
| <u>106934</u>   | <u>Ethylene dibromide</u>   | <u>0.5</u>                                  | <u>2.27</u>                            |
| <u>107062</u>   | <u>Ethylene dichloride</u>  | <u>2</u>                                    | <u>2.27</u>                            |
| <u>75218</u>    | <u>Ethylene oxide</u>   | <u>0.5</u>                                  | <u>2.27</u>                            |
| <u>50000</u>    | <u>Formaldehyde</u>   | <u>5</u>                                    | <u>0.5</u>                             |
| <u>18540299</u> | <u>Hexavalent chromium</u>  | <u>0.0001</u>                               | <u>9.01</u>                            |
| <u>75092</u>    | <u>Methylene chloride</u>   | <u>50</u>                                   | <u>0.09</u>                            |
| <u>7440020</u>  | <u>Nickel</u>   | <u>0.1</u>                                  | <u>4.49</u>                            |
| <u>127184</u>   | <u>Perchloroethylene</u>  | <u>5</u>                                    | <u>0.5</u>                             |
| <u>106990</u>   | <u>1,3-Butadiene</u>  | <u>0.1</u>                                  | <u>6.74</u>                            |
| <u>7440382</u>  | <u>Inorganic arsenic</u>  | <u>0.01</u>                                 | <u>6.74</u>                            |
| <u>7440417</u>  | <u>Beryllium</u>  | <u>0.001</u>                                | <u>6.74</u>                            |
| <u>75014</u>    | <u>Vinyl chloride</u>   | <u>0.5</u>                                  | <u>2.27</u>                            |
| <u>7439921</u>  | <u>Lead</u>   | <u>0.5</u>                                  | <u>2.27</u>                            |
| <u>123911</u>   | <u>1,4-Dioxane</u>  | <u>5</u>                                    | <u>0.5</u>                             |
| <u>79016</u>    | <u>Trichloroethylene</u>  | <u>20</u>                                   | <u>0.18</u>                            |
| <u>1086</u>     | <u>Chlorinated dioxins, without individual<br/>isomers reported</u>       | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>1746016</u>  | <u>2,3,7,8-TCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>3268879</u>  | <u>1-8OctaCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>19408743</u> | <u>1-3,7-9HxCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>35822469</u> | <u>1-4,6-8HpCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>39227286</u> | <u>1-4,7,8HxCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>40321764</u> | <u>1-3,7,8PeCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>57653857</u> | <u>1-3,6-8HxCDD</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>1080</u>     | <u>Chlorinated dibenzofurans, without<br/>individual isomers reported</u> | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>39001020</u> | <u>1-8OctaCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>51207319</u> | <u>2,3,7,8-TCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>55673897</u> | <u>1-4,7-9HpCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>57117314</u> | <u>2-4,7,8PeCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>57117416</u> | <u>1-3,7,8PeCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>57117449</u> | <u>1-3,6-8HxCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |
| <u>60851345</u> | <u>2-4,6-8HxCDF</u>   | <u>0.000001</u>                             | <u>11.28</u>                           |

|          |   |          |       |
|----------|---|----------|-------|
| 67562394 | 1-4,6-8HpCDF  | 0.000001 | 11.28 |
| 70648269 | 1-4,7,8HxCDF  | 0.000001 | 11.28 |
| 72918219 | 1-3,7-9HxCDF  | 0.000001 | 11.28 |
| 1151     | Polycyclic aromatic hydrocarbons, PAHs<br>(without individual isomers reported) | 0.2      | 6.74  |
| 50328    | Benzo[a]pyrene [PAH, POM]   | 0.2      | 6.74  |
| 53703    | Dibenz[a,h]anthracene [PAH, POM]  | 0.2      | 6.74  |
| 56495    | 3-Methylcholanthrene [PAH, POM]   | 0.2      | 6.74  |
| 56553    | Benz[a]anthracene [PAH, POM]  | 0.2      | 6.74  |
| 57976    | 7,12-Dimethylbenz(a)Anthracene [PAH,<br>POM]                                    | 0.2      | 6.74  |
| 91203    | Naphthalene [PAH, POM]  | 0.2      | 6.74  |
| 189559   | Dibenzo[a,i]pyrene [PAH, POM]   | 0.2      | 6.74  |
| 189640   | Dibenzo[a,h]pyrene [PAH, POM]   | 0.2      | 6.74  |
| 191300   | Dibenzo[a,l]pyrene [PAH, POM]   | 0.2      | 6.74  |
| 192654   | Dibenzo[a,e]pyrene [PAH, POM]   | 0.2      | 6.74  |
| 193395   | Indeno[1,2,3-cd]pyrene [PAH, POM]   | 0.2      | 6.74  |
| 194592   | 7H-Dibenzo(c,g)Carbazole [PAH, POM]   | 0.2      | 6.74  |
| 205823   | Benzo[j]fluoranthene [PAH, POM]   | 0.2      | 6.74  |
| 205992   | Benzo[b]fluoranthene [PAH, POM]   | 0.2      | 6.74  |
| 207089   | Benzo[k]fluoranthene [PAH, POM]   | 0.2      | 6.74  |
| 218019   | Chrysene [PAH, POM]   | 0.2      | 6.74  |
| 224420   | Dibenz(a,i)Acridine [PAH, POM]  | 0.2      | 6.74  |
| 226368   | Dibenz(a,h)Acridine [PAH, POM]  | 0.2      | 6.74  |
| 602879   | 5-Nitroacenaphthene [PAH, POM]  | 0.2      | 6.74  |
| 607578   | 2-Nitrofluorene [PAH, POM]  | 0.2      | 6.74  |
| 3697243  | 5-Methylchrysene [PAH, POM]   | 0.2      | 6.74  |
| 5522430  | 1-Nitropyrene [PAH, POM]  | 0.2      | 6.74  |
| 7496028  | 6-Nitrochrysene [PAH, POM]  | 0.2      | 6.74  |
| 42397648 | 1,6-Dinitropyrene [PAH, POM]  | 0.2      | 6.74  |
| 42397659 | 1,8-Dinitropyrene [PAH, POM]  | 0.2      | 6.74  |
| 57835924 | 4-Nitropyrene [PAH, POM]  | 0.2      | 6.74  |
| 9901     | Diesel Particulate Matter   | 0.1      | 0     |

TABLE V  
ANNUAL CLEAN FUELS FEES

|  |                             |                           |                                |
|--|-----------------------------|---------------------------|--------------------------------|
| Volatile Organic Compounds<br>(\$/ton) | Nitrogen Oxides<br>(\$/ton) | Sulfur Oxides<br>(\$/ton) | Particulate Matter<br>(\$/ton) |
|--|-----------------------------|---------------------------|--------------------------------|

|                                 |                                 |                                 |                                 |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <del>\$48.71</del> <u>49.01</u> | <del>\$27.31</del> <u>28.26</u> | <del>\$33.85</del> <u>35.03</u> | <del>\$27.31</del> <u>28.26</u> |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|

TABLE VI  
DEMOLITION, ASBESTOS AND LEAD NOTIFICATION FEES

| Demolition and Renovation by Project Size (square feet) <sup>1</sup> |                                   |                                   |                                   |                                       |                                       |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| up to 1,000  | > 1,000 to<br>5,000               | 5,000 to<br>10,000                | > 10,000 to<br>50,000             | > 50,000 to<br>100,000                | > 100,000                             |
| <del>\$62.92</del> <u>65.12</u>                                      | <del>\$192.40</del> <u>199.13</u> | <del>\$450.38</del> <u>466.14</u> | <del>\$706.21</del> <u>730.92</u> | <del>\$1,023.47</del> <u>1,059.29</u> | <del>\$1,705.79</del> <u>1,776.54</u> |

| Additional Service Charge Fees   |  |                                   |                                     |   |
|--|--|-----------------------------------|-------------------------------------|---|
| Revision to<br>Notification<br>for Start Date,<br>Quantity,<br>and/or End<br>Date <sup>2</sup> | Special<br>Handling<br>Fee <sup>2</sup> <u>Fee<sup>3</sup></u> | Planned<br>Renovation             | Procedure 4 or 5<br>Plan Evaluation | Expedited Procedure<br>4 or 5 Fee <sup>3</sup> <u>Fee<sup>4</sup></u> |
| <del>\$62.92</del> <u>25.00</u>  | <del>\$62.92</del> <u>65.12</u>                                | <del>\$706.21</del> <u>730.92</u> | <del>\$706.21</del> <u>730.92</u>   | <del>\$353.10</del> <u>365.45</u>                                     |

<sup>1</sup> For demolition, the fee is based on the building size.

For refinery or chemical unit demolition, the fee is based on the structure's footprint surface area.

For renovation, the fee is based on the amount of asbestos/lead removed.

<sup>2</sup> For revisions to notifications to change the End Date, service charge fees will only be charged if revisions result in a later End Date

<sup>23</sup> ~~For all notifications postmarked received~~ received less than 14 calendar days prior to project start date.

<sup>34</sup> ~~For all expedited Procedure 4 or 5 plan evaluation requests postmarked received~~ received less than 14 calendar days prior to project start date.

For each subsequent notification for pre-approved Procedure 5 plan submitted per Rule 1403(d)(1)(D)(i)(V)(2).

TABLE VII  
FACILITY PERMIT FEES FOR FACILITIES THAT ARE RECLAIM ONLY, TITLE  
V ONLY, AND BOTH RECLAIM & TITLE V

| Description  | Rule<br>section                      | FY 2018-19  | FY 2019-20<br>and thereafter   |
|--|--------------------------------------|---|--|
| Facility Permit Amendment/Revision Fee<br><br>• <u>RECLAIM Only or non-RECLAIM/non-Title V</u><br><br>• Title V Only*<br><br>• RECLAIM & Title V*<br><br>* Includes administrative, minor, de minimis significant, or significant amendment/revision | (l)(4)<br><br>(m)(4)                 | <del>\$1,170.63</del><br><br><del>\$1,325.61</del><br><br><del>\$2,496.24</del>   | <del>\$1,170.63</del> 211.<br>60<br><br><del>\$1,466.92</del> 18.<br>26<br><br><del>\$2,637.55</del> 29.<br>86 |
| Facility Permit Change of <u>Owner/Operator</u><br><br>• Facility Permit Amendment Fee<br><br>Plus<br><br>• Application Processing Fee for Each Application  | (c)(2)<br>(l)(6)<br>(m)(4)<br>(n)(5) | <i>Facility Permit<br/>Amendment/Revision Fee<br/>(See Above)</i><br><br>Plus<br><br><i>Processing Fees<br/>(See Table FEE RATE-C))</i> |  |
| Title V Facility Permit Renewal Fee<br>(Due at Filing)<br><br>Plus<br><br>Hourly Rate for Calculation of Final Fee<br>for Evaluation Time in Excess of 8 hours<br>(Due upon Notification)  | (m)(5)<br>(m)(9)                     | <del>\$3,010.95</del><br><br>Plus<br><br><del>\$210.67</del><br>per hour  | <del>\$3,331.91</del> 448.<br>52<br><br>Plus<br><br><del>\$233.13</del> 241.2<br>9<br>per hour                 |

## ATTACHMENT G

### SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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#### **Final Staff Report**

#### **Proposed Amended Regulation III – Fees; and Proposed Amended Rule 209 – Transfer and Voiding of Permits**

##### **Including:**

Proposed Amended Rule 209 – Transfer and Voiding of Permits  
Proposed Amended Rule 301 – Permitting and Associated Fees  
Proposed Amended Rule 303 – Hearing Board Fees  
Proposed Amended Rule 304 – Equipment, Materials, and Ambient Air Analyses  
Proposed Amended Rule 304.1 – Analyses Fees  
Proposed Amended Rule 306 – Plan Fees  
Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory  
Proposed Amended Rule 308 – On-Road Motor Vehicle Mitigation Options Fees  
Proposed Amended Rule 309 – Fees for Regulation XVI and Regulation XXV  
Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees  
Proposed Amended Rule 313 – Authority to Adjust Fees and Due Dates  
Proposed Amended Rule 314 – Fees for Architectural Coatings  
Proposed Amended Rule 315 – Fees for Training Classes and License Renewal

#### **May 2019**

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Wayne Nastri

##### **Deputy Executive Officer**

##### **Planning, Rule Development and Area Sources**

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GOVERNING BOARD**

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Speaker of the Assembly Appointee

Vice Chairman: DR. CLARK E. PARKER, SR.  
Senate Rules Committee Appointee

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County of Orange

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WAYNE NASTRI

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## EXECUTIVE SUMMARY

Regulation III - Fees establishes the fee rates and schedules to recover SCAQMD's reasonable costs of regulating and providing services, primarily to permitted sources. The Permitted Source Program is principally supported by three types of fees, namely permit processing fees for both facility permits and equipment-based permits, annual permit renewal fees, and emission-based annual operating fees, all of which are contained in Rule 301. Rule 209 – Transfer and Voiding of Permits defines the conditions applicable to a transfer of ownership with respect to permitted equipment. Also included in the Permitted Source Program are Rule 222 registration fees and plan fees, since these are similar to permits for the sources to which they apply. Regulation III also establishes fees and rates for other fee programs, unrelated to the Permitted Source Program, including but not limited to Transportation Programs fees and Area Source fees (architectural coatings).

In 2017, the SCAQMD Governing Board adopted a phased-in fee increase applicable to both Title V and non-Title V facilities for permit processing fees and included equipment-based annual renewals. With respect to Title V facilities, the Governing Board approved an increase of 10.67% in each of Fiscal Years (FY) 2017-18 and 2018-19, and 10.66% in FY 2019-20. With respect to non-Title V facilities, the Governing Board approved an increase of 4% in each of FY 2017-18 and 2018-19. There is no non-Title V facility fee increase scheduled for this fiscal year. These fee increases were necessary because SCAQMD was not collecting fees sufficient to recover the reasonable costs of its regulatory programs. In addition, the increases for the Title V facilities were a necessary response to an EPA review of SCAQMD's Title V program that found SCAQMD was not recovering sufficient revenues to support the costs of that program. Deficits for the Permitted Source Program, including the Title V program, had been routinely covered through use of reserves which have been primarily funded with one-time penalty revenue.

With this proposal, SCAQMD's cost recovery efforts continue. Staff is proposing the following amendments to Regulation III and Rule 209:

- Pursuant to Rule 320, an automatic increase of most fees by 3.5% consistent with the increase in California Consumer Price Index from December 2017 to December 2018.
- Two targeted proposals for new fees and three proposals for increased fees, all of which are necessary to either meet the requirements of recently adopted rules and state mandates or to provide more specific cost recovery for other regulatory actions taken by the agency. These proposals include:
  - 1) A fee increase for Toxic Air Contaminants (TAC) listed in Rule 301 Table IV;
  - 2) A new fee to include recently adopted Rule 1118.1 in the notification fees outlined in Rule 301(x);
  - 3) An increase for California Air Resources Board's (CARB) Portable Equipment Registration Program (PERP) inspection fees, consistent with recent increases adopted by CARB;
  - 4) A new fee for Clean Air Solvent (CAS) and Clean Air Choices Cleaner (CACC) certification renewals;

- 5) A proposal to correct fees in Rule 309 whereby they reflect an increase that was previously authorized but not applied due to administrative error.
- Six targeted proposals for fee reduction or relief including:
    - 1) Removal of a fee for worksite deletion from a multi-site or geographic program pursuant to Rule 308(c)(2)(F);
    - 2) Removal and reduction of certain fees related to Rule 1403 notifications;
    - 3) Creation of a cap for change of owner/operator fees in Rule 301 Table Fee Rate-C and Table VII;
    - 4) Removal of Paramount (Delek U.S. Holdings) from the list of facilities in 301(aa)(2), as it is now exempt from Rule 1180 O&M fees;
    - 5) Eliminating the surcharge for certain late AER amendments pertaining to emissions developed from source tests; and
    - 6) Reducing certain certified copy and permit reissuance fees.
  - Four proposed administrative changes to Regulation III and one for Rule 209, which have no fee impact, but include clarifications, deletions, or corrections to existing rule language.

SCAQMD continues to be fiscally prudent by seeking out cost-containment opportunities and by maintaining reserves in an effort to address challenges expected in future years. These challenges include, but are not limited to: changes in federal grant funding levels, increased retirement costs due to actuarial and investment adjustments, variations in one-time penalties, and uncertainty associated with external factors affecting the economy.

## **I. BACKGROUND**

### **A. LEGAL AUTHORITY, DESCRIPTION OF SCAQMD'S PERMITTED SOURCE PROGRAM AND OTHER FEES, AND RELATIONSHIP OF FEES TO SCAQMD'S BUDGET**

The California Health and Safety Code (H&SC) provides SCAQMD with the authority to adopt various fees to recover the costs of its programs. Section 40510(b) authorizes SCAQMD to adopt “a fee schedule for the issuance of variances and permits to cover the reasonable cost of permitting, planning, enforcement, and monitoring related thereto.” Virtually every cost related to regulating permitted sources may be recovered under this type of fee (H&SC Section 40506). Entities regulated through the Permitted Source Program receive two types of permits: facility permits and equipment-based permits. These permits apply to each permitted facility or each piece of permitted equipment. RECLAIM<sup>1</sup> and Title V facilities receive a facility permit, in addition to equipment-based permits; whereas other sources receive equipment-based permits.

The SCAQMD has adopted three basic types of Permitted Source Program fees: permit processing fees, annual renewal operating fees (equipment-based), and emissions-based operating fees.

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<sup>1</sup> RECLAIM stands for REgional CLean Air Incentives Market, a cap-and-trade program that regulates the emissions of NOx and SOx in the South Coast Air Basin.

Traditionally, the SCAQMD has endeavored to recover its costs of permit processing from permit processing fees, its costs of inspection and enforcement from annual renewal operating fees, and its indirect costs necessary to overall Permitted Source Program regulatory activities, including related planning, monitoring, rule development and outreach programs, from emissions-based operating fees.<sup>2</sup> In recent years, some of these indirect costs have been recovered from annual operating fees rather than emissions-based fees, since emissions fees are a declining source of revenue, without a corresponding reduction in necessary rulemaking efforts and other permit-related activities.

The current structure for permit processing fees derives ultimately from a study of actual time spent processing permits, conducted by KPMG Peat Marwick for the 1990 fee amendments. Permit processing fee schedules were subsequently developed and updated based on actual time spent processing various types of equipment as gathered by permit processing staff.<sup>3</sup> Annual renewal operating fees are based on four basic schedules [Rule 301(d)(2)] which are based on the size and complexity of the equipment, which is proportional to the amount of work needed to inspect and enforce SCAQMD rules.

The fee for equipment-based permits to construct or operate are based on the type of equipment involved, with higher fees for equipment with higher emissions and/or more complex relationships between operation and emissions, which require a higher level of staff effort to review and evaluate the associated permit applications for compliance with applicable rules and regulations. Each type of basic equipment and control equipment is assigned a fee schedule, A through H, as set forth in Rule 301, Tables IA and IB. For some equipment, a permit to construct is issued prior to issuing a permit to operate. For other equipment or application types, a permit to operate is issued directly.

The fees for renewal of permits to operate are further divided into two components: an equipment-based permit renewal fee and an emissions-based annual operating fee. The equipment-based permit renewal fee is based on the same equipment schedules used for the permit to construct/operate fee, i.e., the categories A through H, but some of the schedules are grouped together, resulting in only four fee rates for the equipment-based annual permit renewal fees. Each equipment fee schedule is assigned to one of the four annual permit renewal fee rates, based on the complexity of inspection and compliance activities and the emissions potential.

The emissions-based annual operating fee includes a flat fee paid by each facility and a tiered fee for sources emitting four or more tons per year of criteria pollutants (e.g., volatile organic

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<sup>2</sup> California courts have upheld the use of emissions-based fees to cover these types of costs, holding that such an allocation method is reasonably related to an air district's costs of regulating a permit holder's air pollution. (*San Diego Gas & Electric Co. v. San Diego County APCD* (1988) 203 Cal. App. 3d 1132, 1148).

<sup>3</sup> In November 1989, the consulting firm of Peat Marwick Main and Co. "...began a comprehensive study, in concert with SCAQMD staff to assess the status of District fee programs which are outlined in Regulation III." The resulting "Recommendation Regarding Fee Assessment Study" report was presented to the SCAQMD Governing Board on March 28, 1990 (Agenda Item #10).

On August 11, 1994, the SCAQMD Governing Board authorized an independent study of the SCAQMD's fee structure and authority. A panel composed of representatives from Chevron, LA County Sanitation District, Hughes Environmental Corporation, Orange County Transportation Authority and the SCAQMD recommended the firm of KPMG to perform the study. A final "Report on the Study of the AQMD's Fee Structure and Authority" was presented to the SCAQMD Governing Board on March 10, 1995 (Agenda Item #11).

compounds (VOCs), nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and particulate matter (PM)) and lesser amounts for emissions of specified air toxics. State law authorizes the use of emissions-based fees (H&SC Section 40510(c)(1)).

RECLAIM and Title V facilities pay additional annual permit-related renewal fees to recover the additional costs associated with these types of facilities. SCAQMD uses schedules based on equipment type to ensure that permit to construct/operate fees and the equipment-based annual permit renewal fees reflect the costs required for permit processing and ongoing enforcement-related activities. For sources with fee schedules F, G, and H, the potential variability in time required for permit processing of large/complex sources is addressed through the use of a minimum permit processing fee, with an option for billing hours above a specified baseline, up to a maximum total fee. For other types of equipment, permit processing fees are flat fees.

SCAQMD has further subdivided certain permit-related activities and imposed fees to at least partially recover their costs, such as Source Testing Review, CEQA analysis, and newspaper noticing, rather than grouping these costs into the basic permit processing or operating fees. This enables SCAQMD to more closely allocate the costs of specific permit-related activities to the payor responsible for the costs. While there are many sub-types of fees within the basic structure, such as special processing fees for CEQA analysis or health risk assessments (HRA), the three permit-related fees (permit processing, equipment-based annual permit renewal, and emissions-based annual operating fee) comprise the basic fee structure.

Also included in the Permitted Source Program are Rule 222 registration fees and plan fees, since these are similar to permits for the sources to which they apply (H&SC Sections 40510(b), 40522; Rules 301(u) and 306).

Additional fees also have been authorized by the legislature and are included in SCAQMD's existing fee regulation. These fees include: variance and other Hearing Board fees (H&SC 52510(b); Rule 303); fees for the costs of programs related to indirect sources and area-wide sources (H&SC Section 40522.5 and Rules 2202 and 314); fees to recover the costs to the air district and state agencies of implementing and administering the Air Toxics Hot Spots Program (AB 2588) (H&SC Section 44380 et seq; 17 CCR Section 90700; and Rule 307.1); fees for refinery-related community air monitoring systems (H&SC Section 42705.6); and fees for notices and copying documents (H&SC Section 40510.7 and Rule 301(f).)<sup>4</sup>

The above-referenced fees comprise approximately 62% of SCAQMD's revenue. Other sources of revenue for SCAQMD include revenue from mobile sources, including the Clean Fuels Fee, Carl Moyer and Proposition 1B funds. These are special revenue funds outside of the General Fund budget which pay for specific technology advancement or emission reduction projects approved by the SCAQMD Governing Board and are consistent with the specific limits on the use of those funds. Periodically, funds to reimburse SCAQMD for its administrative costs in carrying out these projects are transferred by SCAQMD Governing Board action into SCAQMD's General

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Both these documents are on file and available at the SCAQMD Library, 21865 East Copley Drive, Diamond Bar, CA 91765, (909-396-2600).

<sup>4</sup> The rule references are intended to provide examples of the different types of statutorily authorized fees. They are not intended to be a comprehensive listing of all applicable rule provisions.

Fund budget. A second type of mobile source revenue is provided by AB 2766 (Motor Vehicle Subvention Program) from the 1992 legislative session, which provides SCAQMD with 30% of a four-dollar fee assessed on each motor vehicle registered within SCAQMD's jurisdiction. These funds must be used for the reduction of pollution from motor vehicles, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act (H&SC Section 44223). Specific mobile-source related programs are funded with this revenue source, as well as a proportionate share of activities such as ambient air quality monitoring and regional modeling which are not specifically related to stationary or mobile sources individually. These motor vehicle fees are currently set at the statutory maximum. AB 2766 fees have not been increased in over 20 years. Thus, based on CPI, the real value of AB 2766 fees has declined by about 59%. The remainder of the AB 2766 revenues provided to SCAQMD is divided between a share that is subvented to cities and counties for mobile source emission reduction programs and a share that is used to fund mobile source emission reduction projects recommended by the Mobile Source Air Pollution Reduction Review Committee (MSRC) and approved by the SCAQMD Governing Board.

The legislature also has imposed certain limits on SCAQMD's fee authority. If SCAQMD proposes to increase existing permit fees by more than the change in the CPI, the increase must be phased in over a period of at least two years (H&SC Section 40510.5(b)). Also, if a fee increase greater than CPI is adopted, the SCAQMD Governing Board must make a finding, based on relevant information in the rulemaking record, that the increase is necessary and will result in an apportionment of fees that is equitable. This finding shall include an explanation of why the fee increase meets these requirements (H&SC Sections 40510(a)(4) and 40510.5(a)). These findings will be included in the SCAQMD Governing Board Resolution presented for the Public Hearing on Regulation III.

Moreover, the total amount of fees collected by SCAQMD shall not be more than the total amount collected in the 1993-1994 fiscal year, except that this total may be adjusted by the change in the CPI from year to year (H&SC Section 40523). Also, this limitation does not apply to fees adopted pursuant to a new state or federal mandate imposed on and after January 1, 1994 (H&SC Section 40523). SCAQMD has consistently complied with this limit. Total fees (other than mobile source fees which are not covered by this section) collected in FY 1993-94 were approximately \$69.6 million; adjusted by CPI since that time the cap would be approximately \$125.4 million.<sup>5</sup> Total projected fees (except mobile source fees) for FY 2019-20 are approximately \$107 million,<sup>6</sup> which remains below the CPI adjusted cap and includes the projected revenue impacts associated with the proposed rule amendments discussed below.

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<sup>5</sup> H&SC Section 40523 specifies that the limit for the total amount of fees collected by SCAQMD "may be adjusted annually in the 1994-95 fiscal year and subsequent fiscal years to reflect any increase in the California Consumer Price Index for the preceding calendar year, from January 1 of the prior year to January 1 of the current year, as determined by the Department of Industrial Relations." However, the California CPI is compiled bi-monthly and no data is available for the month of January. Therefore, the adjustment has been made using the December CPI's, similar to the CPI-based adjustment pursuant to Rule 320.

<sup>6</sup> Preliminary estimate as of March 2019, subject to revisions in the next versions of Staff Report. Note that this estimate is inclusive of fees adopted pursuant to new state or federal mandates imposed on and after January 1, 1994. Even so, it still remains below the CPI adjusted cap.



## **B. PROPOSITION 26 COMPLIANCE**

On November 2, 2010, the voters of California enacted Proposition 26, which was intended to limit certain types of fees adopted by state and local governments. Proposition 26 broadly defines a tax to mean any charge imposed by a local government that does not fall within seven enumerated exceptions for valid fees. If a charge does not fall within an enumerated fee exception, it is considered a tax, and must be adopted by vote of the people. SCAQMD does not have authority under state law to adopt a tax, so it may only impose a charge that is a valid fee under Proposition 26.

Proposition 26 requires that the local government prove by a preponderance of the evidence that the amount of the fee “[1] is no more than necessary to cover the reasonable costs of the governmental activity, and that [2] the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Cal. Const. art. XIII C §1. In this report, staff has provided a detailed explanation of the Permitted Source Program and the method of allocating program costs to the fee payors.

Proposition 26 also provides that an agency must establish by a preponderance of the evidence that the fee fits within one of the fee exceptions. (Cal. Const., art. XIII C, §1). In addition to the enumerated exceptions found in Proposition 26, courts have found that the proposition does not apply to fees adopted before its effective date. (*Brooktrails Township County. Servs. Dist. v. Bd. of Supervisors of Mendocino County* (2013), 218 Cal. App. 4<sup>th</sup> 195, 206).

All of the proposed fee increases discussed in this report fall within a recognized exception. In addition, all of the proposed increases bear a fair and reasonable relationship to a payor’s burdens on, or benefits received from SCAQMD’s activities.

## **II. RULE 320 AUTOMATIC ADJUSTMENT BASED ON CPI FOR REGULATION III**

Rule 320 – Automatic Adjustment Based on Consumer Price Index for Regulation III-Fees, was adopted by the SCAQMD Governing Board on October 29, 2010. The rule establishes that in order to continue recovering agency costs, fees must keep pace at a minimum with inflation as measured using the CPI, unless otherwise directed by the SCAQMD Governing Board. Rule 320 provides for the automatic adjustment in fees annually commensurate with the rate of inflation.

Pursuant to Rule 320, most fees as set forth in Regulation III “[...] shall be automatically adjusted by the change in the California Consumer Price Index for the preceding calendar year, as defined in H&SC Section 40500.1(a)” (Appendix A). Therefore, staff is planning, where applicable, to update fees in Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, and 315 on July 1, 2019, to correspond with the increase in the Calendar Year 2018 CPI of 3.5%.

Appendix B – Summary of Proposed Amended Rules lists specific fees in Regulation III that would be adjusted based on the CPI increase. Table 1 lists the fees in Regulation III that are specifically excluded from CPI-based fee rate increase and the reason for exclusion.

With respect to the proposed CPI adjustment, this increase is not subject to Proposition 26 because it is based on Rule 320, which was adopted prior to the effective date of Proposition 26. Rule 320 provides for an automatic adjustment of all SCAQMD fees by the change in the CPI from the previous year. By design, the CPI increase is reasonable because it recovers only the increase in SCAQMD's costs as a result of inflation and the manner in which those increased costs are allocated bears a fair and reasonable relationship to the burdens on SCAQMD's activities as established by the underlying fee schedule.

**TABLE 1: FEES EXCLUDED FROM CPI-BASED FEE RATE ADJUSTMENT**

| <b>Fee</b>  | <b>Reason for exclusion from CPI-based fee rate increase</b>   |
|---|--|
| Returned check service fee in various rules   | Currently set by state law at \$25<br>(California Civil Code § 1719(a)(1))   |
| Rule 301(w) – Enforcement Inspection Fees for Statewide Portable Equipment Registration Program (PERP) fees | Fee rates set by the state<br>(California Code of Regulations title 13, §2450 et. seq.)  |
| Rule 307.1(d)(2)(D) – Maximum fee for a small business as defined in Rule 307.1                             | Currently set by state law at \$300<br>(California Code of Regulations title 17, §90704(h)(2))   |
| Rule 307.1 Table I – Facility Fees By Program Category; “State Fee” column figures only                     | Fee rates set by the state<br>(H&SC Section 44380 et. seq.)  |
| Rule 311(c) Air Quality Investment Program Fees   | These fees pay for programs to reduce emissions under Rule 2202 – On Road Vehicle Mitigation Options and do not support SCAQMD's Budget. |

### III. PROPOSED RULE AMENDMENTS WITH FEE IMPACTS

In addition to Rule 320 CPI-based fee rate increase, staff is proposing to amend Rule 301 to include new or increased fees for toxic emissions, Rule 1118.1 notification fees, PERP inspection fees, and Rule 309 fees for certain plans required by Regulation XVI and XXV. These fees are necessary to recover the reasonable costs of SCAQMD's regulatory activities. In addition, SCAQMD is proposing to reduce or limit several other fees. These include: the elimination of a fee under Rule 308 for adding or deleting a worksite from a Rule 2202 multi-site or geographic program; the reduction of certain asbestos notification fees; the capping of change of owner/operator fees for RECLAIM facilities; the new CAS/CACC renewal fees; and the elimination of a late surcharge for certain AER fees based on sources tests that are submitted but later disapproved of by the District.

**1. INCREASE AIR TOXIC CONTAMINANT (TAC) FEES TO RECOVER TAC-RELATED REPORTING, AUDITING, MONITORING AND INVESTIGATION COSTS ASSOCIATED WITH CURRENT AND UPCOMING DISTRICT TOXICS WORK, INCLUDING RECENTLY ADOPTED AB 617, AND CLARIFY OUTDATED AND REDUNDANT RULE LANGUAGE**

**Description  
of Proposed  
Amendment:**

Staff is proposing to update both the fee structure and the fee level for toxic emissions fees paid for by permitted facilities. Upon final phase-in, the current requirements in Rule 301(e)(7) and fee rates in Table IV would be replaced as follows:

- Any facility that emits Toxic Air Contaminants (TACs) above reporting thresholds in Table IV would pay a new Base Toxics Fee of \$78.03 per facility.
- A new Flat Rate Device Fee of \$341.89 for each piece of permitted and unpermitted equipment that emits any toxic air contaminant above reporting thresholds in Table IV.
- A new Cancer Potency-Weighted Fee of \$10 for each cancer-potency weighted pound of emissions
- Three pollutants currently listed in Table IV would not be subject to the above fees, including ammonia and the two ozone depleters, (chlorofluorocarbons and 1,1,1 trichloroethane). The fees for these pollutants would not change (other than regular CPI adjustments) and their fee rates would be moved to Table III. Finally, Diesel Particulate Matter (DPM) would be added as a pollutant that must be reported and for which fees would be paid. Speciated toxics emissions (e.g., benzene) from diesel-fueled internal combustion engines would still be reported along with DPM, but fees would not be paid for those speciated emissions.

In addition, some language within Rule 301(e) is unclear, outdated, or redundant. Rule language is proposed to be clarified to remove outdated and redundant language, and to ensure that existing rule provisions are consistent with the proposed new toxics fees. In particular, general applicability provisions have been consolidated into paragraph (e)(1) in subparagraphs (A), (B), and (C). Later paragraphs in Rule 301(e) then refer back to these subparagraphs in paragraph (e)(1) [e.g., facilities subject to subparagraph (e)(1)(A) pay fees according to paragraph (e)(4), facilities subject to subparagraph (e)(1)(B) pay fees according to paragraphs (e)(2), (e)(7), and Tables III and IV, facilities subject to subparagraph (e)(1)(C) pay fees according to paragraph (e)(7) and Table IV]. Clarifying text has been added to paragraph (e)(7)(A) on the proposed phase-in of

the toxics emissions fees to make clear that the phase-in of the new toxics emissions fee structure begins in 2021 for emissions that occurred in 2020.

**Proposed  
Amended  
Rule(s):**

***Rule 301***

(e) Annual Operating Emissions Fees

(1) Annual Operating Emission Fee Applicability

In addition to the annual operating permit renewal fee, the owner/operator of all equipment operating under permit shall pay ~~an annual emissions fees based on~~ if any of the criteria in subparagraphs (e)(1)(A) through (e)(1)(C) are met.

(A) The owner/operator of a facility operates equipment under at least one permit.

(B) The total weight of emissions at a facility are greater than or equal to the thresholds for each any of the contaminants specified in ~~Table III~~ paragraph (e)(5), except for ammonia, 1,1,1 trichloroethane, and chlorofluorocarbons, from all equipment used by the owner/operator at all locations, including The total weight of emissions of each of the contaminants specified in ~~Table III~~ paragraph (e)(5) includes:

(i) Emissions from permitted equipment

(ii) Emissions resulting from all products which continue to passively emit air contaminants after they are manufactured, or processed by such equipment, with the exception of such product that is shipped or sold out of the District so long as the manufacturer submits records which will allow for the determination of emissions within the District from such products.

(iii) Emissions from equipment or processes not requiring a written permit pursuant to Regulation II.

~~(A)(C)~~ The owner/operator of a facility that reports emissions to the District pursuant to CARB's Criteria and Toxics Reporting Regulation (17 California Code of Regulations section 93400 et seq.) or pursuant to CARB's AB 2588 Air Toxics "Hot

Spots" Emission Inventory Criteria and Guidelines Regulation  
(17 California Code of Regulations section 93300.5).

(2) Emissions Reporting and Fee Calculation

~~For the reporting period July 1, 2000 to June 30, 2001, and all preceding reporting periods, emissions from equipment not requiring a written permit pursuant to Regulation II shall be reported but not incur a fee for emissions so long as the owner/operator keeps separate records which allow the determination of emissions from such non-permitted equipment. Notwithstanding the above paragraph, for the purposes of Rule 317 —Clean Air Act Non-Attainment Fees, all~~ All major stationary sources of NOx and VOC, as defined in Rule 317, shall annually report and pay the appropriate clean air act non-attainment fees for all actual source emissions including but not limited to permitted, unpermitted, unregulated and fugitive emissions. ~~Beginning with the reporting period of July 1, 2001 to June 30, 2002, and for subsequent reporting periods,~~ Each facility subject to subparagraph (e)(1)(B) with total emissions including emissions from equipment or processes not requiring a written permit pursuant to Regulation II greater than or equal to the threshold amount of contaminants listed in paragraph (e)(5) shall annually report all emissions for all pollutants above thresholds listed in paragraph (e)(5) and Table IV and incur an emissions fee as prescribed in Table III.

Non-permitted emissions which are not regulated by the District shall not be reported and shall be excluded from emission fees if the facility provides a demonstration that the emissions are not regulated and maintains sufficient records to allow the accurate demonstration of such non-regulated emissions.

(3) Exception for the Use of Clean Air Solvents

An owner/operator shall not pay a fee for emissions from the use of Clean Air Solvents issued a valid Certificate from the District so long as the facility submits separate records which allow the determination of annual emissions, usage, and identification of such products. A copy of the Clean Air Solvent certificate issued

to the manufacturer or distributor shall be submitted with the separate records.

(4) Flat Annual Operating Emission Fee

The owner/operator of all equipment subject to paragraph (e)(1)(A) operating under at least one permit (not including certifications, registrations or plans) shall each year be assessed a flat annual emissions fee of ~~\$131.79~~136.40.

(5) Emission Fee Thresholds

~~Each facility with emissions greater than or equal to the threshold amount of the contaminant listed below shall be assessed a fee as prescribed in Table III.~~

| Air Contaminant(s)  | Annual Emissions Threshold <del>(TPY)</del> |
|---|---|
| Gaseous sulfur compounds<br>(expressed as sulfur dioxide)   | ≥4 TPY                                      |
| Total organic gases<br>(excluding methane, and exempt compounds as <del>specified defined in Rule 102 paragraph (c)(13)</del> , and specific organic gases as specified in <del>paragraph subdivision (b)(28)</del> ) | ≥4 TPY                                      |
| Specific organic gases <u>as specified in subdivision (b)</u>   | ≥4 TPY                                      |
| Oxides of nitrogen<br>(expressed as nitrogen oxide)   | ≥4 TPY                                      |
| Total particulate matter  | ≥4 TPY                                      |
| Carbon monoxide   | ≥100 TPY                                    |
| <u>Ammonia</u>  | <u>≥0.1 TPY</u>                             |
| <u>Chlorofluorocarbons</u>  | <u>≥1 lb per year</u>                       |
| <u>1,1,1 Trichloroethane</u>  | <u>≥1 lb per year</u>                       |

(6) Clean Fuels Fee Thresholds

Each facility emitting 250 tons or more per year ( $\geq 250$  TPY) of Volatile Organic Compounds, Nitrogen Oxides, Sulfur Oxides and Particulate Matter shall pay an annual clean fuels fee as prescribed in Table V (California Health and Safety Code Section 40512).

(7) Fees for Toxic Air Contaminants ~~or Ozone Depleters~~

Each facility subject to subparagraph (e)(1)(B) or (C) emitting a toxic air contaminant ~~or ozone depleter~~ greater than or equal to the annual thresholds listed in Table IV shall be assessed ~~an annual emissions fees as indicated in subparagraphs (e)(7)(A) therein.~~ The annual emissions fees for toxic air contaminants ~~and ozone depleters~~ shall be based on the total weight of emissions of these contaminants associated with all equipment and processes including, but not limited to, material usage, handling, processing, loading/unloading; combustion byproducts, and fugitives (equipment/component leaks).

(A) For emissions reported ~~B~~before January 1, 2021, any facility subject to paragraph (e)(7) that emits any toxic air contaminant greater than the thresholds listed in Table IV shall pay the fees listed in Table IV. For emissions reported ~~A~~after January 1, 2021, any facility subject to paragraph (e)(7) that emits any toxic air contaminant greater than the thresholds listed in Table IV shall not pay the fees in Table IV and shall instead pay the following fees:

(i) A Base Toxics Fee of \$78.03;

(ii) A Flat Rate Device Fee of \$170.95, and \$341.89, starting January 1, 2021, and January 1, 2022, respectively, for each device, including permitted and unpermitted equipment and activity including, but not limited to, material usage, handling, processing, loading/unloading; combustion byproducts, and fugitives (equipment/component leaks) with emissions of any pollutant above the annual thresholds listed in Table IV;

(iii) A Cancer-Potency Weighted Fee of \$5.00 and \$10.00, starting January 1, 2021, and January 1, 2022,

respectively, per cancer-potency weighted pound of facility-wide emissions for each pollutant listed in Table IV. The cancer-potency weighted emissions of each toxic air contaminant listed in Table IV shall be calculated as follows:

$$\text{CPWE} = \text{TAC} \times \text{CPF} \times \text{MPF}$$

Where:

CPWE = Cancer Potency Weighted Emissions

TAC = Emissions (pounds) of a Table IV toxic air contaminant

CPF = Cancer Potency Factor for the reported toxic air contaminant

MPF = Multi-Pathway Factor for the reported toxic air contaminant

The CPF and MPF shall be equal to those specified in the Rule 1401 Risk Assessment Procedures that were current at the time that the emissions were required to be reported.

(B) The following facilities are exempt from paying specified toxics emissions fees:

- (i) Any dry cleaning facility that emits less than two (2) tons per year of perchloroethylene, and qualifies as a small business as defined in the general definition of Rule 102 shall be exempt from paying any fees listed in subparagraph (e)(7)(A). ~~shall be exempt from fees listed in Table IV. This provision shall be retroactive to include the July 10, 1992, rule amendment which included perchloroethylene in Table IV.~~
- (ii) Any facility that emits less than two (2) tons per year, of formaldehyde, perchloroethylene, or methylene chloride, may petition the



Executive Officer, at least thirty (30) days prior to the official submittal date of the annual emissions report as specified in paragraph (e)(10), for exemption from fees for—formaldehyde, perchloroethylene, or methylene chloride fees as— required in subparagraph (e)(7)(A) listed in Table IV. Exemption from emissions fees shall be granted if the facility demonstrates that no alternatives to the use of these substances exist, no control technologies exist, and that the facility qualifies as a small business as defined in the general definition of Rule 102.

~~(ii)~~(iii) Any facility that is located more than one mile from a residential or other sensitive receptor shall be exempt from paying fees in clause (e)(7)(A)(iii).

- (8) Reporting of Total Emissions from Preceding Reporting Period and Unreported or Under-reported Emissions from Prior Reporting Periods
- (A) The owner/operator of equipment subject to paragraph ~~(e)(1), (e)(2), (e)(5), (e)(6), and (e)(7)~~ shall report to the Executive Officer the total emissions for the immediate preceding reporting period of each of the air contaminants concerned—listed in Table III and Table IV from all equipment. The report shall be made at the time and in the manner prescribed by the Executive Officer. The permit holder shall report the total emissions for the twelve (12) month period reporting for each air contaminant concerned from all equipment or processes, regardless of the quantities emitted.
- (B) The Executive Officer will determine default emission factors applicable to each piece of permitted equipment or group of permitted equipment, and make them available to the owner/operator in a manner specified by the Executive Officer and provide them to the owner/operator upon

request. In determining emission factors, the Executive Officer will use the best available data. A facility owner/operator can provide alternative emission factors that more accurately represent actual facility operations subject to the approval of the Executive Officer.

- (C) A facility owner/operator shall report to the Executive Officer, in the same manner, and quantify any emissions of air contaminants in previous reporting periods which had not been reported correctly and should have been reported under the requirements in effect in the reporting period in which the emissions occurred.
- (9) Request to Amend Emissions Report and Refund of Emission Fees
- (A) A facility owner/operator shall submit a written request (referred to as an “Amendment Request”) for any proposed revisions to previously submitted annual emissions reports. Amendment requests with no fee impact, submitted after one (1) year and seventy five (75) days from the official due date of the subject annual emissions report shall include a non-refundable standard evaluation fee of ~~\$343.96~~\$355.99 for each subject facility and reporting period. Evaluation time beyond two hours shall be assessed at the rate of ~~\$172.04~~\$178.03 per hour and shall not exceed ten (10) hours. Amendment requests received within one year (1) and seventy five (75) days from the official due date of a previously submitted annual emissions report shall not incur any such evaluation fees. The Amendment Request shall include all supporting documentation and copies of revised applicable forms.
  - (B) A facility owner/operator shall submit a written request (referred to as a “Refund Request”) to correct the previously submitted annual emissions reports and request a refund of overpaid emission fees. Refund Requests must be submitted within one (1) year and seventy five (75) days from the official due date of the subject annual emissions report to be considered valid. The Refund Request shall include all supporting documentation and copies of revised

applicable forms. If the Refund Request is submitted within one (1) year and seventy five (75) days from the official due date of the subject annual emissions report, and results in no fee impact, then the facility owner/operator shall be billed for the evaluation fee pursuant to subparagraph (e)(9)(A).

(10) Notice to Pay and Late Filing Surcharge

- (A) ~~A~~ The facility owner/operator shall submit an annual emissions report and pay any associated emissions fees if a notice to report emissions ~~and pay the any associated emission fees will be~~ is sent by mail, electronic mail, or other electronic means, annually to the owners/operators of all equipment (as shown in District records) ~~to~~ for which this subdivision applies. A notice to pay the semi-annual fee specified in paragraph (e)(11) will also be sent by mail, electronic mail, or other electronic means, to facilities which in the preceding reporting year emitted any air contaminant equal to or greater than the emission thresholds specified in subparagraph (e)(11)(A). Emissions reports and fee ~~payments~~ payment ~~submittals~~ are the responsibility of the owner/operator regardless of whether the owner/operator was notified.

If both the fee payment and the completed emissions report are not received by the seventy-fifth (75<sup>th</sup>) day following July 1 (for semi-annual reports), or January 1 (for annual reports), they shall be considered late, and surcharges for late payment shall be imposed as set forth in subparagraph (e)(10)(B). For the purpose of this subparagraph, the emissions fee payment and the emissions report shall be considered to be timely received by the District if it is delivered, postmarked, or electronically paid on or before the seventy-fifth (75<sup>th</sup>) day following the official due date. If the seventy-fifth (75<sup>th</sup>) day falls on a Saturday, Sunday, or a state holiday, the fee payment and emissions report may be delivered, postmarked, or electronically paid on the

next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been delivered, postmarked, or electronically paid on the seventy-fifth (75<sup>th</sup>) day.

- (B) If fee payment and emissions report are not received within the time prescribed by subparagraph (e)(10)(A) or (e)(11)(C), a surcharge shall be assessed and added to the original amount of the emission fee due according to the following schedule:

|                   |                               |
|-------------------|-------------------------------|
| Less than 30 days | 5% of reported amount         |
| 30 to 90 days     | 15% of reported amount        |
| 91 days to 1 year | 25% of reported amount        |
| More than 1 year  | (See subparagraph (e)(10)(D)) |

- (C) If an emission fee is timely paid, and if, within one year after the seventy-fifth (75<sup>th</sup>) day from the official due date is determined to be less than ninety percent (90%) of the full amount that should have been paid, a fifteen percent (15%) surcharge shall be added, and is calculated based on the difference between the amount actually paid and the amount that should have been paid, to be referred to as underpayment. If payment was ninety percent (90%) or more of the correct amount due, the difference or underpayment shall be paid but with no surcharges added. The fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is discovered after one (1) year and seventy five (75) days from the official fee due date, fee rates and surcharges will be assessed based on subparagraph (e)(10)(D).

- (D) The fees due and payable for the emissions reported or reportable pursuant to subparagraph (e)(8)(C) shall be assessed according to the fee rate for that contaminant specified in Tables III, IV, and V, and paragraph (e)(7) and further increased by fifty percent (50%). The fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported, and not the fee rate in effect for the year the emissions actually occurred.
- (E) Effective July 1, 2019, if the underpayment is a result of emissions related to a source test that was submitted to the Source Test unit for approval prior to or at the time the official AER submittal due date of the subject annual emission report, the difference or underpayment shall be paid, but with no surcharges added. If the underpayment is paid within one year after the seventy-fifth (75<sup>th</sup>) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is paid after one year after the seventy-fifth (75<sup>th</sup>) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported.
- ~~(E)~~(F) If one hundred twenty (120) days have elapsed since January 1st, July 1st, or as applicable, and all emission fees including any surcharge have not been paid in full, the Executive Officer may take action to revoke all Permits to Operate for equipment on the premises, as authorized in Health and Safety Code Section 42307.
- (11) Semi-Annual Emissions Fee Payment
- (A) For facilities emitting the threshold amount of any contaminant listed below, the Executive Officer will estimate one half (1/2) of the previous annual emission fees and request that the permit holder pay such an amount as the first installment on annual emission fees for the current reporting period.

| Air contaminant(s)   | Annual emissions threshold (TPY) |
|--|----------------------------------|
| Gaseous sulfur compounds<br>(expressed as sulfur dioxide)  | ≥10 TPY                          |
| Total organic gases<br>(excluding methane and, exempt compounds as specified <del>defined in paragraph (e)(13)</del> <u>Rule 102</u> , and specific organic gases as specified in <del>paragraph subdivision (b)(28)</del> ) | ≥10 TPY                          |
| Specific organic gases as specified in <u>subdivision (b)</u>  | ≥10 TPY                          |
| Oxides of nitrogen<br>(expressed as nitrogen dioxide)  | ≥10 TPY                          |
| Total particulate matter   | ≥10 TPY                          |
| Carbon monoxide  | ≥100 TPY                         |

- (B) In lieu of payment of one half the estimated annual emission fees, the owner/operator may choose to report and pay on actual emissions for the first six months (January 1 through June 30). By January 1 of the year following the reporting period, the permit holder shall submit a final Annual Emission Report together with the payment of the balance; the annual emission fees less the installment previously paid. The report shall contain an itemization of emissions for the preceding twelve (12) months of the reporting period (January 1 through December 31).

- (C) An installment fee payment ~~is shall be~~ considered late ~~and is subject to a surcharge~~ if not received by the District, or postmarked, on or before the within seventy five (75) days seventy-fifth (75<sup>th</sup>) day following July 1 of the current reporting period of the due date and shall be subject to a surcharge pursuant to subparagraph (e)(10)(B).
- (12) Fee Payment Subject to Validation
- Acceptance of a fee payment does not constitute validation of the emission data.
- (13) Exempt Compounds
- Emissions of acetone, ethane, methyl acetate, parachlorobenzotrifluoride (PCBTF), and volatile methylated siloxanes (VMS), shall not be subject to the requirements of Rule 301(e).
- (14) Reporting Emissions and Paying Fees
- For the reporting period of January 1 through December 31, emission fees shall be determined in accordance with fee rates specified in Tables III, ~~IV~~ and V, and paragraphs (e)(2) and (e)(7). Installment fees that have been paid for Semi-Annual Emission Fees shall not be subject to this provision.

TABLE III - EMISSION FEES

| Annual Emissions<br>(tons/yr) | Organic Gases*       | Specified Organic Compounds* | Nitrogen Oxides    | Sulfur Oxides          | Carbon Monoxide | Particulate Matter |
|-------------------------------|----------------------|------------------------------|--------------------|------------------------|-----------------|--------------------|
| (tons/yr)                     | (\$/ton)             | (\$/ton)                     | (\$/ton)           | (\$/ton)               | (\$/ton)        | (\$/tons)          |
| 4—25                          | \$625.17647.0<br>5   | \$111.8511<br>5.76           | \$365.753<br>78.55 | \$433.6<br>3448.8<br>0 | -               | \$478.05<br>494.78 |
| >25—75                        | \$1,015.03050.<br>55 | \$177.2318<br>3.43           | \$580.976<br>01.30 | \$700.9<br>7725.5<br>0 | -               | \$774.62<br>801.73 |

|                    |                                    |   |                                  |   |        |                                    |
|--------------------|------------------------------------|---|----------------------------------|---|--------|------------------------------------|
| >75<br>and<br><100 | <u>\$1,519.37572.</u><br><u>54</u> | <u>\$265.</u><br><u>8227</u><br><u>5.12</u> | <u>\$874.979</u><br><u>05.59</u> | <u>\$1,052.</u><br><u>41089.</u><br><u>24</u> | -      | <u>\$1,159.8</u><br><u>1200.40</u> |
| ≥100               | <u>\$1,519.37572.</u><br><u>54</u> | <u>\$265.</u><br><u>8227</u><br><u>5.12</u> | <u>\$874.979</u><br><u>05.59</u> | <u>\$1,052.</u><br><u>41089.</u><br><u>24</u> | \$7.50 | <u>\$1,159.8</u><br><u>1200.40</u> |

| <u>Annual<br/>Emissions</u><br><u>(tons/year)</u>        | <u>≥1</u><br><u>(lb/year)</u> | <u>≥0.1</u><br><u>≥200</u><br><u>(lb/year)</u> | <u>4 – 25</u><br><u>(ton/year)</u> | <u>&gt;25 – 75</u><br><u>(ton/year)</u> | <u>&gt;75 -</u><br><u>&lt;100</u><br><u>(ton/year)</u> | <u>&gt;100</u><br><u>(ton/year)</u> |
|--|-------------------------------|--|------------------------------------|---|--|-------------------------------------|
| <u>Organic<br/>Gases*</u><br><u>(\$/ton)</u>             | -                             | =  | <u>\$647.05</u>                    | <u>\$1,050.5</u><br><u>5</u>            | <u>\$1,572.5</u><br><u>4</u>                           | <u>\$1,572.54</u>                   |
| <u>Specific<br/>Organics**</u><br><u>(\$/ton)</u>        | -                             | =  | <u>\$115.76</u>                    | <u>\$183.43</u>                         | <u>\$275.12</u>  | <u>\$275.12</u>                     |
| <u>Nitrogen<br/>Oxides</u><br><u>(\$/ton)</u>            | -                             | =  | <u>\$378.55</u>                    | <u>\$601.30</u>                         | <u>\$905.59</u>  | <u>\$905.59</u>                     |
| <u>Sulfur<br/>Oxides</u><br><u>(\$/ton)</u>              | -                             | =  | <u>\$448.80</u>                    | <u>\$725.50</u>                         | <u>\$1,089.2</u><br><u>4</u>                           | <u>\$1,089.24</u>                   |
| <u>Carbon<br/>Monoxide</u><br><u>(\$/ton)</u>            | -                             | =  | =                                  | =                                       | =  | <u>\$7.75</u>                       |
| <u>Particulate<br/>Matter</u><br><u>(\$/ton)</u>         | -                             | =  | <u>\$494.78</u>                    | <u>\$801.73</u>                         | <u>\$1,200.4</u><br><u>0</u>                           | <u>\$1,200.40</u>                   |
| <u>Ammonia</u><br><u>(\$/lb)</u>                         | -                             | <u>\$0.04</u>                                  | <u>\$0.04</u>                      | <u>\$0.04</u>                           | <u>\$0.04</u>  | <u>\$0.04</u>                       |
| <u>Chlorofluo<br/>rocarbons</u><br><u>(\$/lb)</u>        | <u>\$0.43</u>                 | <u>\$0.43</u>                                  | <u>\$0.43</u>                      | <u>\$0.43</u>                           | <u>\$0.43</u>  | <u>\$0.43</u>                       |
| <u>1,1,1-<br/>trichloroeth<br/>ane</u><br><u>(\$/lb)</u> | <u>\$0.06</u>                 | <u>\$0.06</u>                                  | <u>\$0.06</u>                      | <u>\$0.06</u>                           | <u>\$0.06</u>  | <u>\$0.06</u>                       |

\* Excluding methane, and exempt compounds as defined in Rule 102, and specific organic gases as defined in subdivision (b) of this rule.

\*\* See specific organic gases as defined in subdivision (b) of this rule.



TABLE IV  
TOXIC AIR CONTAMINANTS AND OZONE DEPLETERS

| <u>TOXIC AIR<br/>CONTAMINANTS<br/>CAS</u> | <u>TOXIC<br/>COMPOUNDS</u>  | <u>Annual<br/>Emission<br/>Thresholds (lbs)</u> | <u>Fees Before<br/>January 1, 2021<br/>\$/1 lb</u> |
|---|---|---|--|
| <u>1332214</u>                            | <u>Asbestos</u>   | <u>0.0001</u>                                   | <u>6.74</u>  |
| <u>71432</u>                              | <u>Benzene</u>  | <u>2</u>  | <u>2.27</u>  |
| <u>7440439</u>                            | <u>Cadmium</u>  | <u>0.01</u>                                     | <u>6.74</u>  |
| <u>56235</u>                              | <u>Carbon<br/>tetrachloride</u>   | <u>1</u>  | <u>2.27</u>  |
| <u>106934</u>                             | <u>Ethylene dibromide</u>   | <u>0.5</u>                                      | <u>2.27</u>  |
| <u>107062</u>                             | <u>Ethylene dichloride</u>  | <u>2</u>  | <u>2.27</u>  |
| <u>75218</u>                              | <u>Ethylene oxide</u>   | <u>0.5</u>                                      | <u>2.27</u>  |
| <u>50000</u>                              | <u>Formaldehyde</u>   | <u>5</u>  | <u>0.50</u>  |
| <u>18540299</u>                           | <u>Hexavalent<br/>chromium</u>  | <u>0.0001</u>                                   | <u>9.01</u>  |
| <u>75092</u>                              | <u>Methylene chloride</u>   | <u>50</u>                                       | <u>0.09</u>  |
| <u>7440020</u>                            | <u>Nickel</u>   | <u>0.1</u>                                      | <u>4.49</u>  |
| <u>127184</u>                             | <u>Perchloroethylene</u>  | <u>5</u>  | <u>0.50</u>  |
| <u>106990</u>                             | <u>1,3-Butadiene</u>  | <u>0.1</u>                                      | <u>6.74</u>  |
| <u>7440382</u>                            | <u>Inorganic arsenic</u>  | <u>0.01</u>                                     | <u>6.74</u>  |
| <u>7440417</u>                            | <u>Beryllium</u>  | <u>0.001</u>                                    | <u>6.74</u>  |
| <u>75014</u>                              | <u>Vinyl chloride</u>   | <u>0.5</u>                                      | <u>2.27</u>  |
| <u>7439921</u>                            | <u>Lead</u>   | <u>0.5</u>                                      | <u>2.27</u>  |
| <u>123911</u>                             | <u>1,4-Dioxane</u>  | <u>5</u>  | <u>0.50</u>  |
| <u>79016</u>                              | <u>Trichloroethylene</u>  | <u>20</u>                                       | <u>0.18</u>  |
| <u>1080</u>                               | <u>Chlorinated<br/>dibenzofurans,<br/>without individual<br/>isomers reported</u> | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>1086</u>                               | <u>Chlorinated<br/>dioxins, without<br/>individual isomers<br/>reported</u>       | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>1746016</u>                            | <u>2,3,7,8-TCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>3268879</u>                            | <u>1-8OctaCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>19408743</u>                           | <u>1-3,7-9HxCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>35822469</u>                           | <u>1-4,6-8HpCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>39227286</u>                           | <u>1-4,7,8HxCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>40321764</u>                           | <u>1-3,7,8PeCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>57653857</u>                           | <u>1-3,6-8HxCDD</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>39001020</u>                           | <u>1-8OctaCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>51207319</u>                           | <u>2,3,7,8-TCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>55673897</u>                           | <u>1-4,7-9HpCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>57117314</u>                           | <u>2-4,7,8PeCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>57117416</u>                           | <u>1-3,7,8PeCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>57117449</u>                           | <u>1-3,6-8HxCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>60851345</u>                           | <u>2-4,6-8HxCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>67562394</u>                           | <u>1-4,6-8HpCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |
| <u>70648269</u>                           | <u>1-4,7,8HxCDF</u>   | <u>0.000001</u>                                 | <u>11.28</u>                                       |

|                 |   |                 |              |
|-----------------|---|-----------------|--------------|
| <u>72918219</u> | <u>1-3,7-9HxCDF</u>   | <u>0.000001</u> | <u>11.28</u> |
| <u>1151</u>     | <u>Polycyclic aromatic hydrocarbons, PAHs (without individual isomers reported)</u> | <u>0.2</u>      | <u>6.74</u>  |
| <u>50328</u>    | <u>Benzo[a]pyrene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>53703</u>    | <u>Dibenz[a,h]anthracene [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |
| <u>56495</u>    | <u>7,12-Dimethylbenz(a) Anthracene [PAH, POM]</u>                                   | <u>0.2</u>      | <u>6.74</u>  |
| <u>56553</u>    | <u>Benz[a]anthracene [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |
| <u>91203</u>    | <u>Naphthalene [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |
| <u>189559</u>   | <u>Dibenzo[a,i]pyrene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>189640</u>   | <u>Dibenzo[a,h]pyrene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>191300</u>   | <u>Dibenzo[a,l]pyrene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>192654</u>   | <u>Dibenzo[a,e]pyrene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>193395</u>   | <u>Indeno[1,2,3-cd]pyrene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>194592</u>   | <u>7H-Dibenzo(c,g)Carbazole [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>205823</u>   | <u>Benzo[j]fluoranthene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>205992</u>   | <u>Benzo[b]fluoranthene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>207089</u>   | <u>Benzo[k]fluoranthene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>218019</u>   | <u>Chrysene [PAH, POM]</u>  | <u>0.2</u>      | <u>6.74</u>  |
| <u>224420</u>   | <u>Dibenz(a,i)Acridine [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |
| <u>226368</u>   | <u>Dibenz(a,h)Acridine [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |
| <u>602879</u>   | <u>5-Nitroacenaphthene [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |
| <u>607578</u>   | <u>2-Nitrofluorene [PAH, POM]</u>   | <u>0.2</u>      | <u>6.74</u>  |

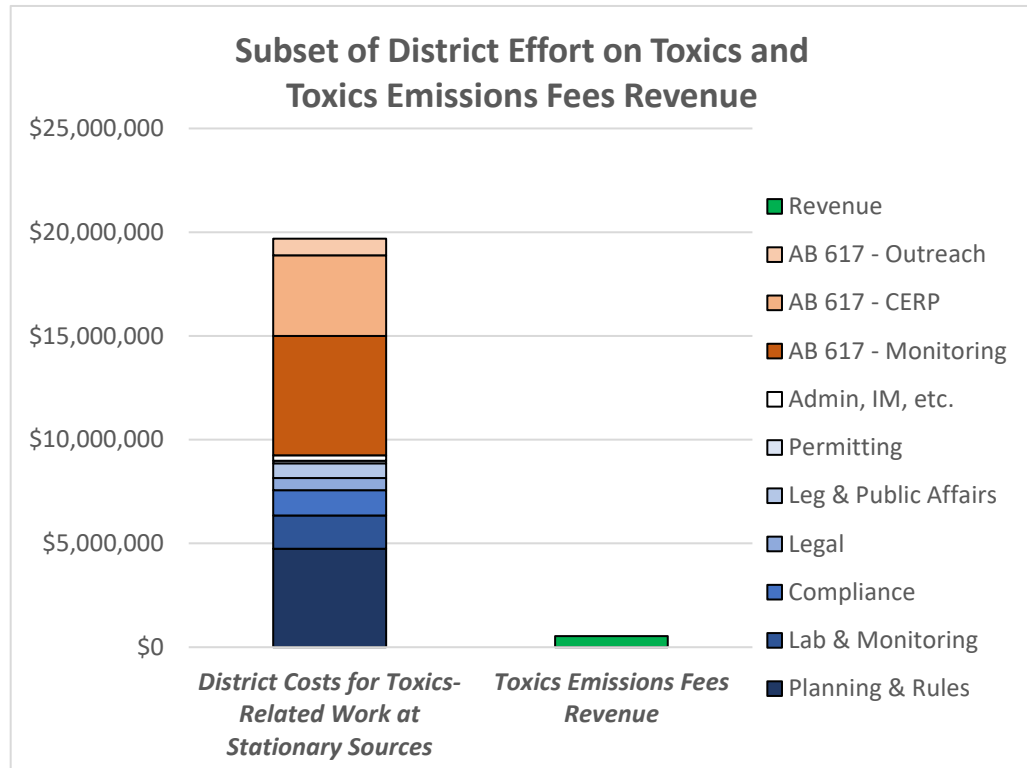
|                 |   |            |             |
|-----------------|---|------------|-------------|
| <u>3697243</u>  | <u>5-Methylchrysene</u><br><u>[PAH, POM]</u>  | <u>0.2</u> | <u>6.74</u> |
| <u>5522430</u>  | <u>1-Nitropyrene</u><br><u>[PAH, POM]</u>     | <u>0.2</u> | <u>6.74</u> |
| <u>7496028</u>  | <u>6-Nitrochrysene</u><br><u>[PAH, POM]</u>   | <u>0.2</u> | <u>6.74</u> |
| <u>42397648</u> | <u>1,6-Dinitropyrene</u><br><u>[PAH, POM]</u> | <u>0.2</u> | <u>6.74</u> |
| <u>42397659</u> | <u>1,8-Dinitropyrene</u><br><u>[PAH, POM]</u> | <u>0.2</u> | <u>6.74</u> |
| <u>57835924</u> | <u>4-Nitropyrene</u><br><u>[PAH, POM]</u>     | <u>0.2</u> | <u>6.74</u> |
| <u>9901</u>     | <u>Diesel Particulate Matter</u>              | <u>0.1</u> | <u>0.00</u> |

**Justification/  
Necessity/  
Equity:**

Health and Safety Code 40510 authorizes use of emissions fees to pay for planning, monitoring, and enforcement functions of the District. Toxic emissions fees are one component of total emissions fees that are paid annually by permitted facilities subject to Rule 301(e). In recent years, SCAQMD's efforts have substantially increased on monitoring, rulemaking, and enforcement of rules for toxic air contaminants currently in the Rule 301 Table IV list. Some notable examples include: the Community Air Toxics Initiative and hexavalent chromium monitoring in the cities of Paramount and Compton, the work on fugitive toxic metal emissions (e.g., nickel, arsenic, lead) from other facilities such as battery recyclers and others in the metal-working industry, fugitive hydrocarbon emissions from oil production and refining facilities, and significant new work just getting under way with the implementation of AB 617.<sup>7</sup> Much of this work has come about due to the emerging science and understanding of fugitive emissions, as well as recent updates to state risk assessment guidance that has found a nearly three-fold increase of cancer risk associated with TACs compared to previous estimates (and even higher increases for many pollutants in Table IV). As a result of these efforts, the amount of time staff spends monitoring, inspecting, and auditing facilities' TAC emission inventories has substantially increased. Because of this recent increased workload and the expectation that it will continue into the future, staff has estimated the costs associated with the amount of toxics work conducted by the District at stationary sources (see chart below). More specifically, in FY 2017-18, the District spent approximately \$19.5 million for

<sup>7</sup> AB 617 work includes monitoring, enforcement, development of Community Emission Reduction Plans (CERPs), and rulemaking on stationary sources of toxics emissions. ([www.aqmd.gov/ab617](http://www.aqmd.gov/ab617))

work at stationary sources related to toxic emissions even though the toxic air contaminant fees collected amounted to just \$0.5 million during the same period.



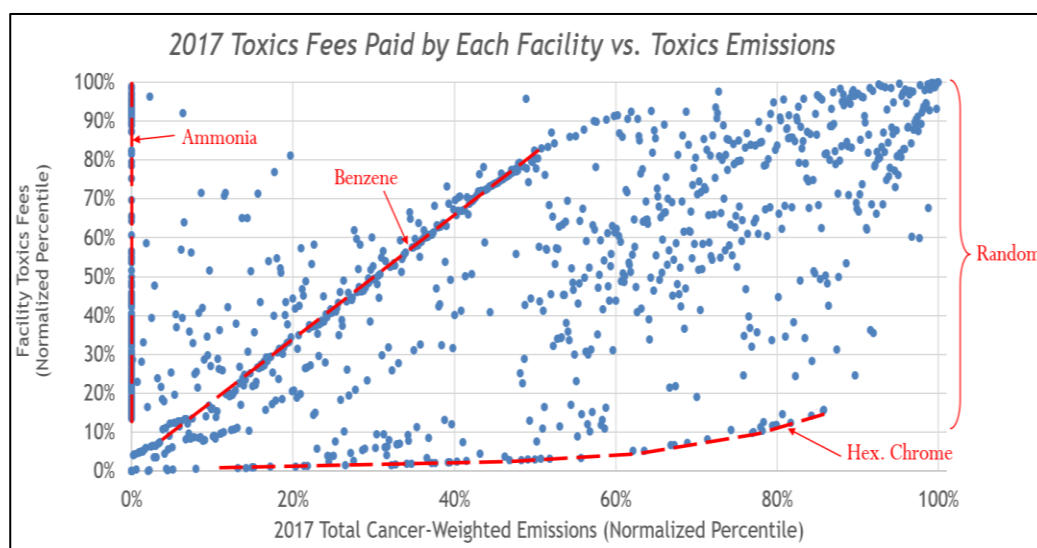
This work identified in the chart does not include additional work that the District conducts on toxic air contaminants in other contexts (e.g., AB 2588 Toxic Hot Spots, mobile source toxics, etc.). Additional explanation of these costs is presented in Appendix C. Revenue for stationary source toxics work has come from existing emissions fees revenues and one-time sources, including penalties, grants, or allocations from the state legislature. In particular, the District has received two one-time allocations totaling about \$31 million to implement AB 617 for the first two years of the program. While the District will continue to pursue these revenue streams, there is no guarantee that these one-time revenues will continue.<sup>8</sup>

With respect to costs incurred by the District, there are two key drivers when considering how District resources are spent to conduct work related to the permitting, investigation, auditing, and enforcement of limits on toxics emissions.

<sup>8</sup> As an example, Section 9 of the authorizing bill for AB 617 states: “No reimbursement is required by this act ... because a local agency ... has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act...”

First, facilities with high toxicity-weighted emissions require greater effort because the District informs its permitting and enforcement-related activities in large part by the potential for public health impacts.<sup>9</sup> While high toxicity-weighted emissions do not necessarily directly equate to higher health risk due to factors such as how pollutants disperse from a facility and the distance to nearby receptors, overall more District resources are spent to monitor, enforce, and conduct associated planning work such as inventorying, auditing, and rulemaking on facilities with higher toxicity-weighted emissions.<sup>10</sup>

Second, staff spends more overall time working on facilities with more emissions sources (e.g., permitted devices) with toxics emissions than facilities with the same level of toxic emissions but fewer emissions sources. The staff time therefore is also a function of the number of permitted devices, because the emissions from each device and process must be confirmed by staff. Despite these two drivers between District workload and toxic emissions, the current fee schedule in Table IV does not result in higher fees collected from facilities with higher toxicity of emissions or with more emission sources (see chart below).



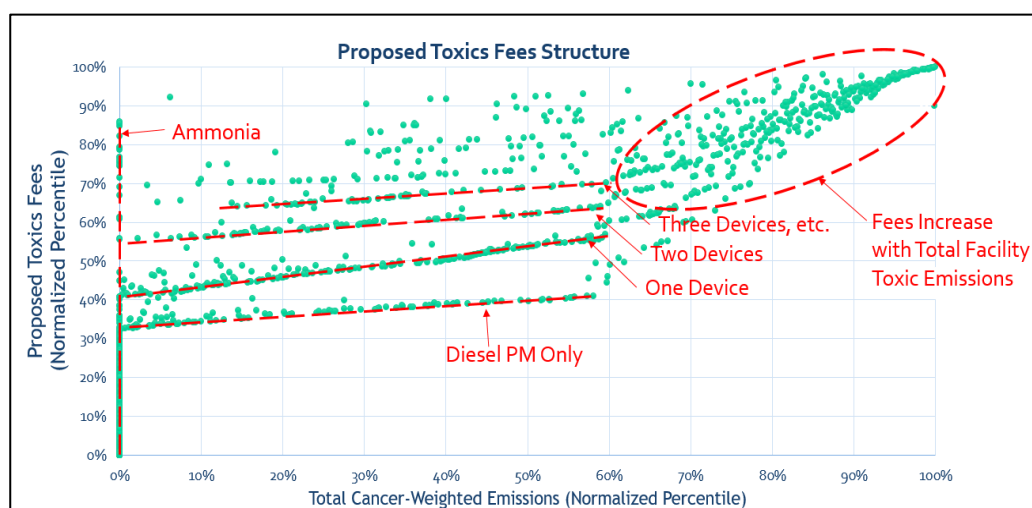
Further, because of DPM's high cancer potency, its prevalence throughout the South Coast Air Basin (Basin) as indicated in the District's Multiple Air Toxics Exposure studies (MATES) and the 2016 Air Quality Management Plan

<sup>9</sup> Due to health risk assessment methodologies, cancer-causing pollutants are the most common risk driver and a much higher focus of District efforts compared to non-cancer causing toxic pollutants.

<sup>10</sup> 301(e)(7)(B)(iii) of the proposed amendment exempts a facility from the cancer potency-weighted fees in 301(e)(7)(A)(iii) if it is located more than one mile from a sensitive receptor.

(AQMP)<sup>11</sup>, and the subsequent amount of District resources spent on this pollutant, staff is proposing to add DPM<sup>12</sup> as a toxic air contaminant that must be reported and for which fees must be paid. In addition, there are three pollutants currently in Table IV (ammonia, 1,1,1 trichloroethane, and chlorofluorocarbons) that are being moved to Table III.<sup>13</sup> The fees for those pollutants are not being changed other than typical CPI adjustments because the toxics-related work described above does not apply to these pollutants. Most staff work associated with ammonia is related to criteria pollutants as it is a precursor to regional particulate matter. The ozone depleters – 1,1,1 trichloroethane and chlorofluorocarbons – do not have cancer potency factors and there is no associated toxics workload associated with them, though limited inventory work on these pollutants will continue in the future and can be supported at the current fee level.

In order to address the disparity that has developed between District workload and fees paid by facilities, staff is proposing to change the structure of how facilities pay air toxics fees as indicated in the previous section. The result of this change in structure provides toxics fee revenues that are more closely connected to current District workload from higher toxic emitting facilities (see chart below).



<sup>11</sup> Multiple Air Toxics Exposure Studies

<http://www.aqmd.gov/home/air-quality/air-quality-studies/health-studies>

Air Quality Management Plan

<http://www.aqmd.gov/home/air-quality/clean-air-plans/air-quality-mgt-plan>

<sup>12</sup> The addition of DPM to the list of toxic air contaminants with fees pertain only to emissions from permitted stationary sources.

<sup>13</sup> Table III is also being reformatted to simplify and clarify the presentation of information.

Further explanation of the proposed structure and level of toxics fees is included below.

- The new Base Toxics Fee of \$78.03 would cover the basic annual software needs (\$50,000 annually) and minimal staffing needed (0.1 FTE at \$230,037 fully burdened rate) to ensure that facilities can readily report toxics emissions to the District. The necessary base cost of \$73,000 is evenly divided among facilities reporting emissions of any toxic air contaminant above existing reporting thresholds<sup>14</sup> in Table IV. \$78.03 is the projected minimum necessary to recover the base costs of reporting.
- A new Flat Rate Device Fee<sup>15</sup> of \$341.89 would be applied per emission source at a permitted facility that emits a toxic air contaminant above existing reporting thresholds in Table IV. These fees would be equal to the District resources needed to run the entire toxics emissions inventory program that is necessary to support enforcement of District rules. This work includes inventorying, auditing, and coordinating with CARB and EPA to whom the data must be reported, and totals approximately \$1.4M annually. The workload requires approximately 5.8 FTE staff at an average fully burdened rate of \$233,353 (which includes different types of staff – air quality specialists, engineers, supervisors, etc.) to handle the toxics workload in these inventory programs annually. The fee rate of \$341.89 per emission source was derived by dividing the \$1.4M of staff work by the 3,968 devices for which facilities reported toxics emissions above Table IV thresholds from the 2017 emissions reporting year.
- A new Cancer-Potency Weighted Fee of \$10 would be applied per cancer-potency weighted pound of emissions above reporting thresholds in Table IV. As described above, the District conducts approximately \$20 million of work every year in connection with toxics emissions. The proposed Base Toxics Fee and the Flat Rate Device Fee are anticipated to only recover about \$1.5 million from facilities that currently report emissions

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<sup>14</sup> New reporting thresholds are added for DPM and the carcinogenic species of dioxins, furans, and PAH's. The threshold for DPM is derived from AB2588 Quadrennial Reporting Guidance, which is consistent with all other Table IV pollutants. The species for dioxins, furans, and PAH's were added as an option for facilities to reduce their fee burden. In particular, facilities can choose to report more specific information that indicates that their total cancer-potency weighted speciated emissions are lower than if emissions were reported at the unspciated level.

<sup>15</sup> Devices would continue to be reported in the same way as is currently required for the Annual Emissions Reporting program through its web-tool. Existing guidance for reporting emissions at the device level will continue to be used and is available on the AER website at:  
<http://www.aqmd.gov/home/rules-compliance/compliance/annual-emission-reporting>

to the District, leaving a significant shortfall. Much of the remaining District work not covered by those fees is focused on facilities in which there is significant public health concern. For example, AB 617 communities are chosen largely due to public health concerns from local toxic emissions, and much of the work in those communities is focused on investigating and enforcing rules on those stationary sources with the highest cancer-potency weighted emissions (e.g., refineries). Similar work is conducted outside of AB 617 communities on other facilities, again focused on facilities with the potential greatest public health impact. Therefore, in order to ensure that toxics emissions fees beyond the Base Toxics Fee and the Flat Rate Device Fee are equitably distributed, the Cancer-Potency Weighted Fee weights each facility's toxics emissions using the state-mandated cancer potency factors used to determine potential health risks in all other District programs. Those facilities with higher potential public health concern due to their emissions will therefore pay higher fees to cover the higher level of effort from the District for investigating and enforcing rules on those facilities.

These newly proposed fees are expected to have the following effect:

| <b>Fee</b>                  | <b>New Revenue</b> |
|-----------------------------|--------------------|
| Base Toxics Fee             | \$0.1 million      |
| Flat Rate Device Fee        | \$1.4 million      |
| Cancer-Potency Weighted Fee | \$3.4 million      |
| Total Toxics Fees           | \$4.9 million      |

This fee increase represents approximately an average 22% increase in total emissions fee revenue, including criteria pollutants. The three new fees (Base Toxics Fee, Flat Rate Device Fee, and Cancer-Potency Weighted Fee) would start on January 1, 2021.<sup>16</sup> These fees would phase in over a two year period (50% each year for the Flat Rate Device and the Cancer-Potency Weighted Fees and 100% of the Base Toxicity Fee in 2021). Once phased in, total new net revenue is expected to be approximately \$4.4 million per year because the District will be losing the \$0.5 million which it currently collects. In anticipation of the potential for this work to fluctuate, as well as the uncertainty associated with one-time funding from the Legislature, staff anticipates revisiting this fee and District

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<sup>16</sup> The fee would apply to emissions that occurred in 2020 and that are required to be reported in 2021.



workload in future years and will propose rebalancing this fee up or down as necessary.

A sample equation below shows how the fee would be calculated for a facility with one pound of hexavalent chromium emissions split equally between two permitted devices. A table with cancer potency factors, multi-pathway factors, and reporting thresholds is included as an appendix to this staff report.

- Base Toxics Fee = \$78.03 because 1 lb. Cr VI is >0.00001 threshold
- Flat Rate Device Fee = \$683.78 = \$341.89 x 2 devices (each with Cr VI emissions above threshold)
- Cancer-Potency Weighted Fee  
     = CPF x MPF x Emissions (pounds) x \$10  
     = 510 x 1.6 x 1 x \$10 = \$8,160.00
- Total toxics Fees = \$8,921.81 = \$78.03 + \$683.78 + \$8,160.00

Some minor clarifications to the proposed amendments have been made since the draft rule was made available publicly on April 2, 2019 in sections (e)(2), (e)(5), (e)(7)(A), (e)(7)(B)(ii), and Tables III and IV. The update to (e)(2) removes a duplicate reference to thresholds that is already specified in (e)(1) and clarifies that reporting facilities must continue to report emissions from all pollutants listed in (e)(5) and Table IV, consistent with the existing rule. Paragraph (e)(5) has been updated to be consistent to previously proposed amendments in (e)(11) and Table III. Clarifying text has been added to paragraph (e)(7)(A) on the proposed phase-in of the toxics emissions fees to make clear that the phase-in of the new toxics emissions fee structure begins in 2021 for emissions that occurred in 2020. Clause (e)(7)(B)(ii) includes a grammatical edit. Table III now includes greater than or equal to symbols (>) before the 1 lb/year and 200 lb/year thresholds to clarify that these fees apply above these levels, consistent with all other thresholds in this table. Table IV includes those PAHs with a cancer potency factor that were inadvertently omitted from the April 2, 2019 draft.

## 2. **ADD NEW RULE 1118.1 NOTIFICATION FEE TO RULE 301(x)**

### **Description of Proposed Amendment:**

In order to recover costs incurred by SCAQMD to process required notifications, Rule 1118.1 would be subject to the notification fee described in Rule 301(x). The fee for the Rule 1118.1 notification is \$65.12 per notification, and is subject to the annual automatic CPI adjustment pursuant to Rule 320.

**Proposed  
Amended  
Rule(s):**

***Rule 301***

(x) ~~Rule 1149, Rule 1166, and Rule 1466 Notification Fees~~ Notification Fees for Rules 1118.1, 1149, 1166, and 1466

- (1) Any person who is required by the District to submit a written notice pursuant to Rules 1118.1, 1149, ~~Rule~~ 1166, ~~Rule~~ 1466, or for soil vapor extraction projects shall pay a notification fee of ~~\$62.92~~ \$65.12 per notification.

**Justification/  
Necessity/  
Equity:**

Rule 1118.1 was adopted on January 4, 2019, to control emissions from non-refinery flares. This rule establishes emission limits for NO<sub>x</sub> and VOC, as well as for CO for new, replaced, or relocated flares, and establishes an industry specific capacity threshold for existing flares. Owners and operators of flares that require a SCAQMD permit at certain non-refinery facilities are required to submit several notifications to the SCAQMD to comply with Rule 1118.1 requirements. Required notifications include:

- Notification of Flare Inventory and Capacity
- Notification of Intent
- Notification of Annual Percent Capacity Greater than Threshold
- Notification of Flare Throughput Reduction
- Notification of Increments of Progress

The deadline to submit the Notification of Flare Inventory and Capacity occurred before the amendments to Rule 301; therefore, no fee will be required for that notification. New or replaced flares will pay for submittal of a permit application, for which a fee is already included in Rule 301. Therefore, and per Rule 1118.1(d)(10), this proposed amendment impacts only the remaining notification types under Rule 1118.1.

This new fee is necessary to recover the reasonable regulatory costs related to the notification requirements of Rule 1118.1. The fee is identical to the amount charged for Rule 1149, 1166, and 1466 notifications. Moreover, the amount to be charged is necessary to recover the costs to the District for processing the notifications. As set forth in the table below, staff estimates that it will take an Office Assistant approximately 30 minutes to receive the notification, enter the information, and file the notification, and 20 minutes for a Staff or Air Quality Specialist to review the notification. Therefore, the recovery cost is calculated to be approximately \$69.27 based on the FY 2018-19 hourly burdened rates. This estimate is approximate and does not exceed the CPI adjusted rate of \$65.12. The proposed Rule 1118.1 notification fee will be the same fee rate as Rules 1149, 1166, and 1466 notification fees for

similar notification requirements. Thus, the proposed Rule 1118.1 notification fee does not exceed the estimated cost of processing required notifications and is apportioned equitably because it will be paid by the permit holder required to submit the specified notification.

**Table 1: Cost Estimates for Processing the Rule 1118.1 Notifications**

| Staff Position    | Estimated Processing Time (in Hours) | × | FY 2018-19 Hourly Burdened Rate | = | Estimated Cost |
|-------------------|--------------------------------------|---|---------------------------------|---|----------------|
| Office Assistant  | 0.50                                 |   | \$66.88                         |   | \$33.44        |
| Staff Specialist  | 0.33                                 |   | \$108.58                        |   | \$35.83        |
| <b>Total Cost</b> | <b>0.83</b>                          |   |                                 |   | <b>\$69.27</b> |

### 3. INCREASE PERP ENFORCEMENT INSPECTION FEES

**Description of Proposed Amendment:** In order to recover costs incurred by SCAQMD to inspect portable equipment units and Tactical Support Equipment (TSE) registered in the California Air Resources Board's (CARB) Portable Equipment Registration Program (PERP), staff is proposing to amend Rule 301 (w) to increase the TSE and hourly inspection fees. These proposed increases are consistent with the fees recently updated and authorized by CARB in the PERP regulation.

**Proposed Amended Rule(s):**

***Rule 301***

(w) Enforcement Inspection Fees for Statewide Portable Equipment Registration Program (PERP)

(1) Registered Portable Equipment Unit Inspection Fee Registered portable equipment units are those which emit PM10 in excess of that emitted by an associated engine alone. An hourly fee of ~~\$98.00~~115.00 shall be assessed for a triennial portable equipment unit inspection, including the subsequent investigation and resolution of violations, if any of applicable state and federal requirements, not to exceed ~~\$500.00~~590.00 per unit.

(2)(A)(i)(a) A fee for the annual inspection of a single registered TSE unit shall be assessed at a unit cost of ~~\$75.00~~90.00.

(2)(A)(i)(b)(1) The actual time to conduct the inspection the rate of ~~\$400.25~~115.00 per hour, or

(2)(A)(i)(b)(2) A unit cost of ~~\$75.00~~90.00 per registered TSE unit inspected.

- (2)(A)(ii)(b)(1) The actual time to conduct the inspection the rate of ~~\$100.25~~115.00 per hour, or
- (2)(A)(ii)(b)(2) A unit cost of ~~\$75.00~~90.00 per registered TSE unit inspected.
- (3) In addition to the inspection fees stated above, any arranged inspections requested by the holder of the registration that are scheduled outside of District normal business hours may be assessed an additional off-hour inspection fee of ~~\$40.96~~60.00 per hour for the time necessary to complete the inspection.
- (4) A notice to pay the inspection fees will be mailed to the registration holder. Fees are due and payable immediately upon receipt of the notice to pay. ~~All inspection fees required under this section are due within 30 days of the invoice due date. If fee payment is not received by the thirtieth (30th) day following the date of the notice to pay, the fee shall be considered late and, a late payment surcharge of \$70.11 per portable engine or equipment unit shall be imposed, not to exceed \$138.73 for any notice to pay. For the purpose of this subparagraph, the inspection fee payment shall be considered to be timely received by the District if it is postmarked by the United States Postal Service on or before the thirtieth (30th) day following the date of the notice to pay. If the thirtieth (30th) day falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the thirtieth (30th) day. Failure to pay the inspection fees and any late payment surcharge within 120 days of the date of the initial notice to pay may result in the suspension or revocation of the registration by CARB. Once a registration has been suspended, CARB will not consider reinstatement until all fees due, including late payment surcharge fees, have been paid in full.~~

**Justification/  
Necessity/  
Equity:**

CARB has established the Statewide Portable Equipment Registration Program (PERP) to facilitate the operation of portable equipment throughout California without having to obtain individual permits from local air districts. Under PERP, the District conducts inspections of that equipment and is authorized to charge fees consistent with amounts determined by CARB. On November 30, 2018, CARB amended the PERP Regulation to increase the uniform fee schedule for all districts enforcing PERP through inspections of registered portable equipment and TSE equipment. PERP Regulation Section 2461 (g) allows districts to collect fees that do not exceed the fees listed in Section 2461.1 of the PERP Regulation.

The fees set forth in PAR 301(w) reflect the reasonable regulatory costs of the SCAQMD and do not exceed the maximums set forth by CARB. Table 2 provides the cost estimates for a PERP equipment inspection. Based on staff estimates it takes a Staff Assistant approximately 20-25 minutes to receive an

inspection request, enter the information, assign to an inspector, receive the billing from the inspector, create an invoice and mail to the facility. Based on staff estimates it takes an inspector approximately 60-65 minutes to arrange the inspection, inspect the equipment, submit a PERP field inspection survey, fill out a billing form, and submit the forms to a Staff Assistant. These activities result in cost to the District of approximately \$124.32 - \$131.87 per hour at the FY 2018-19 hourly burdened rates. Although this cost estimate slightly exceeds the maximum hourly inspection fee of \$115.00 fee authorized by CARB in Section 2461.1, the proposed fees are necessary to recover the reasonable costs of the District and they will be equitably apportioned because they will be paid by the owners of the equipment subject to inspection.

**Table 2: Cost Estimates for a PERP Inspection**

| Staff<br>Position  | Range of<br>Processing time<br>(in Hours) |      | FY 2017-19<br>Hourly<br>Burdened<br>Rate |   | Range of Cost            |
|--------------------|---|------|--|---|--------------------------|
|                    |   |      | x  | = |                          |
| Staff<br>Assistant | 0.33                                      | 0.42 | \$73.62                                  |   | \$30.85 - \$30.92        |
| AQ<br>Inspector II | 1.0                                       | 1.08 | \$93.47                                  |   | \$93.47 - \$100.95       |
| <b>Total Cost</b>  |   |      |  |   | <b>124.32 - \$131.87</b> |

#### 4. **ADDING A RENEWAL FEE FOR CAS AND CACC CERTIFICATION FEES**

**Description of Proposed Amendment:** The Clean Air Solvents (CAS) and Clean Air Choices Cleaners (CACC) Certifications are voluntary programs that issue certificates for clean air solvents and cleaners. Manufacturers can apply for a CAS certification, which is valid for five years and can be renewed upon approval by the SCAQMD. Similarly, manufacturers can apply for a CACC certification, which is valid for three years and can be renewed upon approval by the SCAQMD. Current Rule 301 (r) and (s) provide a flat fee covering the laboratory analysis of product samples submitted for testing for certification. These sections do not provide a fee for certificate renewal; instead facilities have to pay the larger application fee even though the level of work associated with issuance of a renewal may be substantially lower.

**Proposed  
Amended  
Rule(s):**

***Rule 301***

**(r) Fees for Certification of Clean Air Solvents**

At the time of filing for a Clean Air Solvent certificate, the applicant shall submit a fee of ~~\$1,503.77~~\$556.40 for each product to be tested. Additional fees will be assessed at the rate of ~~\$135.77~~\$145.43 per hour for time spent on the analysis/certification process in excess of 12 hours. Adjustments, including refunds or additional billings, shall be made to

the submitted fee as necessary. A Clean Air Solvent Certificate shall be valid for five (5) years from the date of issuance and shall be renewed upon the determination of the Executive Officer that the product(s) containing a Clean Air Solvent continue(s) to meet Clean Air Solvent criteria, and has not been reformulated. The renewal fee shall be \$145.43 per certificate.

(s) Fees for Certification of Consumer Cleaning Products Used at Institutional and Commercial Facilities

At the time of filing for certification of any Consumer Cleaning Products Used at Institutional and Commercial Facilities, the applicant shall submit a fee of ~~\$1,503.77~~556.40 for each product to be tested, plus an additional fee of ~~\$300~~310.50 for quantification of total nitrogen, total phosphorous, and trace metals by a contracting laboratory. Additional fees will be assessed at the rate of ~~\$135.77~~145.43 per hour for time spent on the analysis/certification process in excess of 12 hours. Adjustments, including refunds or additional billings, shall be made to the submitted fee as necessary. A Consumer Cleaning Products Used at Institutional and Commercial Facilities Certificate shall be valid for three (3) years from the date of issuance and shall be renewed upon the determination of the Executive Officer that the product(s) certified as a Consumer Cleaning Products Used at Institutional and Commercial Facilities continue(s) to meet Consumer Cleaning Products Used at Institutional and Commercial Facilities criteria, and has not been reformulated. The renewal fee shall be \$145.43 per certificate.

**Justification/  
Necessity/  
Equity:**

This amendment is necessary in order to specify costs associated with CAS and CACC certificate renewal. The protocol for issuing a CAS or CACC certification includes laboratory analysis of submitted products for testing, and if the product is approved as a CAS or CACC, an issuance of the certificate.

The current fee for the certifications is \$1,556.40 per sample, plus an additional fee of \$310.50 for additional analysis required for CACC certification, with time spent on the analysis/certification process in excess of 12 hours assessed at the current CPI-adjusted hourly rate of \$145.43 per hour. The flat fee covers costs for the laboratory staff's analysis and review of the submitted sample, but it does not include cost of the certificate. Certificate renewal involves approximately an hour to review the product and subsequently issue a renewed certificate. In keeping with the current fee mechanism laid out for these certifications, the \$145.43 per hour rate would address the cost for time spent to issue a renewed certificate.

This proposed fee is for voluntary certification programs and is not being imposed on any payor. Participation in these programs is not a result of any

SCAQMD rule requirements. The fee is not part of SCAQMD's Permitted Source Program. The VOC content of the product is performed by the SCAQMD laboratory pursuant to SCAQMD Method 313.

Currently, after five years, a facility would have to re-submit the full fee for another five or three year certificate. In circumstances where a new certificate is being sought for a formula that is identical to a formula previously analyzed by the District, then it makes sense to charge a reduced renewal fee of \$145.43. This amount covers the amount of time necessary to issue a renewed certificate and is necessary to recover the reasonable cost of services provided. The proposed fee is equitable because it is paid by the person requesting services to certify a product for a voluntary certification program.

## 5. ALIGNING INSPECTION FEE RATES IN RULE 306 AND 309

**Description of Proposed Amendment:** This amendment corrects fee amounts Rule 309. The 3% fee increase authorized in 2014 was inadvertently not applied and that failure created a confusing discrepancy with Rule 306. The fees in Rule 306 and 309 have typically been aligned because the services provided are similar.

**Proposed Amended Rule(s):**

### *Rule 309*

#### (c) Fee Assessments

(1) Rule 1610 Scrapping Plans shall be assessed a filing and evaluation fee of ~~\$1,936.38~~2,004.15. The fee shall be paid at the time of plan submittal.

(2) Regulation XVI and Regulation XXV as defined in paragraph (b)(2), except Scrapping Plans, shall be assessed a filing fee of \$161.25 ~~and an evaluation fee of \$489.61 at the time of submittal.~~ Evaluation fees shall be billed for the amount of total actual and reasonable time incurred by District staff, assessed at the hourly rate of \$161.25.

#### (d) Inspection Fee

The inspection fee for Rule 1610 Scrapping Plan verification shall be an amount equal to the total actual and reasonable time incurred by the District for inspection and verification of the plan, assessed at the hourly rate of ~~\$117.42~~128.94 per inspection staff or prorated portion thereof. For inspections conducted outside of regular District working hours, the fee shall be assessed at a rate of 150% of the above hourly rate.

**Justification/ Necessity/ Equity:** In 2006, the filing and inspection fees in Rule 309(c)(2) and (d) were aligned with the filing and inspection fees in Rule 306. This alignment of fees recognized the equivalent amount of resource expenditure for these services whether conducted pursuant to Rule 306 or Rule 309. The filing and inspection fees remained the same for both rules until June 6, 2014. For FY 2014-15 most Regulation III fees including Rule 309 were increased by the Consumer Price Index (CPI) rate of 1.6%. In addition, permit and plan fees were increased by a further 3% resulting in a cumulative 4.64% increase. Even though the fee assessments and inspection fees in Rule 309 reference Regulation XVI and XXV Plans and Rule 1610 Scrapping Plans, respectively, these fees were inadvertently only increased by the 1.6% increase in the CPI and were not given the additional 3% fee increase for plan fees.

The actual amount of resources expended for Rule 1610 implementation is equivalent to similar types of fees already in Rule 306. Although the majority of the Reg. XVI and XXV rules are either credit or investment based, they do require plans and, as such, should have also received the additional 3% increase. This increase, is in line with the 3% increase in Rule 306 fees and correctly recovers the cost associated with Rule 1610 plan filings, evaluations and inspections.

The proposed filing, evaluation, and inspections fees for plans submitted for Reg. XVI and XXV are necessary to recover the cost of staff resources expended in implementation of these plans, which require similar time, personnel, and materials associated with other plans typically assessed per Rule 306. Reg. XVI and XXV plans are subject to similar plan verification procedures as other plans assessed per Rule 306, and therefore, it is equitable for Reg. XVI and XXV plan holders to pay the proposed fees. Furthermore, these fees are equitable since they are paid by the entities to which the service is provided.

#### **6. ELIMINATE FEE IN RULE 308 FOR ADDING/DELETING SITE FROM A MULTI-SITE OR GEOGRAPHIC PROGRAM**

**Description of Proposed Amendment:** Staff is proposing to eliminate the fee for employers who are amending their Rule 2202 Employee Commute Reduction Program strategies by adding or deleting a worksite from their program. Rule 308(c)(2)(F) requires that regulated entities be charged a CPI-adjusted fee of \$182.81 each time a worksite is added to or deleted from a multi-site or geographic program.

**Proposed Amended Rule(s):** *Rule 308*  
(c)(2)(F) Program Strategy Amendments



A person submitting an amendment to program strategies consisting of the deletion or the replacement of any existing program strategies shall pay a fee of ~~\$176.63~~182.81 for each submittal per worksite. This fee shall not apply when the amendment consists solely of additional or enhanced strategies to the program or when the strategy amendment is submitted at the same time as part of the Annual Program submittal. ~~Furthermore, any employer adding or deleting a worksite to a multi-site or geographic program shall pay a fee of \$176.63 per worksite being added or deleted, unless the worksite being deleted is no longer subject to Rule 2202.~~

**Justification/ Necessity/ Equity:** Under Rule 2202, employers with more than 250 employees are required to annually register with the District and implement an emissions reduction program, including but not limited to Employee Commute Reduction Programs (ECRP). Rule 308 sets forth the registration fees and the specific ECRP fees. Covered facilities with multiple sites pay various submittal and amendment fees. On occasion, facilities seek to amend their program strategies with either substantive amendments to the strategies or through the addition or deletion of a work-site from a multi-site or geographic program. The addition or deletion of a site from a multi-site or geographic program does not result in any significant additional work that would not sufficiently be covered by the initial registration fees. The fee would remain for any substantive amendment of strategies. This change is necessary because charging a separate fee for adding or deleting a worksite from a multi-site program appears to discourage regulated entities from accurately reporting real-time worksite population levels and inaccurate records of sites covered by the plan increases the compliance costs for the District. Removing the fee promotes accurate reporting and is not expected to have a significant impact on revenue.

**7. REDUCING CERTAIN NOTIFICATION FEES IN TABLE VI TO RULE 1403 (ASBESTOS EMISSIONS FROM DEMOLITION/RENOVATION ACTIVITIES)**

**Description of Proposed Amendment:** Rule 1403 specifies work practice requirements to limit asbestos emissions from building demolition and renovation activities. Table VI in Rule 301 sets forth the applicable demolition, asbestos, and lead notification fees as well as additional service charge fees. Staff proposes the following clarifications and amendments to Table VI:

- a) Remove “and Lead” from the title of the table;

b) Under “Additional Service Charge Fees,” add a new Footnote 2 to clarify that the proposed \$25 fee applies to notifications changing the End Date to a later date only. Existing footnotes 2 and 3 would be renumbered as footnotes 3 and 4;

c) Under “Additional Service Charge Fees,” eliminate fees for revisions for earlier End Date only, and reduce the Revision to Notification fee (\$62.92) to \$25.00 because automation of the process has reduced staff costs. Also clarify that the Revision to Notification fee applies, save for the exception outlined in Footnote 2, to Revision to Notification for Start Date, Quantity, and/or End Date; and,

d) Under “Additional Service Charge Fees,” change “postmarked” to “received” in Footnotes 3 and 4, as renumbered.

**Proposed  
Amended  
Rule(s):**

**Rule 301**

**TABLE VI  
DEMOLITION, ASBESTOS AND LEAD NOTIFICATION FEES**

| Demolition and Renovation by Project Size (square feet) <sup>1</sup> |                                   |                                   |                                   |                                |                                     |
|--|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|-------------------------------------|
| up to 1,000  | > 1,000 to 5,000                  | 5,000 to 10,000                   | > 10,000 to 50,000                | > 50,000 to 100,000            | > 100,000                           |
| <del>\$62.92</del><br>65.1<br>2                                      | <del>\$192.40</del><br>19<br>9.13 | <del>\$450.38</del><br>46<br>6.14 | <del>\$706.21</del><br>73<br>0.92 | <del>\$1,023.47</del><br>59.29 | <del>\$1,705.79</del><br>7<br>65.49 |

| Additional Service Charge Fees   |                                    |                                   |                                    |  |
|--|------------------------------------|-----------------------------------|------------------------------------|--|
| Revision to Notification for <u>Start Date, Quantity, and/or End Date</u> <sup>2</sup> | Special Handling Fee <sup>23</sup> | Planned Renovation                | Procedure 4 or 5 Plan Evaluation   | Expedited Procedure 4 or 5 Fee <sup>34</sup> |
| <del>\$62.92</del><br>25.00  | <del>\$62.92</del><br>65.1<br>2    | <del>\$706.21</del><br>730.9<br>2 | <del>\$706.21</del><br>730.9<br>92 | <del>\$353.10</del><br>365.4<br>5            |

<sup>1</sup> For demolition, the fee is based on the building size.  
For refinery or chemical unit demolition, the fee is based on the structure's footprint surface area.

For renovation, the fee is based on the amount of asbestos/lead removed.

<sup>2</sup> For revisions to notifications to change the End Date to a later date only.

<sup>23</sup> ~~For all notifications postmarked~~ received less than 14 calendar days prior to project start date.

<sup>34</sup> ~~For all expedited Procedure 4 or 5 plan evaluation requests postmarked~~ received less than 14 calendar days prior to project start date.

For each subsequent notification for pre-approved Procedure 5 plan submitted per Rule 1403(d)(1)(D)(i)(V)(2).

**Justification/  
Necessity/  
Equity:**

These amendments are necessary to clarify and reduce certain fees in circumstances where District costs have been reduced by certain automated processes. More specifically:

- a) Staff is proposing to amend the title of Table VI (Demolition, Asbestos and Lead Notifications) because there is no lead removal rule requiring notifications.
- b) Staff is proposing to remove the fee to revise End Dates in circumstances where the end date is being advanced. Doing so removes a disincentive for facilities to update notifications for completed asbestos removal and demolition projects, and reduces District costs which are triggered when an inspector unnecessarily travels to a job that has already been completed. The expected loss of revenue is offset by the reduction of inspection-related costs of travelling to and from a completed job in circumstances where there is nothing left to inspect.
- c) Staff is also proposing to reduce the fee for revising notifications regarding start dates, quantity, and end dates. Originally this fee of \$62.92 was determined based on the amount of time SCAQMD office staff required to update paper notifications in the CLASS database. Presently, the information is entered by the notifier directly via the Rule 1403 Web App rather than SCAQMD office staff. Staff proposes that the fee be reduced to \$25, but not eliminated, so as to still account for Compliance staff time reviewing inspection plans affected by revisions to notifications, particularly for project dates. The revised column header simply specifies the typical instances (start date, quantity, and/or end date) where a Revision to Notification Fee would be charged.
- d) Staff is proposing to change language in Footnotes 2 and 3, which are being re-numbered to Footnotes 3 and 4. Previously, Rule 1403 notifications were typically submitted via standard mail. With the implementation of the Rule 1403 Web App, the notifications are now received electronically and there is no postmark.

## 8. CREATION OF A FEE CAP FOR CERTAIN CHANGE OF OWNER/OPERATOR APPLICATIONS

**Description of Proposed Amendment:** This proposal will provide fee relief for larger RECLAIM facilities that apply for a change of owner/operator by adding a new fee cap.

In addition, all references to “change of operator” will be replaced with “change of owner/operator” to clarify the applicability of this administrative change to both changes of owner and changes of operator permit applications. Currently, Rule 301 consistently refers to owner/operator in all instances except when referring to change of operator. These edits will add consistency and clarity and reflects current practice.

**Proposed Amended Rule(s):**

### *Rule 301*

- (c) Fees for Permit Processing
  - (1) Permit Processing Fee
    - (A) Permit Processing Fee Applicability

...

- (iv) In the event a Permit to Construct expires under the provisions of Rule 205, and the applicable rules, regulations, and BACT for that particular piece of equipment have not been amended since the original evaluation was performed, the permit processing fee for a subsequent application for a similar equipment shall be the fee established in the Summary Permit Fee Rates - Change of Owner/Operator table according to the applicable schedule under the Change of Owner/Operator category, provided the subsequent application is submitted within one (1) year from the date of expiration of either the Permit to Construct, or an approved extension of the Permit to Construct.

...

- (G) Fees for Permit Processing for Certified Equipment Permits and Registration Permits
  - (i) ...
  - (ii) A permit processing fee equal to 50% of Schedule A Permit Processing Fee of Table FEE RATE-A shall be assessed to a person applying for a Change of Owner/Operator for a Certified Equipment Permit.

...

(2) Fee for Change of Owner/Operator or Additional Operator

Under Rule 209 (Transfer and Voiding of Permits), a permit granted by the District is not transferable. Every applicant who files an application for a change of owner/operator or additional operator with the same operating conditions of a Permit to Operate shall be subject to a permit processing fee as follows:

(A) The permit processing fee shall be as established in Table FEE RATE-C for equipment at one location so long as the new owner/operator files an application for a Permit to Operate within one (1) year from the last renewal of a valid Permit to Operate and does not change the operation of the affected equipment. All fees billed from the date of application submittal that are associated with the facility for equipment for which a Change of Owner/Operator or Additional Operator application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before the Change of Owner/Operator or Additional Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new owner/operator shall pay such fees within 30 days of notification. If the fees are paid timely, the owner/operator will not be billed for any additional fees billed to the previous owner/operator.

(B) If an application for change of owner/operator of a permit is not filed within one (1) year from the last annual renewal of the permit under the previous owner/operator, the new owner/operator shall submit an application for a new Permit to Operate, along with the permit processing fee as prescribed in subparagraph (c)(1)(A). A higher fee, as described in subparagraph (c)(1)(C), shall apply.

(d) Annual Operating Permit Renewal Fee

...

(7) Annual Renewal Date for Change of Owner/Operator

The same annual renewal date shall apply from one change of owner/operator to another.

...

- (e) Annual Operating Emissions Fee
  - (1) Annual Operating Emission Fee Applicability  
In addition to the annual operating permit renewal fee, the owner/operator of all equipment operating under permit shall pay an annual emissions fee based on the total weight of emissions of each of the contaminants specified in Table III from all equipment used by the owner/operator at all locations, including total weight of emissions of each of the contaminants specified in Table III resulting from all products which continue to passively emit air contaminants after they are manufactured, or processed by such equipment, with the exception of such product that is shipped or sold out of the District so long as the manufacturer submits records which will allow for the determination of emissions within the District from such products.
  - ...
- (f) Certified Permit Copies and Reissued Permits  
A request for a certified permit copy shall be made in writing by the permittee after the destruction, loss, or defacement of a permit. A request for a permit to be reissued shall be made in writing by the permittee where there is a name or address change without a change of owner/operator or location. The permittee shall, at the time a written request is submitted, pay the fees to cover the cost of the certified permit copy or reissued permit as follows:  
...
- (j) Special Permit Processing Fees - California Environmental Quality Act (CEQA) Assistance, Air Quality Analysis, Health Risk Assessment, and Public Notice for Projects  
...
- (5) Payment for Review of Continuous Emissions Monitoring System (CEMS), Fuel Sulfur Monitoring System (FSMS), and Alternative Continuous Emissions Monitoring System (ACEMS)  
...
- (E) CEMS, FSMS, or ACEMS Change of Owner/Operator  
Every applicant who files an application for a change of owner/operator of a RECLAIM or non-RECLAIM facility permit shall also file an application for a change of owner/operator of a CEMS, FSMS, or ACEMS, if applicable, and be subject to a processing fee equal to ~~\$273.64~~\$283.18 for the first CEMS, FSMS,

or ACEMS, plus ~~\$54.57~~56.48 for each additional CEMS, FSMS, or ACEMS.

...

(l) RECLAIM Facilities

- (1) For RECLAIM facilities, this subdivision specifies additional conditions and procedures for assessing the following fees:

- (A) Facility Permit;
- (B) Facility Permit Amendment;
- (C) Change of Operating Condition;
- (D) Change of Owner/Operator;

...

- (6) Fee for Change of Owner/Operator

The Permit Processing Fee for a Change of Owner/Operator of a RECLAIM facility permit shall be determined from Table FEE RATE-C. In addition, a Facility Permit Amendment fee as specified in paragraph (1)(4) shall be assessed. All fees, billed within the past 3 years from the date of application submittal that are, associated with the facility for equipment for which a Change of Owner/Operator or Additional Operator application is filed, and all facility-specific fees (such as “Hot Spots” fees), must be paid before a Change of Owner/Operator or Additional Operator application is accepted. If after an application is received and SCAQMD determines that fees are due, the new owner/operator shall pay such fees within 30 days of notification. If the fees are paid timely the new owner/operator will not be billed for any additional fees billed to the previous owner/operator.

...

(n) All Facility Permit Holders

...

- (5) Fee for Change of Owner/Operator

The Permit Processing Fee for a Change of Owner/Operator of a facility permit shall be determined from Table FEE RATE-C. In addition, an administrative permit revision fee, as specified in Table VII, shall be assessed. All fees billed within the past 3 years from the date of application submittal that are associated with the facility for equipment for which a Change of Owner/Operator or Additional Operator application is filed, and all facility specific fees (such as “Hot Spots” fees), must

be paid before the Change of Owner/Operator or Additional Operator application is accepted. If, after an application is received, ~~and the~~ SCAQMD determines that additional fees are due, the new owner/operator shall pay such fees within 30 days of notification. If the fees are paid timely, the new owner/operator will not be billed for any additional fees billed to the previous owner/operator.

...

(t) All Facility Registration Holders

...

(5) Reissued Facility Registrations

A request for a reissued Facility Registration shall be made in writing by the permittee where there is a name or address change without a change of owner/operator or location, or for an administrative change in permit description or a change in permit conditions to reflect actual operating conditions, which do not require any engineering evaluation, and do not cause a change in emissions. The permittee shall, at the time a written request is submitted, pay ~~\$216.14~~223.70 for the first equipment listed in the Facility Registration plus ~~\$1,972.03~~ for each additional equipment listed in the Facility Registration.

(u) Fees for Non-permitted Emission Sources Subject to Rule 222

...

(2) Change of Owner/Operator or Location

If the owner/operator or the location of an emission source subject to Rule 222 changes, the current owner/operator must file a new application for Rule 222 and pay to the District an initial non-refundable non-transferable filing and processing fee of ~~\$209.98~~217.32 for each emission source.

...

(ab) Defense of Permit

Within 10 days of receiving a complaint or other legal process initiating a challenge to the SCAQMD's issuance of a permit, the SCAQMD shall notify the applicant or permit holder in writing. The applicant or permit holder may, within 30 days of posting of the notice, request revocation of the permit or cancellation of the application. An applicant or permit holder not requesting revocation or cancellation within 30 days of receipt of notice from the District shall be responsible for reimbursement to the District for all reasonable and necessary costs to defend the issuance of a permit or



permit provisions against a legal challenge, including attorney's fees and legal costs. The Executive Officer will invoice the applicant or permit holder for fees and legal costs at the conclusion of the legal challenge. The SCAQMD and the applicant or permit holder will negotiate an indemnity agreement within 30 days of the notice by SCAQMD to the ~~facility operator~~ applicant or permit holder. The agreement will include, among other things, attorneys' fees and legal costs. The Executive Officer or designee may execute an indemnity agreement only after receiving authorization from the Administrative Committee. The Executive Officer may in his discretion, waive all or any part of such costs upon a determination that payment for such costs would impose an unreasonable hardship upon the applicant or permit holder.

TABLE FEE RATE-C. SUMMARY OF PERMIT FEE RATES  
CHANGE OF OWNER/OPERATOR<sup>a</sup>

| Facility Type      | Non-Title V                       | Title V   |
|--------------------|-----------------------------------|---|
| Small Business     | <del>\$248.03</del> <u>256.71</u> | <del>\$280.86 for FY 2018-19 and \$340.79</del> <u>321.66</u> for FY 2019-20 and thereafter |
| Non-Small Business | <del>\$681.14</del> <u>704.98</u> | <del>\$771.30 for FY 2018-19 and \$853.53</del> <u>883.40</u> for FY 2019-20 and thereafter |

<sup>a</sup> Fees are for each permit unit application and apply to all facilities, including RECLAIM facilities. The change of owner/operator fee for Non-RECLAIM Title V facilities shall not exceed ~~\$9,593.22 for FY 2018-19 and \$10,615.86~~987.41 for FY 2019-20 and thereafter per facility and for all other Non-RECLAIM facilities shall not exceed ~~\$16,943.43~~17,536.45 per facility. ~~The change of owner/operator fee~~ There is no limit to the change of operator fees for RECLAIM facilities shall not exceed \$50,000.

TABLE VII  
FACILITY PERMIT FEES FOR FACILITIES THAT ARE  
~~RECLAIM ONLY, TITLE V ONLY, AND BOTH RECLAIM &~~  
TITLE V

| Description   | Rule section                      | FY 2018-19  | FY 2019-20 and thereafter   |
|---|-----------------------------------|---|---|
| Facility Permit<br>Amendment/Revision Fee <ul style="list-style-type: none"> <li>RECLAIM Only or non-RECLAIM/non-Title V</li> <li>Title V Only*</li> <li>RECLAIM &amp; Title V*</li> </ul><br>* Includes administrative, minor, de minimis significant, or significant amendment/revision | (l)(4)<br>(m)(4)                  | <del>\$1,170.63</del><br><br><del>\$1,325.61</del><br><del>\$2,496.24</del>                           | <del>\$1,170.63</del> <u>211.60</u><br><br><del>\$1,466.92</del> <u>518.26</u><br><del>\$2,637.55</del> <u>729.86</u> |
| Facility Permit Change of Owner/Operator <ul style="list-style-type: none"> <li>Facility Permit Amendment Fee</li> </ul><br>Plus <ul style="list-style-type: none"> <li>Application Processing Fee for Each Application</li> </ul>  | (c)(2), (l)(6),<br>(m)(4), (n)(5) | Facility Permit Amendment/Revision Fee (See Above)<br>Plus<br>Processing Fees (See Table FEE RATE-C)) |   |
| Title V Facility Permit Renewal Fee (Due at Filing)<br>Plus<br>Hourly Rate for Calculation of Final Fee for Evaluation Time in Excess of 8 hours<br>(Due upon Notification)   | (m)(5),<br>(m)(9)                 | <del>\$3,010.95</del><br><br>Plus<br><del>\$210.67</del><br><del>per hour</del>                       | <del>\$3,331.91</del> <u>448.52</u><br><br>Plus<br><del>\$233.13</del> <u>241.29</u><br>per hour                      |

**Justification/  
Necessity/  
Equity:**

This proposal will reduce fees associated with filing applications for changes of owner/operator at large facilities. Recent implementation of streamlined procedures for processing change of owner/operator applications has made cost recovery possible at lower fees. Change of owner/operator is an administrative process that requires no engineering evaluation, but creates a new facility ID and new application numbers for every permit transferred to the new owner/operator. For RECLAIM facilities, the current fees associated with this administrative change can be as high as \$300,000 due to the absence of a fee cap. The proposal is to add a cap of \$50,000 for RECLAIM (or RECLAIM/TV) facilities (which is equivalent to the per-permit fee for ~65 permits). There are currently 23 RECLAIM (or RECLAIM/TV) facilities anticipated to benefit from this proposed fee cap.

Additional amendments are also being proposed for purposes of clarification and consistency. The edits to replace “change of operator” with “change of owner/operator”. There are currently 52 instances in Rule 301 of the term “owner/operator”, and consistently using the term per the proposed changes will not change the way these actions have been historically treated.

**9. AMEND RULE 301 PARAGRAPH (aa) TO REMOVE DELEK U.S. HOLDINGS, INC. (PARAMOUNT), AS IT IS NO LONGER SUBJECT TO RULE 1180 REQUIREMENTS (301(aa))**

**Description of Proposed Amendment:** This amendment is necessary will remove Delek U.S. Holdings Inc. (Paramount) from the list of affected facilities responsible for paying the annual O&M fees listed in paragraph (aa) of Rule 301 as it is no longer subject to the Rule 1180 requirements.<sup>17</sup>

**Proposed Amended Rule(s):** *Rule 301*

(aa) Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees

- (1) The owner or operator of a petroleum refinery subject to Rule 1180 shall pay an annual operating and maintenance fee for a refinery-related community air monitoring system designed, developed, installed, operated, and maintained by SCAQMD in accordance with California Health and Safety Code Section 42705.6.
- (2) The annual operating and maintenance fee per facility required by paragraph (aa)(1) shall be as follows:

| Facility Name* and Location                      | Annual Operating and Maintenance Fee |
|--|--------------------------------------|
| Andeavor Corporation (Carson)                    | <del>\$871,086.00</del> 901,574.01   |
| Andeavor Corporation (Wilmington)                | <del>\$435,543.45</del> 0,787.00     |
| Chevron U.S.A, Inc. (El Segundo)                 | <del>\$871,086.00</del> 901,574.01   |
| <del>Delek U.S. Holdings, Inc. (Paramount)</del> | <del>\$217,771.50</del>              |
| Phillips 66 Company (Carson)                     | <del>\$435,543.45</del> 0,787.00     |
| Phillips 66 Company (Wilmington)                 | <del>\$435,543.45</del> 0,787.00     |
| PBF Energy, Torrance Refining Company (Torrance) | <del>\$871,086.00</del> 901,574.01   |
| Valero Energy (Wilmington)                       | <del>\$435,543.45</del> 0,787.00     |

<sup>17</sup> Changes to the remaining O&M fees in the table within 301(aa) reflect CPI increases as a result of Rule 320.

\*Based on the current facility names. Any subsequent owner(s) or operator(s) of the above listed facilities shall be subject to this rule.

**Justification/ Necessity/ Equity:** Rule 1180 – Refinery Fenceline And Community Air Monitoring (*approved in December 2017*), which implements Health and Safety Code §42705.6, requires affected facilities to pay an annual operating and maintenance (O&M) fee for refinery-related community air monitoring system(s) in communities near these refineries, pursuant to paragraph (aa) of Rule 301, when applicable. Petroleum refineries that have a maximum capacity to process less than 40,000 barrels per day are exempt from Rule 1180. One facility, Delek U.S. Holdings Inc. (Paramount) now known as AltAir Fuels was originally subject to the rule requirements, including the capital cost to establish a refinery-related community monitoring system and applicable annual O&M fees specified in paragraph (aa) of Rule 301. Since the latest amendment of Rule 301 in May 2018, Paramount has voluntarily accepted a permit condition limiting the operator’s throughput of crude oil to no more than 39,500 barrels per day, thus qualifying for the exemption under Rule 1180 requirements. In turn, Paramount is alleviated from paying the cost for a community monitoring system and the corresponding annual O&M fees set-forth in paragraph (aa) of Rule 301. This is an equitable approach as only those facilities with a community monitoring system should be responsible for annual O&M fees.

#### 10. **ELIMINATING SURCHARGE FOR CERTAIN LATE AER AMENDMENTS PERTAINING TO EMISSIONS DEVELOPED FROM SOURCE TESTS**

**Description of Proposed Amendment:** The revision provides relief from fee surcharges/penalties to owner/operators that had in good faith submitted source tests for review to the SCAQMD Source Test Unit prior to or at the time the AER was due, but had to base AER emissions on these source tests before they were approved.

**Proposed Amended Rule(s):** *Rule 301*  
(e)(10)(E) Effective July 1, 2019, if the underpayment is a result of emissions related to a source test that was submitted to the Source Test unit for approval prior to or at the time the official AER submittal due date of the subject annual emission report, the difference or underpayment shall be paid, but with no surcharges added. If the underpayment is paid within one year after the seventy-fifth (75<sup>th</sup>) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is paid after one year after the seventy-fifth (75<sup>th</sup>) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported.

(EF) If one hundred twenty (120) days have elapsed since January 1st, July 1st, or as applicable, and all emission fees including any surcharge have not been paid in full, the Executive Officer may take action to revoke all Permits to Operate for equipment on the premises, as authorized in Health and Safety Code Section 42307.

**Justification/  
Necessity/  
Equity:**

According to Rule 301 (e)(10)(C), if emission fees are paid timely, and if, within one year after the 75<sup>th</sup> day from the official due date is determined to be less than 90 percent of the full amount that should have been paid, a 15 percent surcharge should be added, and is calculated based on the difference between the amount actually paid and the amount that should have been paid. According to Rule 301 (e)(10)(D), one year and 75 days after the official due date of the AER, any fees due and payable for emissions reported or reportable pursuant to subparagraph Rule 301 (e)(8)(C) are assessed fees according to Rule 301 Tables III, IV, and V; and further increased by a penalty of 50 percent.

This amendment would eliminate the surcharge/penalty for emissions developed from source tests, where the source tests were submitted in good faith for approval to the SCAQMD Source Test Unit prior to or at the time the AER was due, but the source tests were not approved before the date surcharges/penalties would be currently assessed. Fees would still be required for any emissions that were underreported related to these source tests pursuant to fee rates discussed in Rule 301 (e)(10)(C) and (D). This amendment is necessary because of delays that sometimes occur in SCAQMD approval of source tests. SCAQMD staff believes surcharges/penalties are not appropriate in circumstance where emissions are reported based on source tests that were promptly submitted to the District, but were not approved by the District until a later date.

## **11. REDUCING CERTAIN CERTIFIED COPY FEES**

**Description  
of Proposed  
Amendment:**

This is a clarification and simplification of existing fees currently referenced in multiple (overlapping) sections. Currently, the fees to obtain a certified copy of a permit and the fees to obtain a reissued permit are mentioned in three locations. In Section (f)(1)-(2), flat fees are listed for non-Title V and Title V permits. In (l)(10)-(11), nearly identical fees are listed for RECLAIM facilities (both RECLAIM-only and RECLAIM/TV), but additional per-page fees apply for each page after the first page. In (n)(7)-(8), a single fee is listed for non-RECLAIM facility permits (notably lower than the other fees from sections (f) and (l)), with an additional fee (also lower than in section (l)), for each page after the first page. All Title V permits are facility permits, as are all

RECLAIM and RECLAIM/TV permits. This makes the rates in (n)(7)-(8) appear to be in conflict with those in sections (f) and (l).

By consolidating all certified copy and permit reissue fees in a single section that requires payment at the lowest rate in all three sections, the discrepancy between sections would be eliminated and future discrepancies would be avoided. The currently implemented procedure for printing certified copies or reissued permits has been streamlined and makes the per-page fee no longer necessary. Although this may result in a decrease in revenue for facility permits, the current annual number of requests for facility permit copies and reissued facility permits is negligible, so there is no anticipated impact on revenue. Also, in most cases, facility permits are not reissued, but instead required to submit an administrative amendment fee to reflect the types of changes that result in a reissuance.

**Proposed  
Amended  
Rule(s):**

*(note that sections (f), (f)(1), and (f)(2) are unchanged, but are provided here for clarity)*

**Rule 301**

(f) Certified Permit Copies and Reissued Permits

A request for a certified permit copy shall be made in writing by the permittee after the destruction, loss, or defacement of a permit. A request for a permit to be reissued shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time a written request is submitted, pay the fees to cover the cost of the certified permit copy or reissued permit as follows:

(1) Certified Permit Copy

| Facility Type             | Non-Title V                     | Title V                         |
|---------------------------|---------------------------------|---------------------------------|
| <del>FY 2018-19</del>     | <del>\$30.19</del>              | <del>\$34.19</del>              |
| FY 2019-20 and thereafter | <del>\$30.19</del> <u>31.24</u> | <del>\$37.84</del> <u>39.16</u> |

(2) Reissued Permit

| Facility Type             | Non-Title V                       | Title V                           |
|---------------------------|-----------------------------------|-----------------------------------|
| <del>FY 2018-19</del>     | <del>\$233.77</del>               | <del>\$264.71</del>               |
| FY 2019-20 and thereafter | <del>\$233.77</del> <u>241.95</u> | <del>\$292.93</del> <u>303.18</u> |

...

(l) RECLAIM Facilities

~~(10) Certified Permits Copies~~

~~A request for a certified copy of a Facility Permit shall be made in writing by the permittee. The permittee shall, at the time the written request is submitted, pay a fee for the first page as follows:~~

| Facility Type             | Non Title V | Title V |
|---------------------------|-------------|---------|
| FY 2018-19                | \$30.19     | \$34.19 |
| FY 2019-20 and thereafter | \$30.19     | \$37.84 |

~~and the applicable fee per page for each additional page in the Facility Permit as shown below:~~

| Facility Type             | Non Title V | Title V     |
|---------------------------|-------------|-------------|
| FY 2018-19                | \$2.13/page | \$2.42/page |
| FY 2019-20 and thereafter | \$2.13/page | \$2.68/page |

~~(11) Reissued Permits~~

~~A request for a reissued Facility Permit shall be made in writing by the permittee when there is a name or address change without a change of operator or location. The permittee shall, at the time the written request is submitted, pay a fee for the first page as follows:~~

| Facility Type             | Non Title V | Title V  |
|---------------------------|-------------|----------|
| FY 2018-19                | \$233.78    | \$264.71 |
| FY 2019-20 and thereafter | \$233.78    | \$292.93 |

~~and the applicable fee per page for each additional page in the facility permit as shown below:~~

| Facility Type             | Non Title V | Title V     |
|---------------------------|-------------|-------------|
| FY 2018-19                | \$2.13/page | \$2.42/page |
| FY 2019-20 and thereafter | \$2.13/page | \$2.68/page |

## (n) All Facility Permit Holders

## (1) Applicability

The requirements of this subdivision apply to all non-RECLAIM holders of a Facility Permit.

~~(7) — Certified Permit Copies~~

~~A request for a certified copy of a Facility Permit shall be made in writing by the permittee. The permittee shall, at the time a written request is submitted, pay \$27.92 for the first page and \$1.97 for each additional page in the facility permit.~~

~~(8) — Reissued Permits~~

~~A request for a reissued Facility Permit shall be made in writing by the permittee where there is a name or address change without a change of operator or location. The permittee shall, at the time a written request is submitted, pay \$216.14 for the first page plus \$1.97 for each additional page in the Facility Permit.~~

**Justification/  
Necessity/  
Equity:** The discrepancy between certified copy and permit reissuance fees was introduced as an error during rule amendment in 2017. The intent to recover increased costs from the Title V program is not met by assessing a lower fee for Title V-only Facility Permits, and the current configuration of multiple conflicting references is confusing and unclear.

By removing references to certified copy and reissuance fees in sections (l)(10)-(11) and (n)(7)-(8), fees are reduced and the correct fees are more clearly identified in sections (f)(1)-(2).

The adjustment is warranted to correct a mistake from an earlier rule revision. The adjustment will align and consolidate the fees for certified copies and reissuance of permits (and facility permits). In addition, for Title V-only facilities, the fee adjustment will continue to recover costs required to implement the Title V program, which is required by the Clean Air Act.



#### IV. PROPOSED RULE AMENDMENTS WITH NO FEE IMPACTS AND/OR ADMINISTRATIVE CHANGES

The proposed rule amendments in this section do not have fee impacts. Rather, these amendments generally include administrative changes, including clarifications, deletions, re-numbering, and corrections to existing rule language.

In addition to the proposed amendments to specific rule language as discussed below, and additional amendments that represent renumbering of rule sections/tables, due solely to any proposed addition and/or deletion of preceding rule sections/tables, are not separately listed below. Finally, all of the amended fee rates shown below reflect the proposed CPI-based fee increase and do not include any additional increase beyond the CPI-based adjustment.

##### 1. CREATION OF “NON-RECLAIM/NON-TITLE V” FACILITY CATEGORY IN TABLE VII OF RULE 301

**Description of Proposed Amendment:** Table VII of Rule 301 specifies fees applicable to holders of facility permits. In particular, Table VII identifies three separate categories of facility permits: Title V, RECLAIM, and Title V/RECLAIM. Currently, there are about 130 facilities in the “RECLAIM” category. As the RECLAIM program ends, and these non-Title V facilities exit the RECLAIM program, they will continue to hold their facility-wide permits unless they voluntarily apply to convert their facility-wide permit to individual equipment-based permits. The sunseting of the RECLAIM program results in a re-naming of the category pertaining to these facilities. They will no longer be known as “RECLAIM” facilities. Instead, they will be known as “non-RECLAIM/non-Title V” facilities. This category name change requires an updating/clarification of Table VII to capture their new name/status/category. These facilities will continue to possess their same facility-wide permit and the fee they were paying for that facility permit will be unchanged.

**Proposed Amended Rule(s):**

##### ***Rule 301***

(n) All Facility Permit Holders

(3) Facility Permit Revision

Except as provided in paragraphs (m)(4) and (m)(5), the permit processing fee for an addition, alteration or revision to a Facility Permit that requires engineering evaluation or causes a change in emissions shall be the sum of applicable fees assessed for each affected equipment as specified in subdivisions (c) and (j). For a non-Title V facility, the facility permit revision fee shall be the applicable facility permit fee in Table VII.

TABLE VII

~~FACILITY PERMIT FEES FOR FACILITIES THAT ARE RECLAIM ONLY, TITLE V ONLY, AND BOTH RECLAIM 7 TITLE V~~

| Description  | Rule section                         | <del>FY 2018-19</del>  | FY 2019-20 and thereafter   |
|--|--------------------------------------|--|---|
| Facility Permit Amendment/Revision Fee<br><br>• <u>RECLAIM Only or non-RECLAIM/non-Title V</u><br><br>• Title V Only*<br><br>• RECLAIM & Title V*<br><br>* Includes administrative, minor, de minimis significant, or significant amendment/revision | (l)(4)<br>(m)(4)<br>(n)(3)           | <del>\$1,170.63</del><br><br><del>\$1,325.61</del><br><br><del>\$2,496.24</del>  | <del>\$1,170.63</del> <u>211.60</u><br><br><del>\$1,466.92</del> <u>518.26</u><br><br><del>\$2,637.55</del> <u>729.86</u> |
| Facility Permit Change of <u>Owner/Operator</u><br><br>• Facility Permit Amendment Fee<br><br>Plus<br><br>• Application Processing Fee for Each Application  | (c)(2)<br>(l)(6)<br>(m)(4)<br>(n)(5) | <i>Facility Permit Amendment/Revision Fee</i><br><i>(See Above)</i><br><br>Plus<br><br><i>Processing Fees</i><br><i>(See Table FEE RATE-C)</i> |   |
| Title V Facility Permit Renewal Fee<br>(Due at Filing)<br><br>Plus<br><br>Hourly Rate for Calculation of Final Fee for Evaluation Time in Excess of 8 hours<br>(Due upon Notification)   | (m)(5)<br>(m)(9)                     | <del>\$3,010.95</del><br><br>Plus<br><br><del>\$210.67</del><br><del>per hour</del>  | <del>\$3,331.91</del> <u>448.52</u><br><br>Plus<br><br><del>\$233.13</del> <u>241.29</u><br>per hour                      |

**Justification/  
Necessity/  
Equity:**

Facility permits have additional administrative costs due to their comprehensive nature. The creation of a new category in Table VII is necessary to ensure the continued recovery of administrative costs associated with the processing of facility permits. The proposed revision makes clear that facility permit fees continue to apply to non-Title V facilities that exit the RECLAIM program.

## **2. UPDATE RULE 2002 REFERENCE FOR PERMIT REISSUANCE FEE**

**Description of Proposed Amendment:** This proposed amendment to Rule 301(l)(16) changes the reference from “Rule 2002(f)(7)” to “Rule 2002(f)(8)” to reflect renumbering that occurred as a result of the Rule 2002 amendment process in 2018.

**Proposed  
Amended  
Rule(s):**

***Rule 301***

(l) RECLAIM Facilities

*Renumbered as a result of another proposed amendment*

~~(46)(14)~~ Facility Permit Reissuance Fee for Facilities Exiting RECLAIM

A facility exiting the NO<sub>x</sub> RECLAIM program pursuant to Rule 2002(f)(~~7~~8) shall be assessed a Facility Permit Reissuance Fee for the conversion of its RECLAIM Facility Permit to a Command-and-Control Facility Permit. The conversion consists of removal of non-applicable RECLAIM provisions and addition of requirements for applicable command-and-control rules. The Facility Permit Reissuance Fee includes an initial flat fee, plus an additional time and materials (T&M) charge where applicable. Both the initial flat fee and T&M charge are tiered based on the number of permitted RECLAIM NO<sub>x</sub> sources at the facility. Both the initial flat fee and T&M charge are also differentiated based on a facility’s Title V status.

The initial flat fee to transition from NO<sub>x</sub> RECLAIM Facility Permit to Command-and-Control Facility Permit per Rule 2002(f)(~~7~~8) shall be paid at the time of filing and assessed according to the following fee schedule.

**Justification/  
Necessity/  
Equity:**

The proposed amendment would simply revise Rule 301 to reflect updated rule language by properly referencing Rule 2002(f)(8) instead of 2002(f)(7). No new fee or revision to existing fees would occur because of this amendment.

### 3. LATE SURCHARGE CLARIFICATION

**Description of Proposed Amendment:** This amendment would clarify rule references with respect to late surcharges. Rule 301(e)(11)(C) currently refers to Rule 301(e)(10) in regards to the surcharge if an installment fee payment is considered late. Since Rule 301(e)(10) has several subsections that apply to different conditions, some clarification/amendment to the rule language seem to be necessary to prevent confusion. The proposed amendment to Rule 301(e)(11)(C) would more specifically identify the subsections which is applicable, i.e. Rule 301(e)(10)(B). Subparagraph (e)(10)(B) would also be amended to include an appropriate cross-reference to subparagraph (e)(11)(C).

**Proposed Amended Rule(s):** *Rule 301*

(e)(10)(B) If fee payment and emissions report are not received within the time prescribed by subparagraph (e)(10)(A) or (e)(11)(C), a surcharge shall be assessed and added to the original amount of the emission fee due according to the following schedule:

|                   |                               |
|-------------------|-------------------------------|
| Less than 30 days | 5% of reported amount         |
| 30 to 90 days     | 15% of reported amount        |
| 91 days to 1 year | 25% of reported amount        |
| More than 1 year  | (See subparagraph (e)(10)(D)) |

(e)(11)(C) An installment fee payment shall be ~~is~~ considered late ~~and is subject to a surcharge if not received by the District, or postmarked, on or before the within seventy five (75) days seventy-fifth (75<sup>th</sup>) day following July 1 of the current reporting period of the due date and shall be subject to a surcharge pursuant to subparagraph (e)(10)(B).~~

**Justification/ Necessity/ Equity:** The proposal would clarify which subparagraph should be used to estimate the surcharge in Rule 301(e)(10) to prevent confusion.

### 4. OWNER/OPERATOR CLARIFICATION IN RULE 209

**Description of Proposed Amendment:** Staff is proposing to amend Rule 209 with language that clarifies when a change of owner/operator occurs.

**Proposed  
Amended  
Rule(s):**

***Rule 209***

A permit shall not be transferable, whether by operation of law or otherwise, either from one location to another, from one piece of equipment to another, or from one person to another.

When equipment which has been granted a permit is altered, changes location, or no longer will be operated by the permittee, the permit shall become void. For the purposes of this rule, ~~mergers~~, name changes, or incorporations by an individual owner or partnership composed of individuals shall not constitute a transfer. Other transactions shall be deemed a transfer for purposes of this rule and shall require a change of operator or change of ownership as specified in the Change of Owner/Operator Guidelines adopted by the Executive Officer and in effect as of July 1, 2019 or as subsequently modified. The Executive Officer may update those Guidelines as appropriate in accordance with principles of California corporate law, and shall publish such updated Guidelines on the District's website.

**Justification/  
Necessity/  
Equity:**

Rule 209 currently states that a merger does not result in a transfer of owner/operator at a facility. This position is inconsistent with the principles of California corporate law. The rule is being amended to remove that inconsistency. In addition, the rule is being updated to include a reference to District issued Change of Operator/Owner Guidelines prepared by the District.

**5. SEVERABILITY IN RULE 301**

**Description  
of Proposed  
Amendment:**

Staff is proposing to add a severability clause to Rule 301.

**Proposed  
Amended  
Rule(s):**

***Rule 301***

**(ac) Severability**

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule are held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

**Justification/  
Necessity/  
Equity:**

Rule 301 contains multiple fees associated with the District's permit processing program. These fees constitute a significant portion of the District's revenue. Staff is proposing to add a severability clause to protect revenue in circumstances when one or more of these fees are successfully challenged.

**V. IMPACT ASSESSMENT****A. FISCAL IMPACT FOR SCAQMD**

The fiscal impact of the proposed amendments, including except for those impacted only by the CPI increase, have not been taken into consideration by the FY 2019-20 budget and the related five-year projections is estimated to be -\$0.30 million in FY 2019-20, \$1.76 million in FY 2020-21, and \$4.12 million in FY 2021-22 and thereafter.

**B. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The proposed project is comprised of amendments to Regulation III, and Rule 209. Proposed Amended Regulation III – Fees, consists of: 1) an increase in fees consistent with the increase in the California Consumer Price Index (pursuant to Rule 320); 2) new and increased fees to meet the requirements of recently adopted rules and state mandates; 3) new or increased fees for cost recovery; 4) the removal, reduction, and capping of certain fees to provide fee reduction and relief; and 5) administrative changes that include clarifications, deletions, or corrections to existing rule language for multiple rules that comprise Regulation III (Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, and 315). Proposed Amended Rule 209 – Transfer and Voiding of Permits, consists of a clarification on how permit transfers are considered when there is a change of owner/operator. Pursuant to the California Environmental Quality Act (CEQA) and SCAQMD Rule 110, the SCAQMD, as lead agency for the proposed project, has reviewed the proposed amendments to Regulation III and Rule 209 pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. With respect to the proposed new and increased fees, and the administrative changes in Proposed Amended Regulation III and Proposed Amended Rule 209 that are strictly administrative in nature, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Thus, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. Additionally, the entirety of Proposed Amended Regulation III is statutorily exempt from CEQA requirements pursuant to CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges, because the proposed new and increased fees, and the proposed amendments to Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, and 315 involve charges by public agencies for the purpose of meeting operating expenses and financial reserve needs and requirements. Also, the proposed amendments to Rule 209 isare categorically exempt because they are it is designed to further protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Action by Regulatory Agencies for Protection of

the Environment. Further, SCAQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed amendments to Rule 209 pursuant to CEQA Guidelines Section 15300.2 – Exceptions. Therefore, the proposed project is exempt from CEQA. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 – Notice of Exemption. If the project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties.

### **C. SOCIOECONOMIC IMPACT ASSESSMENT**

A draft socioeconomic impact assessment for the automatic CPI increase has been prepared as a separate report and was posted online on March 15, 2019 (available on SCAQMD's website at: [http://www.aqmd.gov/docs/default-source/finance-budgets/fy-2019-20/draft-socioeconomic-assessment-for-automatic-cpi-increase\\_2019.pdf](http://www.aqmd.gov/docs/default-source/finance-budgets/fy-2019-20/draft-socioeconomic-assessment-for-automatic-cpi-increase_2019.pdf).) A socioeconomic impact assessment of other proposed rule amendments with fee impacts will be conducted and released for public review and comment at least 30 days prior to the SCAQMD Governing Board Hearing on Proposed Amended Regulation III and Fiscal Year 2018-19 Proposed Draft Budget and Work Program, which is anticipated to be heard on May 4, 2019.

## **VI. DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE**

Before adopting, amending or repealing a rule, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference, as defined in H&SC Section 40727, as well as findings of equity under H&SC Section 40510.5(a). The draft findings are as follows:

### **A. NECESSITY**

Based on the analysis provided in Sections II, III, and IV of this report, ~~the SCAQMD Governing Board has determined that~~ a need exists to add or increase certain fees in Rules 301 and 309 in order to recover reasonable and actual costs incurred by SCAQMD in implementing necessary clean air programs. These fees include fees for toxic emissions, Rule 1118.1 notification fees, PERP inspection fees, Rule 309 fees for certain plans required by Regulation XVI and XXV, and new renewal fees for CAS/CACC certifications. In addition, ~~the SCAQMD Governing Board has determined that~~ other fees in Rule 301 and 308, should be eliminated, reduced, or capped because such fees are resulting in collateral and unanticipated costs to the District and/or are no longer necessary due to process improvements at the SCAQMD. Finally, the amendments set forth in the no fee impact/administrative change section of this report are necessary to add rule clarity or make necessary administrative changes to Rule 301. CPI updates to Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314 and 315 are necessary to recover SCAQMD's costs as a result of inflation. All fees are necessary to fund the Fiscal Year 2019-20 Budget. It is also necessary to amend Rule 209 to clarify when a change of owner/operator occurs. As currently written, it is inconsistent with California corporate law insofar as it provides that a merger that does not result in a transfer of owner/operator at a facility.

## **B. EQUITY**

H&SC Section 40510.5(a) requires the SCAQMD Governing Board to find that an increased fee will result in an equitable apportionment of fees when increasing fees beyond the CPI. Based on the analysis provided in Section III of this report, the proposed new fees or increases in fee rates in Proposed Amended Rules 301, 308, and Rule 309 are found to be equitably apportioned.

## **C. AUTHORITY**

The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from H&SC Sections 40000, 40001, 40440, 40500, 40501.1, 40502, 40506, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 40702, and 44380, and Clean Air Act section 502(b)(3) [42 U.S.C. §7661(b)(3)] .

## **D. CLARITY**

~~The SCAQMD Governing Board has determined that~~ Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315 and 209, as proposed to be amended, are written or displayed so that their meaning can be easily understood by the persons directly affected by them.

## **E. CONSISTENCY**

~~The SCAQMD Governing Board has determined that~~ Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, and Rule 209 as proposed to be amended, are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.

## **F. NON-DUPLICATION**

~~The SCAQMD Governing Board has determined that~~ Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, and Rule 209, as proposed to be amended, do not impose the same requirements as any existing state or federal regulation and are necessary and proper to execute the power and duties granted to, and imposed upon, the SCAQMD.

## **G. REFERENCE**

~~The SCAQMD Governing Board, i~~In amending these rules, ~~references the following statutes which the SCAQMD hereby~~ references, implements, interprets, or makes specific: H&SC Sections 40500, 40500.1, 40510, 40510.5, 40512, 40522, 40522.5 40523, 41512, and 44380, and Clean Air Act section 502(b)(3) [42 U.S.C.S. 7661 (b)(3)].



**APPENDIX A – RULE 320**

(Adopted October 29, 2010)

**RULE 320. AUTOMATIC ADJUSTMENT BASED ON CONSUMER PRICE INDEX FOR REGULATION III FEES****(a) Purpose**

The purpose of this rule is to automatically adjust most fees established in Regulation III by the California Consumer Price Index each year, unless a rule adopted for a specific year provides otherwise for some or all of those fees.

**(b) Applicability**

Effective July 1 of each calendar year after October 29, 2010, each fee set forth in Regulation III as of October 29, 2010 shall be automatically adjusted by the change in the California Consumer Price Index for the preceding calendar year, as defined in Health and Safety Code §40500.1(a).

**(c) Exceptions**

- (1) The provisions of subdivision (b) shall not apply for any fiscal year for which a rule is adopted for a specific fee or fees or for all fees that provides for a different adjustment or no adjustment. In such a case, subdivision (b) shall again apply for the subsequent years.
- (2) The provisions of subdivision (b) shall not apply to any fee which is charged for a dishonored check, which shall be as set forth by statute, nor to Rule 317, which shall instead be automatically adjusted as stated in Rule 317(d)(2).

- (d) This rule shall become inoperative if the voters do not enact Proposition 26 on the November 2, 2010 ballot.

**APPENDIX B – SUMMARY OF PROPOSED AMENDED RULES**

| Rule           | Referencing   | CPI | Fee Impacts | No Fee Impacts and/or Administrative Changes |
|----------------|---|-----|-------------|--|
| 301(aa)        | Amend Rule 301 Paragraph (aa) to remove Delek U.S. Holdings, Inc. (Paramount)   | ✓   | ✓           |  |
| 301(e)         | TAC Fee Increases for AER, AB 2588, and Special Monitoring Cost Recovery  | ✓   | ✓           |  |
| 301 (e)(10)(E) | New subparagraph Rule 301 (e)(10)(E), existing subparagraph Rule 301 (e)(10)(E) would be renumbered Rule 301 (e)(10)(F) | ✓   |             | ✓  |
| 301(e)(10)(B)  | Clarification to Rule 301(e)(10)(B)   | ✓   |             | ✓  |
| 301(e)(11)(C)  | Clarification to Rule 301(e)(11)(C)   | ✓   |             | ✓  |
| 301(f)(1)      | Certified Copy Fees for Title V Facilities in Rule 301  | ✓   | ✓           |  |
| 301(l)(10)     | Certified Copy Fees for Title V Facilities in Rule 301  | ✓   | ✓           |  |
| 301(l)(16)     | Change Reference to Rule 2002 (f)(7) to Rule 2002 (f)(8)  | ✓   |             | ✓  |
| 301(n)(3)      | Creation of “former RECLAIM/non-Title V” facility category in Table VII of Rule 301                                     | ✓   |             | ✓  |
| 301(n)(7)      | Certified Copy Fees for Title V Facilities in Rule 301  | ✓   | ✓           |  |
| 301(r)         | Clean Air Solvent Certification Fees  | ✓   | ✓           |  |
| 301(v)         | Update Rule 301 Fee and update Table VI applying to Rule 1403   | ✓   | ✓           |  |
| 301(w)         | Enforcement Inspection Fees for PERP Regulations  |     | ✓           |  |
| 301(x)         | Include Rule 1118.1 in rules subject to fees in Rule 301 (x)  | ✓   | ✓           |  |

| Rule         | Referencing   | CPI | Fee Impacts | No Fee Impacts and/or Administrative Changes |
|--------------|---|-----|-------------|--|
| 301 Table IV | TAC Fee Increases for AER, AB 2588, and Special Monitoring Cost Recovery                | ✓   | ✓           |  |
| 301 Table VI | Certified Copy Fees for Title V Facilities in Rule 301                                  | ✓   | ✓           |  |
| 303          | Hearing Board Fees  | ✓   |             |  |
| 304          | Equipment, Materials, and Ambient Air Analyses  | ✓   |             |  |
| 304.1        | Analyses Fees   | ✓   |             |  |
| 306          | Plan Fees   | ✓   |             |  |
| 307.1        | Alternative Fees for Air Toxics Emissions Inventory                                     | ✓   |             |  |
| 308(c)(2)    | Remove Fee in Rule 308 for Adding/Deleting Site from a Multi-Site or Geographic Program | ✓   | ✓           |  |
| 308          | On-Road Motor Vehicle Mitigation Options Fees   | ✓   |             |  |
| 309(c)(2)    | Aligning Inspection Fee Rates in Rule 306 and 309                                       | ✓   | ✓           |  |
| 309(c)       | Aligning Inspection Fee Rates in Rule 306 and 309                                       | ✓   | ✓           |  |
| 309          | Fees for Regulation XVI and Regulation XXV  | ✓   |             |  |
| 311          | Air Quality Investment Program (AQIP) Fees  | ✓   |             |  |
| 313          | Authority to Adjust Fees and Due Dates  | ✓   |             |  |
| 314          | Fees for Architectural Coatings   | ✓   |             |  |
| 315          | Fees for Training Classes and License Renewal   | ✓   |             |  |

## **APPENDIX C – DETAILED BREAKDOWN OF DISTRICT COSTS FOR STATIONARY SOURCE TOXICS: EXISTING SOUTH COAST AQMD PROGRAMS**

| SCAQMD Division                                | District Work Programs Eligible to be Paid for by Emissions Fees* | Total FTE Staff in Work Programs (FY 18-19) | Portion of Program Paid for with Emissions Fees (FY 18-19) | Percent of Program Effort on Stationary Source Toxics** | Program Cost for Stationary Source Toxics | Division Total | This analysis used as a baseline every South Coast AQMD work program that is at least partially paid for with emissions fees. The amount of emissions fees used to pay for each work program is listed in the middle column. Staff from each program then provided estimates for the resources that were spent on toxics emissions from permitted facilities. This percentage was then multiplied by the middle column. The subtotals from this calculation were then summed, resulting in the total of ~\$9.25 million. |
|--|---|---|--|---|---|----------------|--|
| Compliance                                     | Public Complaints/Breakdowns                                      | 14.1  | \$1,140,113  | 60%   | \$684,068                                 | \$1,207,708    |  |
|  | Compliance Guidelines   |   | \$316,698  | 50%   | \$158,349                                 |                |  |
|  | Compliance Testing  |   | \$219,132  | 50%   | \$109,566                                 |                |  |
|  | Rulemaking/Support PRA  |   | \$10,937   | 41%   | \$4,484                                   |                |  |
|  | Compliance/IM Related Activities                                  |   | \$108,566  | 100%  | \$108,566                                 |                |  |
|  | Emergency Response  |   | \$20,480   | 100%  | \$20,480                                  |                |  |
| Permitting                                     | Perm Proc/IM Programming  | 4.3   | \$58,131   | 25%   | \$14,533                                  | \$137,343      |  |
|  | Rulemaking/Support PRA  |   | \$10,937   | 41%   | \$4,484                                   |                |  |
|  | School Siting   |   | \$56,991   | 100%  | \$56,991                                  |                |  |
|  | Rulemaking  |   | \$50,722   | 41%   | \$20,796                                  |                |  |
|  | Environmental Justice   |   | \$302,926  | 50%   | \$151,463                                 |                |  |
|  | Customer Service  |   | \$17,097   | 50%   | \$8,549                                   |                |  |
| Planning & Rules                               | Rulemaking/Toxics   | 31.1  | \$2,492,700  | 100%  | \$2,492,700                               | \$4,747,199    |  |
|  | Annual Emission Reporting   |   | \$2,297,884  | 60%   | \$1,378,730                               |                |  |
|  | Socio-Economic  |   | \$1,024,833  | 41%   | \$415,218                                 |                |  |
|  | SCAQMD Projects   |   | \$326,949  | 25%   | \$81,737                                  |                |  |
|  | CEQA Document Projects  |   | \$106,598  | 50%   | \$53,299                                  |                |  |
|  | Regional Modeling   |   | \$197,933  | 25%   | \$49,483                                  |                |  |
|  | AQMP/Emissions Inventory  |   | \$117,384  | 10%   | \$11,738                                  |                |  |
|  | Emissions Inventory Studies                                       |   | \$83,845   | 50%   | \$41,923                                  |                |  |
|  | Health Effects  |   | \$66,283   | 100%  | \$66,283                                  |                |  |
|  | Ch Communities Pln  |   | \$28,326   | 100%  | \$28,326                                  |                |  |
|  | MATES V   |   | \$27,136   | 100%  | \$27,136                                  |                |  |
|  | EI-AQ Guidance Document   |   | \$5,212  | 100%  | \$5,212                                   |                |  |
| Leg & Public Affairs                           | Intergov/Geographic Deployment                                    | 22.1  | \$571,483  | 50%   | \$285,742                                 | \$695,360      |  |
|  | Environmental Justice   |   | \$302,926  | 50%   | \$151,463                                 |                |  |
|  | Small Business/Permit Streamln                                    |   | \$230,107  | 30%   | \$69,032                                  |                |  |
|  | Outreach/Business   |   | \$93,208   | 35%   | \$32,623                                  |                |  |
|  | Public Education/Public Events                                    |   | \$76,504   | 30%   | \$22,951                                  |                |  |
|  | Clean Air Connections   |   | \$53,595   | 30%   | \$16,078                                  |                |  |
|  | Public Notification   |   | \$47,778   | 90%   | \$43,001                                  |                |  |
|  | Fee Review  |   | \$14,318   | 0%  | \$0                                       |                |  |
|  | Public Information Center   |   | \$41,993   | 90%   | \$37,793                                  |                |  |
|  | Environmental Education   |   | \$25,632   | 30%   | \$7,690                                   |                |  |
|  | Advisory Group/Ethnic Comm  |   | \$21,438   | 70%   | \$15,006                                  |                |  |
| Lab & Monitoring                               | Ambient Air Analysis  | 18.6  | \$347,848  | 50%   | \$173,924                                 | \$1,605,125    |  |
|  | ST Methods Development  |   | \$207,811  | 75%   | \$155,858                                 |                |  |
|  | Quality Assurance   |   | \$131,249  | 33%   | \$43,312                                  |                |  |
|  | Spec Monitoring/Emerg Response                                    |   | \$109,374  | 50%   | \$54,687                                  |                |  |
|  | ST Sample Analysis/Air Program                                    |   | \$54,687   | 75%   | \$41,015                                  |                |  |
|  | ST Sample Analysis/Air Program                                    |   | \$54,687   | 75%   | \$41,015                                  |                |  |
|  | VOC Sample Analysis/Rules   |   | \$52,500   | 41%   | \$21,525                                  |                |  |
|  | Air Quality Data Management                                       |   | \$28,437   | 10%   | \$2,844                                   |                |  |
|  | NATTS(Natl Air Tox Trends Sta)                                    |   | \$22,969   | 100%  | \$22,969                                  |                |  |
|  | Environmental Justice   |   | \$302,926  | 50%   | \$151,463                                 |                |  |
|  | DB/Computerization  |   | \$14,437   | 33%   | \$4,764                                   |                |  |
|  | Rulemaking/Support PRA  |   | \$10,937   | 41%   | \$4,484                                   |                |  |
|  | Ongoing lab/monitoring consumables                                |   | \$1,046,000  | 85%   | \$887,264                                 |                |  |
| Legal  | Case Disposition  | 10.7  | \$810,146  | 25%   | \$202,536                                 | \$600,306      |  |
|  | Legal Rep/Litigation  |   | \$699,670  | 25%   | \$174,917                                 |                |  |
|  | Rules/Legal Advice  |   | \$341,114  | 41%   | \$139,857                                 |                |  |
|  | CEQA Document Projects  |   | \$106,598  | 50%   | \$53,299                                  |                |  |
|  | Interagency Coordination  |   | \$52,304   | 33%   | \$17,260                                  |                |  |
|  | Legal Rep/Legislation   |   | \$49,746   | 25%   | \$12,436                                  |                |  |
| Admin, IM, etc.                                | New System Development  | 20.8  | \$473,234  | 15%   | \$70,985                                  | \$257,166      |  |
|  | Systems Maintenance   |   | \$387,287  | 25%   | \$96,822                                  |                |  |
|  | Annual Emission Reporting   |   | \$2,297,884  | 60%   | \$1,378,730                               |                |  |
|  | Billing Services  |   | \$165,182  | 10%   | \$16,518                                  |                |  |
|  | Cash Mgmt/Revenue Receiving                                       |   | \$107,383  | 10%   | \$10,738                                  |                |  |
| TOTAL  |   | 121.6                                       |  |   |   | \$9,250,209    |  |
| * Consistent with Health and Safety Code 40510 |   |   |  |   |   |                |  |
| ** Estimates provided by each Division         |   |   |  |   |   |                |  |

## **DETAILED BREAKDOWN OF DISTRICT COSTS FOR STATIONARY SOURCE TOXICS: AB 617 WORK PROGRAMS**

| AB 617 Work Programs               | Full Time Equivalent Staff*** | AB 617 Sub-Programs                                     | Anticipated Costs for Year 1 of AB 617 Sub-Programs | Anticipated Percent of Sub-Program Focused on Stationary Source Toxics**** | Anticipated Sub-Program Costs for Stationary Source Toxics | Anticipated Program Total for Stationary Source Toxics |
|------------------------------------|-------------------------------|---|---|--|--|--|
| Community Monitoring and Analysis  | 23                            | Equipment, Sensors, Monitoring Sites, Vehicles          | \$3,271,500   | 50%  | \$1,635,750  | \$5,752,056  |
|                                    |                               | Recurring Costs (hazardous wst, license, software, etc) | \$1,145,000   | 50%  | \$572,500  |  |
|                                    |                               | Recurring Costs (Equipment, Vehicles, real estate)      | \$302,000   | 50%  | \$151,000  |  |
|                                    |                               | Contract (remote sensing, laboratory)                   | \$1,380,000   | 50%  | \$690,000  |  |
|                                    |                               | Staff Expense   | \$5,385,612   | 50%  | \$2,692,806  |  |
|                                    |                               | Travel  | \$20,000  | 50%  | \$10,000   |  |
| Community Emission Reduction Plans | 23.5                          | Software & Website                                      | \$100,000   | 70%  | \$70,000   | \$3,363,941  |
|                                    |                               | Steering Committee/Community Meetings                   | \$404,440   | 70%  | \$283,108  |  |
|                                    |                               | Steering Committee/Community Engagement                 | \$44,400  | 70%  | \$31,080   |  |
|                                    |                               | Staff Expense   | \$4,256,791   | 70%  | \$2,979,754  |  |
| Uniform Emissions Reporting        | 6.0                           | Inventory Protocol Implementation Staff                 | \$1,457,065   | 60%  | \$874,239  | \$1,054,239  |
|                                    |                               | Software, Data Enhancements & Programming               | \$300,000   | 60%  | \$180,000  |  |
| <b>TOTAL</b>                       | <b>52.5</b>                   |   |   |  |  | <b>\$10,170,236.3</b>                                  |

\*\*\* Estimate based on expected workload to implement AB 617 and is consistent with previous Board approvals when recognizing one time revenues from the state in January and December 2018

\*\*\*\* Estimated percentages for Community Monitoring and Emission Reduction Plans based on expected long-term implementation of AB 617 across many communities. In addition, District efforts on Emission Reduction Plans are expected to focus on stationary sources while CARB resources are expected to focus more on mobile sources. Estimated percentages for Emissions Reporting are consistent with current Annual Emissions Reporting workload.

This analysis used as a baseline a budgeting analysis conducted for Year 1 implementation of the South Coast AQMD AB 617 program. This baseline estimate is consistent what has previously been discussed with Community Steering Committees (e.g., <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/wilmington/presentation-feb12-2019.pdf>). The baseline total estimated workload is \$27.7 million for all South Coast AQMD AB 617 work. Note that costs are expected to increase in future years due to the addition of more AB 617 communities. Costs for all work programs that may address toxics emissions from permitted facilities, at least in part, are listed in the middle column.

Staff then estimated the amount of work dedicated to toxics emissions from permitted facilities for each program. Because AB 617 is a new program, these estimates are uncertain as work proceeds, and as new communities are added, each with its own unique needs. These estimated percentages are based on staff's experience in conducting similar work in the past in other communities (e.g., Paramount), and in the recognition that South Coast AQMD has primary authority over stationary sources while CARB has primary authority over mobile sources. Hence, while many communities may be impacted largely by mobile sources, much of that work would be conducted by CARB, while South Coast AQMD would focus on permitted stationary sources.

Similar to the analysis for existing South Coast AQMD work programs on the previous page, the percentages for each program were multiplied by the middle column, and the resulting subtotals were summed to arrive at the estimate of approximately \$10.2 million for AB 617 work on toxics emissions from permitted sources. This estimate comes out to about one third of all AB 617 work being focused on toxics emissions from permitted facilities.

**APPENDIX D – PUBLIC COMMENTS**

**From:** [jmeyer@aviation-repair.com](mailto:jmeyer@aviation-repair.com) [<mailto:jmeyer@aviation-repair.com>]  
**Sent:** Friday, April 12, 2019 8:15 PM  
**To:** Shah Dabirian <[SDabirian@aqmd.gov](mailto:SDabirian@aqmd.gov)>  
**Cc:** [john.kabateck@nfib.org](mailto:john.kabateck@nfib.org); 'Wesley Turnbow' <[wturnbow@emeplating.com](mailto:wturnbow@emeplating.com)>  
**Subject:** FW: Webinar To Discuss Proposed New Toxics Emissions Fees

Hi Shah,

These are not ready for a review by the board. You should consider:

- 1) How would a facility determine how many devices to which it should apply the “flat rate device fee” to? How would we count the “unpermitted” items? What are they? and how would you define what is countable? Are you counting my stacks (1), or my tanks (6), or my rectifiers (many)? And what unit of measure would be used to count an activity? Is duration of activity important? This seems to be a pretty fundamental problem with the proposal. Obviously without these definitions the public from whom you are seeking comment input can only estimate the MINIMUM they would pay based on their known number of permits. The maximum is an undefined unknown. I hope this is not intentional. } 1-1
- 2) I am curious how the “TEF Impact by Industry” analysis dealt with my business. We are an FAA repair facility, a 100% service business, and a small business with 16 employees but somehow not included in the 146 establishments the industry analysis has in the “Services: Repair and Maintenance” category. Our fees ALONE would total more than are attributed as the entire amount that segment of 146 companies would pay. The proper inclusion of us in that category would cause the category average to more than double and we would be the top impacted business in the category. We are NAICS 488190. What category does AQMD think we are in? What category are the other metal finishers in? They are all service businesses. Makes me suspicious of the entire page. Obviously this also taints the line purporting to represent the impact on small business as well. I would think the small business advocates might take more interest if higher values are shown in the small business line. } 1-2
- 3) My kids and grandkids sometimes fly in airplanes. When they do, I am very happy that the following systems, which are designed to include hexavalent chromium, cadmium, and nickel work effectively: Landing Gear, Thrust Reversers, Rudder Actuators, Ball-screws, and Propeller Actuators. I am glad that police forces are able to fly safely in helicopters that use the same materials in Rotor Servos and Actuators. I am glad that our Armed Forces are able to rely on the safe operation of aircraft. We maintain all of the above. We are keeping you and your children safe, every day. As you consider how beneficial it would be to the nation to roll AQMD policies nationwide, consider the impact on lives if critical aircraft maintenance could only be performed economically in countries without the same environmental rules we have. } 1-3

Best Regards,  
 Jim Meyer

**Response to Comment 1-1**

As stated in the staff report on page 28, footnote 15, devices will continue to be reported in the same manner as is currently required for the Annual Emissions Reporting (AER) program through its web tool. Since 2014, all facilities have been required to report emissions through AER at the device level (often called an ‘Emission Source’ within the web-tool). Therefore, the methodology for reporting the number of devices within AER is not changed. Several guidance documents are available online to guide facilities in reporting emissions for their facility, including instructions for reporting emissions at the device level (<http://www.aqmd.gov/home/rules-compliance/compliance/annual-emission-reporting>). For example, in the Frequently Asked Questions document located on the AER website, Questions 18 and 19 state:

**18. What is An Emission Source (ES)?**

Emission source (ES) and its numbers are generated by the reporting tool for tracking purposes. It is designated to a source of emission, whether permitted or not. Each ES is assigned to a device/equipment in facility’s permit profile. User can always add ES to the list for the missing source of emissions, permitted or not.

**19. How Do I Add an Emission Source (ES)?**

User can add an emission source for the operation that either does not require a written permit (Rule 219 equipment or un-permitted operations) or missing from the uploaded permit profile. Please see “Add an Emission Source” section in Help and Support manual for detailed instructions.

The number of devices for each facility will vary depending on the specific nature of each facility’s operations. In general, every permitted device is an emissions source, as are unpermitted non-vehicular equipment with emissions (e.g, Rule 219 registered equipment). Facilities may contact AER staff to discuss how many devices must be reported for their facility [(909) 396-3660, [aer@aqmd.gov](mailto:aer@aqmd.gov)].

**Response to Comment 1-2**

The commenter’s facility is not included in the ‘TEF Impact by Industry’ table because Proposed Amended Rule 301 will not require the facility to report emissions. This facility’s emissions are below the thresholds required to report emissions in paragraphs (e)(1) and (e)(5). CARB is proposing a new regulation (Criteria and Toxics Reporting [CTR]) that may require more facilities to report their emissions to air districts, however this regulation has not been finalized, and the additional reporting requirements from that regulation are unknown. Because the commenter’s facility is not required to report emissions (or pay the proposed toxics emissions fees) to South Coast AQMD pursuant to Proposed Amended Rule 301, no socioeconomic impacts for this facility are presently expected if the Board approves this rule. Staff confirms the commenter’s facility categorization, *Other Support Activities for Air Transportation*, which is classified as 488190 in NAICS.

If this facility is required to report emissions (and subsequently pay toxics emissions fees) by the new state regulation, then the South Coast AQMD’s workload is expected to increase in proportion to all other facilities currently reporting under Rule 301 – and fees will be tied to the facility’s reported toxics emissions level and number of devices.

**Response to Comment 1-3**

Proposed amendments to Regulation III do not prohibit the use of hexavalent chromium, cadmium, and nickel in industrial and commercial applications. The South Coast AQMD has no plan or authority to “roll [its] policies nationwide.” Unfortunately, the use of toxic metals, even if necessary or beneficial, creates work and costs for the South Coast AQMD. The new fee schedule is proposed to recover costs incurred by the agency in relation to activities such as monitoring, rulemaking, and enforcement of rules for toxic air contaminants currently in the Rule 301 Table IV list. Some notable examples of recent efforts undertaken by the South Coast AQMD include: the Community Air Toxics Initiative and hexavalent chromium monitoring in the cities of Paramount and Compton, the work on fugitive toxic metal emissions (e.g., nickel, arsenic, lead) from facilities such as battery recyclers and others in the metal-working industry and fugitive hydrocarbon emissions.

The proposed increased in toxic emission fees would increase the cost of services rendered by the affected industries in the region. The magnitude of the impact depends on the size and diversification, and infrastructure in a local economy as well as interactions among industries. The socioeconomic analysis for Regulation III found that our region’s large, diversified, and resourceful economy is expected to absorb the impact described above with minimal impact. The socioeconomic assessment of the proposed amendments shows that nearly 40 percent of the facilities currently subject to toxic emission fees will have no future difference in their total annual toxics fees compared with the 2017 reporting year, and only about 132 out of about 22,000 permitted facilities are expected to incur more than \$5,000 in toxics emissions fees annually.

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**From:** Ahn, Terry [mailto:tahn@ocsd.com]  
**Sent:** Friday, April 19, 2019 2:28 PM  
**To:** REG 3 Questions <reg3questions@aqmd.gov>  
**Subject:** [EXTERNAL]

1. There should be a discount given for device fee for identical equipment similar to discount given for permit processing fee.
2. AB 617 work related costs should be recovered only from those facilities that are located in the communities that are selected by CARB.

} 2-1  
 } 2-2

Thank you!



**Terry Ahn**  
 Orange County Sanitation District  
 Laboratory, Monitoring, and Compliance | Regulatory Specialist  
 Office: 714.593.7082  
[www.ocsd.com](http://www.ocsd.com)

### **Response to Comment 2-1**

The current proposal for the device-level fee corresponds with the workload associated for each individual device in auditing by South Coast AQMD staff the emission reporting. While some devices may be similar for permitting purposes, their annual emissions often vary due to differences in throughput, etc., hence the toxics inventory workload for each device generally cannot be streamlined even for similarly permitted equipment.

### **Response to Comment 2-2**

Under the new fee structure, higher toxics emitting facilities will pay higher fees, consistent with the expected increased South Coast AQMD workload. This is more equitable than allocating fees based on geography, as suggested by the commenter. With respect to AB617 new communities need to be added every year, and many facilities located outside of AB 617 communities impact residents inside AB 617 communities. This fact, along with the nature of the work required for the South Coast AQMD, means that AB 617 has impacts that extend beyond the initially chosen communities. For example, monitoring-related investigations instigated at the request of a particular community will generate knowledge that has impacts beyond that individual community. The District's past work at specific lead or metal finishing facilities contributed immensely to the District's knowledge about the behavior of fugitive emissions. That knowledge has been applied in other contexts. In addition, work in an AB 617 community is expected to result in additional rulemaking responsibilities for the agency. That rulemaking will not be targeted at a single facility in a single community. Instead, it will be a rule of general application throughout the South Coast Air Basin. Under these circumstances, it would not be equitable to seek recovery of these expenses from a single or limited number of facilities in a single community.

It is also significant that much of the current South Coast AQMD work on toxics emissions from permitted sources is also associated with non-AB 617 work as illustrated in the Final Staff Report in Chapter III and Appendix C. Finally, the Board resolution also contains a requirement for staff to report back to the Administrative Committee within one year of final phase in of the toxics emissions fee on the revenues raised by the fee, the costs of toxics work covered by the fee, and the District's efforts to obtain funding for toxics work covered by this fee.

**From:** Natasha Meskal [mailto:nmeskal@ecotek.com]

**Sent:** Friday, April 19, 2019 2:29 PM

**To:** REG 3 Questions <reg3questions@aqmd.gov>

**Subject:** [EXTERNAL]So when will toxic emissions fee be assigned for emissions < 1 pound?

Hi,

So when will toxic emissions fee be assigned for emissions < 1 pound?

} 3-1

Are you planning to re-evaluate default emission factors?

} 3-2

Will you add option to add control, when applicable, to combustion worksheets?

} 3-3

Thank you.

Best Regards,

Natasha Meskal

**Ecotek**

17610 Beach Blvd. Ste. 47

Huntington Beach, CA 92647

714-596-8836 Ext. 304

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WWW.ECOTEK.COM

### **Response to Comment 3-1**

The current proposal uses thresholds specific to each Table IV listed pollutant, and therefore some compounds have thresholds that exceed 1 pound per year, while others have thresholds that are significantly less than one pound. The thresholds used are consistent with thresholds used for reporting emissions under the AB 2588 Toxics Hot Spots Program. Reporting under the new toxics emissions fee structure is proposed to begin in January 1, 2021 for emissions that occurred in 2020.

### **Response to Comment 3-2**

South Coast AQMD is committed to improving default emission factors for emission reporting, which are largely based on source testing. As estimation methods improve, emission reporting will reflect the best available methodologies. California Air Resources Board is similarly looking into new reporting methods as part of AB617 and the requirement for uniform emission reporting of toxic air contaminants. In addition, the Board resolution contains a requirement for South Coast AQMD staff to convene a working group and review and update default emission factors as appropriate, and report back to its Stationary Source Committee within 12 months on the status of this work.

### **Response to Comment 3-3**

The current AER web tool allows users to include the effect of controls to all emission sources, including combustion worksheets. If the commenter has detailed suggestions for improvements to the web-tool, she is encouraged to contact AER staff directly at [(909) 396-3660, aer@aqmd.gov].

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**From:** Natasha Meskal [mailto:nmeskal@ecotek.com]

**Sent:** Friday, April 19, 2019 2:32 PM

**To:** REG 3 Questions <reg3questions@aqmd.gov>

**Subject:** [EXTERNAL]Questions

Hi,

What will be toxic fee threshold?

} 4-1

Will toxic emissions affect AER applicability?

} 4-2

Thank you.

Best Regards,

Natasha Meskal

Ecotek

17610 Beach Blvd. Ste. 47

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#### **Response to Comment 4-1**

The requirements for toxics fees are stated in Rule 301 (e) and thresholds are listed in TABLE IV.

#### **Response to Comment 4-2**

These amendments are not designed to require more facilities to report emissions. The requirements for reporting emissions to the South Coast AQMD are listed in paragraph 301(e)(1). If a facility emits more than 4 TPY of any criteria pollutant, that facility must report all criteria pollutant emissions and the emissions for all toxics listed in TABLE IV of Rule 301. CARB is currently in the process of drafting a regulation related to criteria pollutant and toxics emissions reporting. This regulation entitled Criteria Toxics Reporting (CTR) may require additional facilities to report toxic emissions in the future to air districts, however proposed amendments to Rule 301 do not duplicate any potential requirements from CARB's proposed CTR regulation.

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From: James Simonelli [mailto:james@metalscoalition.com]

Sent: Friday, April 19, 2019 2:27 PM

To: REG 3 Questions <reg3questions@aqmd.gov>

Subject: [EXTERNAL]Questions

Hi Ian:

- |  |   |     |
|--|---|-----|
| <p>1) Slide 7. Since the phase-in of the TAC fee is not imminent, what is the objection to taking more time to discuss these fees? Is there a deadline to hear this May 3?</p>   | } | 5-1 |
| <p>2) Slide 6. Many companies will see a 400-600% increase in a TAC fee (ex: fee would increase from \$2000 to \$8000). Was this addressed in Slide 6. And how often does SCAQMD increase fees at this high level?</p>   | } | 5-2 |
| <p>3) General question. Does the SCAQMD acknowledge that the same companies are getting hit with higher fees and taxes from 10-20+ California government agencies? Each agency takes \$5,000-\$10,000 each, but it adds up to hundreds of thousands of dollars every year.</p> | } | 5-3 |
| <p>4) General comment. Friday afternoon of a major holiday weekend is probably the worst timing. Any reason why this webinar couldn't have been done next week?</p>  | } | 5-4 |

Thank you!

James Simonelli, Executive Director  
 California Metals Coalition  
<http://www.metalscoalition.com>  
 916-933-3075

### **Response to Comment 5-1**

The Commenter's questions are in reference to the slide presentation made on April 19, 2019. Regulation III is customarily packaged with the annual budget update, and staff is proposing rule amendments and the budget together at the May 3 Governing Board hearing. One of the objectives of the delayed implementation schedule and proposed three year phase-in was to offer facilities ample time to evaluate the proposed amendments and their potential impacts. Delaying implementation allows facilities to take a closer look at their current emissions profile and to also look into the possibility of more source testing. The current phase-in allows facilities the opportunity to look at their emissions profile and plan for the optimal way to report their emissions under this new fee structure.

### **Response to Comment 5-2**

Some facilities would experience increases in toxic fees relative to current toxic fees, consistent with the level indicated by the commenter. Some facilities are expected to pay even higher fees, as shown in Table 4 of the Socioeconomic Assessment. The current fee level is relatively low and does not cover all costs associated with current and anticipated work on toxic emissions at stationary sources. That shortfall, if allowed to continue, has the potential to create inequities in the overall permitted source program. The SCAQMD is committed to reasonable cost recovery and equitable allocation of its fees. Looking across all emissions fees, including criteria pollutants,

staff anticipates these amendments will result in an approximately 22% increase in total emissions fees collected. Staff continually evaluates the level of fees collected from facilities relative to the workload associated with permitting and other activities related to permitted facilities. Fees are increased or decreased as appropriate. For example, most recently in 2017 Regulation III was amended to include an increase in Title V fees that totaled approximately \$4 million in additional revenue to address that program's needs. In contrast, staff also proposes fee reductions when appropriate. The proposed amendments this year also include an approximate \$300,000 reduction in fees for asbestos demolition notifications consistent with expected streamlining of staff work for that program.

### **Response to Comment 5-3**

The South Coast AQMD provided a detailed Socioeconomic Impact Assessment for the proposed amendments to Regulation III. As part of the socioeconomic analysis, staff projects the macroeconomic impacts resulting from the proposed amendments using Regional Economic Model, Inc. (REMI). The REMI model takes the projected incremental costs to various economic sectors as an input and estimates job impacts for each sector relative to a baseline scenario. This baseline scenario attempts to account for all regulatory and other costs that all regional economic sectors currently encounter.

In general, the South Coast AQMD is not in a position to address the impacts of additional fees imposed by other California government agencies. The proposed toxic air contaminants (TACs) fees are necessary to recover the recent increases in South Coast AQMD's efforts on monitoring, inspecting, auditing facilities' TAC emission inventories, rulemaking, and enforcement of rules for toxic air contaminants. The proposed fees were based on actual costs incurred for toxics related work which is expected to continue.

### **Response to Comment 5-4**

The Governing Board's request to conduct the Regulation III Webinar in response to stakeholder feedback was made on April 12, with the Public Hearing scheduled on May 3. Staff scheduled the Webinar at the earliest opportunity (on April 19), in order to allow stakeholders the most time to provide comment. This Webinar was provided to supplement the previous public meetings that served as opportunities for public comment. In addition, staff has made and will continue to make themselves available to discuss any and all inquiries regarding the proposed amendments to Regulation III. In addition, a recording of this April 19<sup>th</sup> Regulation III Webinar is available online (<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules#REG%20III>).

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**From:** Bill LaMarr [mailto:billlamarr@msn.com]  
**Sent:** Friday, April 19, 2019 2:34 PM  
**To:** REG 3 Questions <reg3questions@aqmd.gov>  
**Subject:** QUESTION

The terms in the pie chart only shows percentages and is too vague (e.g., “manufacturing”). Can staff delineate what industry “families” are included in manufacturing” (e.g., auto body shops, dry cleaners, metal finishing job shops, restaurants, etc.)

6-1

**Response to Comment 6-1**

Additional material was made available on April 16 to provide more detailed information on the impacts to industry resulting from the proposed TAC fee increase. This table “Toxic Emissions Fee Impact by Industry” is currently available online (<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules#REG%20III>) and provides percentile, average, and maximum estimates of the fee increase resulting from the proposed amendments for various industry sectors. In addition, this same information can also be found in Table 4 in the Final Socioeconomic Impact Assessment for Proposed Amended Regulation III – Fees.

---

**From:** Davenport, Neal [mailto:neal.davenport@davenport-co.com]

**Sent:** Friday, April 19, 2019 2:35 PM

**To:** REG 3 Questions <reg3questions@aqmd.gov>

**Subject:** Reg III Question

Is the District planning to update its default EF profile for natural gas external combustion to replace the 1151 PAH listing with individual species?

It would seem that many reporters that burn utility natural gas would benefit.

7-1

**Neal Davenport**

**Davenport Engineering, Inc. | Principal Engineer**

**Los Angeles:** (310) 787-4600 x15 | **Houston:** (832) 317-6530 | **Cell:** (310) 625-0025

23705 Crenshaw Blvd., Suite 101, Torrance, California 90505

2600 South Shore Blvd., Suite 300, League City, Texas 77573

neal.davenport@davenport-co.com

### **Response to Comment 7-1**

Please refer to the response to comment 3-2 regarding the improvement of the AER reporting methodologies.

**From:** Natasha Meskal [mailto:nmeskal@ecotek.com]

**Sent:** Friday, April 19, 2019 2:37 PM

**To:** REG 3 Questions <reg3questions@aqmd.gov>

**Subject:** [EXTERNAL]Question

Hi,

Did I understand correctly that the current Toxic reporting thresholds will become Toxic fee thresholds?

} 8-1

Thank you.

Best Regards,

Natasha Meskal

Ecotek

17610 Beach Blvd. Ste. 47

Huntington Beach, CA 92647

714-596-8836 Ext. 304

714-596-8837 Fax

WWW.ECOTEK.COM

### **Response to Comment 8-1**

Correct. The proposed amendment to Rule 301(e)(7) requires facilities to pay toxics emissions fees if facility-wide emissions exceed thresholds in Table IV, and to pay Flat Rate Device fees if device-level emissions exceed Table IV thresholds per Rule 301(e)(7)(A)(ii).<sup>18</sup>

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<sup>18</sup> Emissions thresholds in Table IV are derived from CARB guidelines. See Appendix A of CARB's Emission Inventory Criteria and Guidelines Report (<https://www.arb.ca.gov/ab2588/2588guid.htm>)



**From:** Bob Rost [mailto:brost@cla-val.com]  
**Sent:** Friday, April 19, 2019 2:44 PM  
**To:** REG 3 Questions <reg3questions@aqmd.gov>  
**Subject:** Rule III

Will the socio-economic study be release to the public, and when?

} 9-1

**Response to Comment 9-1**

The Final Socioeconomic Impact Assessment for Regulation III- Fees is being released with the entire May 3 Board package. The Draft Socioeconomic Impact Assessment for Regulation III- Fees was previously released on April 2, 2019.

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From: Suzanne Gornick [mailto:[sgornick@worldoilcorp.com](mailto:sgornick@worldoilcorp.com)]

Sent: Friday, April 19, 2019 2:46 PM

To: REG 3 Questions <[reg3questions@aqmd.gov](mailto:reg3questions@aqmd.gov)>

Subject: [EXTERNAL]Question

Ian,

Is the number of devices the total number contributing to an over-threshold TAC or only an individual device that is over the threshold?

} 10-1

Sue

**Response to Comment 10-1**

In the proposed amendments, the Flat Rate Device fee applies only to those devices that emit any toxic pollutant above the thresholds listed in Table IV. If a device emits toxics below all Table IV thresholds, then the Flat Rate Device fee will not be applied to that device.

---

**From:** Natasha Meskal [mailto:nmeskal@ecotek.com]

**Sent:** Friday, April 19, 2019 2:52 PM

**To:** REG 3 Questions <reg3questions@aqmd.gov>

**Subject:** [EXTERNAL]Question

Hi,

Is Flat Device fee applicable to permitted and non-permitted devices?

} 11-1

Thank you.

Best Regards,

Natasha Meskal

Ecotek

17610 Beach Blvd. Ste. 47

Huntington Beach, CA 92647

714-596-8836 Ext. 304

714-596-8837 Fax

WWW.ECOTEK.COM

### **Response to Comment 11-1**

The flat device fee applies to any device (permitted and non-permitted) that has emissions exceeding the thresholds listed in Rule 301 Table IV

---

**From:** Torres, Alison [mailto:torresa@emwd.org]

**Sent:** Monday, April 22, 2019 8:13 AM

**To:** Shah Dabirian <SDabirian@aqmd.gov>

**Subject:** Regulation III Estimates -Fee calculator

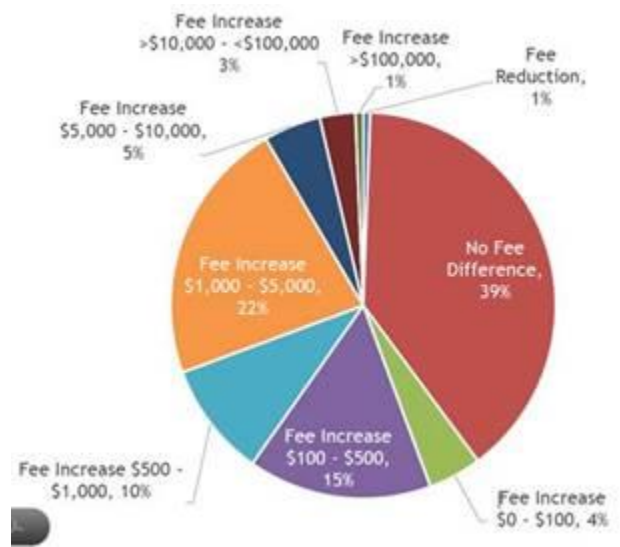
Good morning Shah,

Thank you for the distribution of the Toxic Fee Calculator for the proposed Regulation III changes. It is very helpful in estimating the fee impacts.

Staff has presented the fee increases as less than \$5,000 for a large majority of facilities.

What total number of facilities is used for these estimates?

} 12-1



Thank you in advance for your help.

### **Alison Torres**

Senior Air Quality Compliance Analyst  
Environmental & Regulatory Compliance Dept  
Eastern Municipal Water District  
(951) 928-3777, ext. 6345  
torresa@emwd.org

*Serving our community today and tomorrow*

### **Response to Comment 12-1**

The total number of facilities reflected in this chart is 1,541. The number of facilities with fee impacts greater than \$5,000 increase annually was determined to be 132. The numerical breakdown associated with the different categories in this chart can be found in Table A1 of the Final Socioeconomic Impact Assessment.

**From:** Suzanne Gornick [mailto:sgornick@worldoilcorp.com]

**Sent:** Friday, April 19, 2019 3:08 PM

**To:** Ian MacMillan <imacmillan@aqmd.gov>

**Cc:** Shah Dabirian <SDabirian@aqmd.gov>

**Subject:** Question about Toxics fee calculations

Ian,

I'm trying to calculate the new proposed toxics fees with the calculator. Can you confirm which one is correct?

Scenario 2 - Total Individual devices that "individually" are over a TAC threshold - 12

Scenario 1 - Total individual devices that "contribute" to over-threshold quantities - 315

I'm including fugitives as devices. Double counting devices is a given with either approach - not sure how you get around that. Ammonia, fluorocarbons, and 1,1,1 trichloroethane are calculated at set fees independent of device count.

Regards,

Sue Gornick

VP, EHS

World Oil Corp.

562-307-6353

-

| <u>TAC Group</u> | <u>TAC / ODC</u>                            | <u>Annual Emissions (lbs)</u> | <u>Threshold</u> |
|------------------|---|-------------------------------|------------------|
| <u>14</u>        | <u>Arsenic and Compounds (inorganic)</u>    | <u>0.011</u>                  | <u>0.01</u>      |
| <u>2</u>         | <u>Benzene</u>                              | <u>27.851</u>                 | <u>2</u>         |
| <u>3</u>         | <u>Beryllium</u>                            | <u>0.003</u>                  | <u>0.001</u>     |
| <u>4</u>         | <u>Butadiene [1,3]</u>                      | <u>0.539</u>                  | <u>0.1</u>       |
| <u>13</u>        | <u>Chromium, hexavalent (and compounds)</u> | <u>0.001</u>                  | <u>0.0001</u>    |
| <u>12</u>        | <u>Formaldehyde</u>                         | <u>14.263</u>                 | <u>5</u>         |
| <u>19</u>        | <u>PAHs [PAH, POM]</u>                      | <u>1.829</u>                  | <u>0.2</u>       |
| <u>21</u>        | <u>Vinyl chloride</u>                       | <u>0.992</u>                  | <u>0.5</u>       |

-

**Scenario 1**

-

|   |  |                   |                   |                    |                    |                    |
|---|--|-------------------|-------------------|--------------------|--------------------|--------------------|
| ALL FACILITIES PAY FLAT RATE FEE of \$78.03   |  | 2021 Facility Fee | 2022 Facility Fee | 2020 TAC Fee Total | 2021 TAC Fee Total | 2022 TAC Fee Total |
|   |  | \$78.03           | \$78.03           | \$173.31           | \$54,865.80        | \$109,565.78       |
| ENTER NUMBER OF PERMITTED DEVICES, UNPERMITTED DEVICES, OR REPORTABLE TAC ACTIVITY ABOVE ANNUAL THRESHOLDS LISTED IN TABLE IV |  | 2021 Device Fee   | 2022 Device Fee   |                    |                    |                    |
| 315   |  | \$53,849.25       | \$107,695.35      |                    |                    |                    |

## Scenario 2

|   |  |                   |                   |                    |                    |                    |
|---|--|-------------------|-------------------|--------------------|--------------------|--------------------|
| ALL FACILITIES PAY FLAT RATE FEE of \$78.03   |  | 2021 Facility Fee | 2022 Facility Fee | 2020 TAC Fee Total | 2021 TAC Fee Total | 2022 TAC Fee Total |
|   |  | \$78.03           | \$78.03           | \$173.31           | \$3,067.95         | \$5,973.11         |
| ENTER NUMBER OF PERMITTED DEVICES, UNPERMITTED DEVICES, OR REPORTABLE TAC ACTIVITY ABOVE ANNUAL THRESHOLDS LISTED IN TABLE IV |  | 2021 Device Fee   | 2022 Device Fee   |                    |                    |                    |
| 12  |  | \$2,051.40        | \$4,102.68        |                    |                    |                    |

| Chemical Abstract # | Ammonia and Ozone Depleters | ENTER EMISSIONS (in lbs.) FOR EACH COMPOUND LISTED IN COLUMN 'D' | 2020 Emissions Fee | 2021 Emissions Fee | 2022 Emissions Fee |
|---------------------|-----------------------------|--|--------------------|--------------------|--------------------|
| 7664417             | Ammonia                     | 2116.12  | \$84.64            | \$84.64            | \$84.64            |
| 1104                | Chlorofluorocarbons         | 0  | \$0.00             | \$0.00             | \$0.00             |
| 71556               | 1,1,1-trichloroethane       | 0.0361   | \$0.00             | \$0.00             | \$0.00             |
|                     |                             | Total  | \$84.64            | \$84.64            | \$84.64            |

## Response to Comment 13-1

It should be scenario 2. All devices need to report all toxics in Table IV. Also facility-wide emissions over threshold will be used to determine the cancer-potency weighted fees. But devices are only counted if they emit at least one toxic over a Table IV threshold.



April 23, 2019

Mr. Wayne Nastri  
Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Amended Regulation III (Fees)**  
**Significant concerns over proposed air toxics fee changes**

Dear Mr. Nastri,

We are writing on behalf of the Los Angeles County Business Federation (BizFed) - a grassroots alliance of more than 180 top business groups representing 390,000 employers with 3.5 million employees throughout Los Angeles County. Our members include large and small employers, minority business owners, and job creators from a wide range of industries. We appreciate the opportunity that the South Coast Air Quality Management District (AQMD or District) has given our members to participate in working groups on various rulemakings.

BizFed is writing to express our concerns regarding the proposed amendments to Regulation III. Specifically, we are very concerned about the proposed modifications to the toxics emissions fees in Rule 301(e).

- 1. Proposed changes to Rule 301(e) would significantly alter the applicable fee structure, reportedly increasing the fees collected by over 800 percent.<sup>1</sup> As of the writing of this letter, these proposed updates to the rule have not been adequately disclosed to all the affected stakeholders.**

The District's proposed changes to Rule 301(e) would significantly alter the fee structure applied to Southern California business with applicable toxics emissions. Some stakeholders will be subject to large increases in fees, driven largely by a complicated new "cancer potency-weighted fee" which would recover costs for District enforcement and related efforts for facilities with higher emissions of toxics. District have estimated a large increase in air toxics fees from a baseline of \$0.4M (2018) to \$4.9M (2022 for the 2021 reporting year) from this provision alone.<sup>2</sup> The District cites recent and anticipated District workload as part of the justification for the need to recover increasing costs for addressing toxics emissions from stationary sources. However, the claim that costs derived from workload is directly correlated to the toxicity and the complexity of emission sources at a facility (e.g., number of devices) does not appear to be sufficiently supported in the rulemaking documents made public thus far. These proposed changes were not presented to a Working Group at first, and thus stakeholders were not afforded sufficient opportunity to digest the proposed changes and provide comments. Simply put, more time is needed.

14-1

- 2. The notice period provided for the proposed changes to Rule 301(e) has not been sufficient given the potential for significant impacts and limited timeframe for public comment.**

<sup>1</sup> SCAQMD, Presentation for Proposed Amended Regulation III, Public Consultation Meeting, Draft, March 22, 2019. See slide 9.

<sup>2</sup> Ibid.



The District's notice of this radical change in Rule 301's fee structure and (projected) fees collected has been inadequate for public review and comment necessary for proposed changes of this magnitude. The first time any information regarding proposed toxics fee increases was made public appears to be the slideshow for the March 22, 2019 Public Consultation Meeting.<sup>3</sup> However, neither the meeting notice nor the subsequent April 2, 2019 Draft Staff Report<sup>4</sup> indicate that some facilities would be significantly impacted by the proposed changes. The Draft Staff Report does not explain that for certain industrial sectors, the annual toxics fees could increase as much as \$15,000 to \$427,000).

Another example highlighting this issue is that the March 27, 2019 "Notice of Public Hearing" letter<sup>5</sup> does not mention the word "toxics". This is a concern, considering the most consequential of the proposed fee changes are associated with toxics emissions fees. Assuming no other notifications were distributed directly, facilities reporting air toxics were given no indication that their fees would be significantly increased by the proposed changes. The Draft Staff Report also describes how the increased toxics fees would represent a significant increase in total emissions fees collected (for both criteria and air toxics) but does not detail the potential range of impacts on individual facilities, including those which do not report air toxics emissions. More detailed information on impacts to specific industry sectors and subsectors, is only found in the April 2, 2019 Socioeconomic Report.<sup>6</sup> According to that report, more than 1500 facilities are expected to be affected by the proposed increases to toxics fees. It has not been made clear that AQMD conducted any outreach to these facilities beyond the public hearing and public workshop notices that omitted important information.

Finally, AQMD is also proposing to apply these new toxics fees to diesel particulate matter (DPM). This would impact every facility with a diesel generator (including emergency generators), including local government facilities, hospitals, etc. which may assume that they would not be affected by the fee proposal. This important proposed change does not appear to have been detailed or even disclosed in the Public Hearing notice.

14-2

### **3. The justification for the proposed Rule 301(e) fee increases have not been adequately supported.**

The District's justification of the fee increases is presented in a stack chart in the Draft Staff Report that claims to detail AQMD efforts on toxics that can be paid for with toxics emissions fees. However, supporting information is not provided to explain the specific District efforts or their relation to existing toxics emissions at facilities, nor to explain the justification that those efforts are related solely to stationary source emissions. In addition, over half of these efforts are (according to the District presentations) related to the AB617 program. We cannot tell if the District has partitioned those efforts between stationary sources and area or mobile source emissions. Nor can we determine if the District has accounted for the new AB 617 mandates (and related resources) already affecting some of the facilities that would also be affected by these fees. On top of this, the District has also introduced the new concept of "cancer potency-weighted fees" without sufficient justification

14-3

<sup>3</sup> SCAQMD, Presentation for Proposed Amended Regulation III, Public Consultation Meeting, Draft, March 22, 2019.

<sup>4</sup> SCAQMD, Preliminary Draft Staff Report for Proposed Amended Regulation III – Fees; and Rule 209 – Transfer and Voiding of Permits, March 15, 2019.

<sup>5</sup> SCAQMD, Notice of Public Hearing for Proposed Amended Regulation III, March 27, 2019.

<sup>6</sup> SCAQMD, Draft Socioeconomic Impact Assessment of Proposed Amended Regulation III – Fees, April 2019.



for the claim that Staff workload is correlated to the toxicity of the emissions. Facilities with greater reported emissions often are paying higher permit fees and other District fees.

There is no known analysis of the program costs for specific air toxics and how these program costs might relate to the toxicity, if at all. Justification of how this fee structure was developed according to the anticipated level of effort on the part of the District would be important and may actually be necessary per California state laws covering tax/fee increases. In short, the proposed changes to the Rule 301(e) toxics emissions fees have not been sufficiently workshopped and are not ready for consideration by the Governing Board.

14-3 cont.

BizFed strongly recommends that the proposed amendments to Rule 301(e) toxics emissions fees should be considered separately from the less significant Regulation III amendments and postponed to a later Governing Board hearing. This bifurcation is necessary to allow time for additional working group consideration for Staff's proposed modifications to the toxics emissions fees in Rule 301(e). These changes are significant and are subject to Prop 26 limitations, and therefore should not be hurriedly rushed to decision. Working groups are needed so that stakeholders are given the opportunity to fully understand and provide comments on these proposed changes.

14-4

Sincerely,



Steve Bullock  
BizFed Chair  
Cerrell Associates



David Fleming  
BizFed Founding Chair



Tracy Hernandez  
BizFed Founding CEO  
IMPOWER, Inc.

cc:  
Philip Fine  
AQMD Board Members

**Response to Comment 14-1**

For a justification of the correlation between District workload and the proposed new toxic emissions fee structure, please see Response to Comment 14-3.

The commenter states that the rule concept was not discussed first with a Working Group, and notes that the proposed amendments were first discussed publicly at a Public Consultation meeting. Unlike many rules the South Coast AQMD adopts or amends that are focused on specific industries or specific emissions sources, the annual Regulation III update affects every permitted facility. Outreach is therefore focused on providing an opportunity for all permitted facilities to provide feedback. Even so, as shown in the table on the following page, staff conducted extensive outreach above and beyond what was legally required for these proposed amendments including reaching out to all stakeholders through multiple mailings, targeted emails, newspaper notices, two public consultation meetings (with supplemental conference call-in access), a Budget Advisory Committee meeting, a webinar, a Special Governing Board Meeting, in addition to many phone conversations and meetings with individual facilities.

| <u>Public Outreach Activity</u>   | <u>Type of Outreach*</u>  | <u>Date of Activity</u> |
|---|---|-------------------------|
| <u>Notice of Public Consultation Meetings</u>   | -Newspaper notice (3/6 & 3/8)<br><b>-Letters mailed to all ~22,000 permitted facilities**</b><br><b>-Email to 881 facilities and stakeholders</b><br><b>-Posted online (3/15)</b> | <u>3/13/19</u>          |
| <u>Preliminary Draft Staff Report and Rule</u>  | <b>-Materials posted to website</b>   | <u>3/15/19</u>          |
| <u>Public Consultation Meeting #1</u>   | <b>-Public meeting</b><br><b>-Slides emailed and posted online (3/20)</b>   | <u>3/22/19</u>          |
| <u>Notice of Budget Advisory Committee</u>  | <b>-Email notice with entire Committee package attached</b>   | <u>3/29/19</u>          |
| <u>Draft Staff Report, Rule, Socioeconomic Assessment, and Toxics Fees Calculator</u> | <b>-Posted online</b><br><b>-Paper copies made available in SCAQMD Public Information Center</b>  | <u>4/2/19</u>           |
| <u>Notice of Public Hearing</u>   | -Newspaper notice<br>-Letters mailed to all ~22,000 permitted facilities**<br>-Posted online &<br><b>-Email to 6,533 facilities** and stakeholders</b>                            | <u>4/3/19</u>           |
| <u>Budget Advisory Committee</u>  | <b>-Public Meeting</b>  | <u>4/5/19</u>           |
| <u>Governing Board Meeting - Set Hearing</u>  | <b>-Agenda noticed (3/29)</b><br><b>-Public Meeting</b>   | <u>4/5/19</u>           |
| <u>Notice of Governing Board Special Meeting - Budget Study Session</u>               | -Agenda provided to county clerks and newspapers<br><b>-Board package posted online</b>   | <u>4/9/19</u>           |
| <u>Public Consultation Meeting #2</u>   | <b>-Public Meeting</b>  | <u>4/9/19</u>           |
| <u>Targeted Emails to All Facilities with &gt;\$5,000 Increase in Toxics Fees</u>     | <b>-132 Emails to facilities</b>  | <u>4/11/19</u>          |
| <u>Governing Board Budget Study Session</u>   | <b>-Public Meeting</b>  | <u>4/12/19</u>          |
| <u>Supplemental Materials on Toxics Emissions Fees</u>                                | <b>-Emailed materials to 6,214 facilities** and stakeholders</b><br><b>-Posted online (4/16)</b>  | <u>4/12/19</u>          |
| <u>Toxics Emissions Fees Webinar</u>  | <b>-Email notice of meeting to 6,214 facilities** and stakeholders (4/12)</b><br><b>-Public webinar</b><br><b>-Recording of webinar posted (4/23)</b>                             | <u>4/19/19</u>          |
| <u>Notice of Governing Board Meeting - Public Hearing</u>                             | <b>-Agenda and Board package posted online</b>  | <u>4/26/19</u>          |
| <u>Governing Board Public Hearing</u>   | <b>-Public Meeting</b>  | <u>5/3/19</u>           |

*\* Items in **bold** include specific discussion of Proposed Toxics Emissions Fees*

*\*\*Including all facilities subject to toxics emission fees*

**Response to Comment 14-2**

The commenter states that the first time any information regarding the proposed toxics fee increase was made public was the slideshow for the March 22, 2019, Public Consultation Meeting. However, in the Notice of Public Consultation, which was published in newspapers in each county on March 6th and 8th, 2019, emailed to 881 facilities and stakeholders and mailed to approximately 22,000 permitted facilities on March 13, 2019, and posted online on March 15, 2019, the South Coast AQMD lists a summary of Proposed Amendments to Regulation III. This summary included, among other things, notice that amendments to Regulation III would consist of “new or increased fees for cost recovery in Rule 301, including but not limited to *fees for toxic emissions*[.]” The Preliminary Draft Staff Report (“PDSR”), also published on March 15, 2019, included a description of the proposed toxic emissions fee amendment along with suggested rule language and a description of the justification for the proposed amendment. See South Coast AQMD, Preliminary Draft Staff Report, pgs. 24-44. The PDSR clearly delineates the three proposed fee levels, noting the need to cover software and staff needs as well as fees required for inventorying, auditing, monitoring, enforcement, and rulemaking. *Id.* at 41. At its March 22, 2019, Public Consultation Meeting, the South Coast AQMD presented information regarding the potential toxic emissions fee impact, the number of facilities within each impacted sector, and the potential average and maximum differences in fees. See South Coast AQMD, NOPC Slideshow, Slide 11. Note that the Public Consultation Meeting was still held in spite of the fact that California Health and Safety Code Section 40440.7 only requires a public workshop “[w]henever the south coast district intends to propose the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations.”

The commenter states that “neither the [Public Consultation] meeting notice nor the subsequent April 2, 2019 Draft Staff report indicate that some facilities would be significantly impacted by the proposed changes.” As relevant here, the South Coast AQMD prepared a socioeconomic assessment consistent with California Health and Safety Code Section 40440.8(a) even though such a report is not statutorily required in these circumstances. Section 40440.8 states that a socioeconomic impact report must provide, among other things, “only the following:” (1) the type of industries affected by the rule or regulation and (2) the range of probable costs, including costs to industry, of the rule or regulation. See *Sherwin-Williams Co. v. South Coast Air Quality Management District* (2001) 86 Cal. App. 4th. 1258, 1276 (“[S]ection 40440.8 defines socioeconomic impact as the type of industries affected by the rule, the impact of the rule on employment and the economy, and the range of probable costs.”). Line 1 of Table 2 of the Draft Socioeconomic Report, published on April 2, 2019, provides estimated fee impacts of the proposed toxics fee amendment, while Table 3 provides detailed information regarding the Fee Impact of Proposed Amended Regulation III by industry. Table A1 (Appendix) of the report breaks down the estimated number of affected facilities *per* industry by proposed amendment. In response to stakeholder feedback, additional analysis was also released on April 16 detailing sub-industry impacts, and percentile breakdowns in a Table titled “Toxics Emissions Fee Impact by Industry” (now incorporated as Table 4 in the Final Socioeconomic Report). It should also be noted that a socioeconomic impact report was not statutorily required for the Proposed Amended Regulation III – Fees. Per Section 40440.8, a socioeconomic impact assessment is to be completed whenever the south coast district intends to propose adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations.

Still, as shown in the table in Response to Comment 14-1, South Coast AQMD staff efforts to notify facilities of the rule and its impact included extensive public outreach efforts above and beyond any legal requirements. In particular, staff mailed over 20,000 Notices of Public Consultation Meetings on March 13, 2019 (including to every permitted facility). On March 20, 2019 a targeted email with additional updates including the presentation materials was sent to more than 880 stakeholders who had previously requested information on Regulation III updates. The ensuing Public Consultation Meeting on March 22, 2019 discussed the initial concepts of the proposed Toxic Air Contaminant fee modifications among stakeholders, including showing the range of potential costs to industry. On April 3, 2019, another email was sent to a wider list of 6,500+ facilities and stakeholders with links to updated materials posted on the South Coast AQMD Proposed Rules webpage including Draft Socioeconomic Impact Assessment for Rule 320 – CPI Adjustment, the Draft Socioeconomic Impact Assessment for Regulation III – Fees, the Draft Staff Report for Regulation III and Rule 209, proposed amended rule language for all of Reg. III and Rule 209, and a spreadsheet calculator to estimate potential fee impacts. For the FY2019-20 Draft Budget Work Program, CPI Fee Adjustment, and proposed amendments to Regulation III and Rule 209 the following events were also hosted by the South Coast AQMD:

- April 5<sup>th</sup>: Budget Advisory Committee meeting
- April 9<sup>th</sup>: Public Consultation Meeting
- April 12<sup>th</sup>: Governing Board Budget Workshop

On April 11, 2019, an email was sent to all 132 facilities identified to have a projected \$5,000 or more increase in toxics fee as a result of the proposed amendments. This email provided specific fee estimates for each facility, and encouraged recipients to contact staff for more information. Following this email, staff received and responded to about a dozen emails and phone calls regarding the use of the TAC fee calculator for facility-specific fee estimations. At the request of stakeholders and the Board, staff hosted a webinar on April 19, 2019 to discuss the proposed toxics emissions fees in Regulation III as a follow up to previous public consultation meetings. On April 12, 2019 a subsequent email was sent to more than 6,200 recipients (some of the original 6,500+ recipients email addresses had been dropped due to their servers blocking email notifications) that included an update to the previously posted TAC Fee calculator, a table showing toxic emissions fee impacts by industry, and a table showing stationary source toxics work programs giving more detail to the cost recovery for toxic work in South Coast AQMD programs.

The webinar took place on April 19, 2019, with approximately 65 people participating via the web and three attending in person. The webinar audio recording was also made available online as a reference for stakeholders unable to listen in real-time. Staff reviewed the proposed fees, and walked through several example calculations using a spreadsheet available online. Staff then answered clarifying questions submitted by webinar participants (and included in this appendix). Most comments focused on clarifying questions about the fee or emission estimation methodologies. Only one commenter inquired why the fee was being brought in May instead of a later date.

The commenter further states that the March 27, 2019, Notice of Public Hearing (“NOPH”) letter did not mention the word “toxics” and so facilities reporting air toxics were given no indication that their fees would be significantly increased by the proposed changes. The commenter also states that South Coast AQMD staff’s proposal to apply new toxics fees to Diesel Particulate Matter (“DPM”) was not detailed or disclosed in the NOPH. Per Health and Safety Code

Sections 40440.5 and 40725, the South Coast AQMD was required, among other things, to include a summary description of the effect of the proposal. As is required by state law, the NOPH issued on April 3, 2019, indicated that Proposed Amended Regulation III will add new or increased fees necessary to provide more specific cost recovery for other regulatory actions taken by the agency. See South Coast AQMD, NOPH, pg. 1. The proposed toxic fees provide a means for the South Coast AQMD to recover costs associated with recently increased efforts in monitoring, rulemaking, and enforcement of rules for toxic air contaminants. To that end, the NOPH and the proposed amended rule language both specifically contemplate the District's need to recover its costs in relation to a significant uptick in regulatory action. See *Western Oil and Gas Association v. Air Resources Board* (1984) 37 Cal.3d 502, 527 ("the regulation adopted need not be the same as that proposed as long as it deals with the same subject or issue dealt with by the notice.") The NOPH additionally listed all documents prepared for consideration in conjunction with the proposed amended regulation, including the Staff Report and Socioeconomic Impact Assessment for Proposed Amended Regulation III – Fees and Rule 209 – Transfer and Voiding of Permits. The proposed toxics fee amendment was detailed in both the PDSR, published on March 15, 2019, and the DSR, published April 2, 2019. See PDSR at pgs. 24-44; DSR at pgs. 8-28. Note that the PDSR and the DSR also both clearly indicate that DPM is proposed to be added as a pollutant that must be reported and for which fees would be paid. See PDSR at 25; DSR at 8. Both reports clearly state that DPM is proposed to be added as toxic air contaminant because of its high cancer potency, its prevalence throughout the Basin, and the amount of District resources spent on this pollutant. PDSR at pgs. 39-40; DSR at pgs. 24-25. The commenter's statement that the requirement to report DPM will also cause more facilities to report emissions (and subsequently pay fees due to the reporting requirement) is incorrect. The proposed amendments do not require any additional facilities to report emissions. Only those facilities already required to annually report emissions (e.g., those that emit > four tons per year of criteria pollutants) will be required to report DPM if they emit it (see proposed amended Rule 301(e)(1), (e)(2), and (e)(7)).

### **Response to Comment 14-3**

The stacked bar chart in Section III-1 of the Staff Report and the accompanying tables and explanation in Appendix C lists the South Coast AQMD's annual expenditures that relate to emissions of toxic air contaminants. The accompanying tables in Appendix C were previously provided on the South Coast AQMD proposed rules website and emailed to 6,200+ recipients on April 12. In all, the South Coast AQMD annually conducts approximately \$20 million of work in connection with stationary source toxics emissions for which emissions fees can be used as a revenue source. Currently, the South Coast AQMD only collects approximately \$0.5 million in toxic emission fees and the proposed amendments are seeking to increase the total toxic emissions fees collection to \$4.9 million annually. If this shortfall is allowed to continue, it has the potential to create inequities in the overall permitted source program.

As explained in Appendix C of the Final Staff Report, and in all public meetings on the topic, the stacked bar chart was created based on an analysis of South Coast AQMD work program codes that address toxics emissions from permitted facilities. These work program codes, also known as work program codes, are used by staff on their timecards to categorize the work they perform. Rules staff met with Finance staff to identify the costs/work program codes that are at

least partially paid for with emissions fees. These work program codes are set forth in Column 2 of Appendix C of the Final Staff Report. Work program codes that include work on activities unrelated to permitted facilities, like mobile sources, were not included in this analysis. Rules staff then met with responsible Division managers familiar with the work of their subordinates to develop estimates for the subset of activities in that program focused on toxics emissions from permitted facilities. All work program codes are assigned to one or more revenue sources. In creating the stacked bar chart, staff was careful to exclude costs from programs that address toxics emission from permitted facilities that use funding sources besides emissions fees to recover costs (e.g., the AB 2588 Toxics Hot Spots Program). Those costs are not included in this analysis.

Staff has also made a concerted effort to align the new proposed toxic fees to current and anticipated future District workload related to toxic emissions from permitted facilities. As explained in the Preliminary Draft Staff Report, Draft Staff Report, and Final Staff Report, the Base Toxics Fee is intended to cover the basic annual software needs and minimal staffing needed to ensure that facilities can readily report toxics emissions to the District. The Flat Rate Device Fee is tied to the number of devices with toxics emissions at each facility. The number of devices each facility has is highly correlated with the amount of time staff spends auditing each facility's emissions inventory. Revenues generated from this fee are anticipated to fully recover costs for staff conducting toxics inventory work in support of enforcing South Coast AQMD rules.

Finally, the Cancer-Potency Weighted Fee shall be applied per cancer-potency weighted pound of emissions above reporting thresholds in Table IV of Rule 301. Facilities with high toxicity-weighted emissions require greater effort because the District informs its permitting and enforcement-related activities in large part by the potential for public health impacts.<sup>19</sup> While high toxicity-weighted emissions do not necessarily directly equate to higher health risk due to factors such as how pollutants disperse from a facility and the distance to nearby receptors, overall more South Coast AQMD resources are spent to monitor, enforce, and conduct associated planning work such as inventorying, auditing, and rulemaking on facilities with higher toxicity-weighted emissions. Given the role of South Coast AQMD as a public health agency, and expecting that the workload will continue to be most correlated with facilities posing the highest potential public health impact, the most reasonable structure for toxics emissions fees should include a component tied to public health impact. Staff believes that the proposed allocation of fees based on cancer-potency weighted emissions is reasonable. In *San Diego Gas & Electric Co. v. San Diego Air Quality Management District* (1988) 203 Cal. App. 3d 1132, 1147-48, the Court stated:

There is no reason to require the district to show precisely how more emissions generate more costs to justify the emissions-based apportionment formula. The purpose for the district's existence is to achieve and maintain air quality standards [citation omitted], thus from an overall perspective it is reasonable to allocate costs based on a premise that the more emissions generated by a pollution source, the greater the regulatory job of the district.

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<sup>19</sup> Due to health risk assessment methodologies, cancer-causing pollutants are the most common risk driver and a much higher focus of District efforts compared to non-cancer causing toxic pollutants.

Fees must only bear a fair or reasonable relationship to the fee payers' burden on or benefits from regulatory activity. "A 'regulatory fee, to survive as a fee, does not require a precise cost-fee ratio.'" *California Building Industry Association v. State Water Resources Control Board* (2018) 4 Cal. 5<sup>th</sup> 1032, 1052.

With respect to AB 617, those communities have been (and will be) chosen largely due to public health concerns from local toxic emissions, and much of the work in those communities is focused on investigating and enforcing rules on those stationary sources with the highest cancer-potency weighted emissions (e.g., refineries). Toxics emissions from many facilities located outside of AB 617 communities also contribute to the air quality impacts for those living within AB 617 communities. Similar work is conducted outside of AB 617 communities on other facilities, again focused on those with the potential greatest public health impact.

The commenter also states that facilities with greater reported emissions often pay higher permit fees and other South Coast AQMD fees. While this may be true in some instances, these other fee categories pay for other South Coast AQMD programs, such as permitting, AB 2588, etc. The proposed toxics emissions fee is not designed to recover costs to pay for these separately funded programs.

#### **Response to Comment 14-4**

In response to stakeholder feedback received throughout the rulemaking process, staff increased its outreach for this rule compared to previous years (see summary table in Response to Comments 14-1), including through targeted emails to all facilities expected to have a fee increase greater than \$5,000 per year, preparation of detailed fee estimates for all facilities, and an extra webinar to specifically discuss the proposed increase in toxics emissions fees. If the proposed amended rule is approved, staff will continue to conduct additional outreach to let facilities know how to prepare for the upcoming phase in.





**Bridget McCann**

Manager, Technical and Regulatory Affairs

April 23, 2019

Dr. Philip Fine  
Deputy Executive Officer, Planning and Rules  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

sent via email: pfine@aqmd.gov

**Re: WSPA Comments on Proposed Amended Regulation III, Fees**

Dear Dr. Fine:

Western States Petroleum Association (WSPA) appreciates the opportunity to participate in South Coast Air Quality Management District (SCAQMD or District) Proposed Amended Regulation III, Fees, Working Group. WSPA is a non-profit trade association representing companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in five western states including California. WSPA has been an active participant in air quality planning issues for over 30 years. WSPA-member companies operate petroleum refineries and other facilities in the South Coast Air Basin that are within the purview of the RECLAIM Program administered by the SCAQMD and will be impacted by Proposed Amended Regulation III. We offer the following comments:

- 1. Proposed changes to the Toxics Emissions Fees under Rule 301(e) would significantly alter the District's fee structure. Given the complexity and materiality of the proposed changes to the Toxics Emissions Fees, they need to be more fully workshopped with affected facilities before Governing Board consideration.***

District Staff's proposed changes to Rule 301(e) would significantly change the fee structure for toxics emissions. Staff has proposed a "cancer potency-weighted fee" which would apply radically higher costs to emissions with higher cancer potency (per unit mass). The Staff Report suggests this change would recover staff costs for facilities deemed to have higher toxicity emissions; a change which Staff estimate would increase air toxics fees from a 2018 level of \$0.4M to \$4.9M (2022 estimated fees for the 2021 reporting year).<sup>1</sup>

The District suggests this change would cover current "and anticipated" Staff costs for facilities with higher toxic emissions. However, the claim that Staff workload correlates to emissions toxicity or to the complexity of emission sources at a facility (e.g., number of devices) appears to be weak. The proposal needs to be more fully workshopped with affected facilities before Governing Board consideration.

15-1

<sup>1</sup> SCAQMD, Draft Socioeconomic Impact Assessment of Proposed Amended Regulation III – Fees, April 2019.

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**2. The notice period for Proposed Amended Rule 301(e) has been insufficient given the significant financial impact. Given the ongoing and continuing disclosures by Staff, the public comment time for this rule should be extended.**

While the District's Staff Report clearly acknowledges the significance of the proposed amendments to the Toxic Emissions Fees in Rule 301(e), the District's "Notice of Public Hearing"<sup>2</sup> letter did not even include the word "toxics" or otherwise identify proposed changes to the Toxic Emissions Fees. This public notice was inadequate given the scope and significance of the proposed amendments. Therefore, facilities which report air toxics were initially given no indication that their fees would be significantly increased by the proposal.

The first public information on the proposed toxics fee increases appears to be the District's presentation for the Public Consultation Meeting which was held on March 22, 2019. While the draft socioeconomic assessment<sup>3</sup> noted that certain industrial sectors could experience annual toxics fee increases of as much \$427,000, that information was not included in the public hearing notice or the Preliminary Draft Staff Report.<sup>4</sup> Nor did they disclose Staff's estimate that "over 1519 facilities" could be impacted by the proposed toxics fee increase.

Staff has now released new information within just the last several days and held a webinar (on the afternoon of Good Friday) to present that information.<sup>5</sup> While we appreciate the additional information, stakeholders simply have not been given adequate time to understand and comment on this new information or these complex rule amendments. We recommend that additional workshops are needed for the proposed changes to the Toxics Emissions Fees and the comment period should be extended before advancing the proposed amendments.

15-2

**3. The basis for the proposed Rule 301(e) fee increase has not been adequately supported or provided in a manner to give affected stakeholders sufficient time for review or comment.**

District Staff's justification for the fee increase is presented in a stack chart that purports to present "A Subset of District Effort on Toxics and Toxics Emissions Fees Revenue."<sup>6</sup> However, information is not provided to support the specific SCAQMD efforts and their linkages to existing or (projected) facility toxic emissions, nor does Staff demonstrate that those District efforts are purely related to stationary sources toxics as opposed to mobile sources, consumer products, etc.

In addition, over half of the efforts presented by Staff appear to be related to the District's new Assembly Bill 617 (AB617) program. The District has previously reported that regional air toxics

15-3

<sup>2</sup> SCAQMD, Notice of Public Hearing for Proposed Amended Regulation III, Fees, March 27, 2019.

<sup>3</sup> SCAQMD, Draft Socioeconomic Impact Assessment of Proposed Amended Regulation III – Fees, April 2019.

<sup>4</sup> SCAQMD, Draft Staff Report Proposed Amended Regulation III – Fees; and Rule 209 – Transfer and Voiding of Permits, March 15, 2019.

<sup>5</sup> SCAQMD Webinar To Discuss Proposed New Toxics Emissions Fees in Proposed Amended Regulation III, Friday, April 19, 2019 at 2:00 PM.

<sup>6</sup> SCAQMD, Draft Staff Report Proposed Amended Regulation III – Fees; and Rule 209 – Transfer and Voiding of Permits, April 2019, see page 23.

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risk is mostly attributable to mobile source emissions.<sup>7</sup> However, it is unclear if or how the District has accounted the projected AB617 efforts for stationary sources versus area or mobile sources in the proposed increase in toxics fees. It is also unclear from the Staff Report how the District is accounting for other AB617 funding sources or AB617 mandates already affecting certain facilities. These questions should be fully answered before the proposed rule amendments move forward to the Governing Board.

15-3 cont.

**4. Any changes which exceed the change in the Consumer Price Index (CPI) should be phased in over at least four years.**

The District notes that California law places limits on the District's ability to increase fees, including requirements to phase-in increases exceeding the change in the Consumer Price Index (CPI) over a period of at least two years.<sup>8</sup> The changes proposed by Staff clearly exceed that CPI threshold. Staff's own estimate of the current proposal suggests certain manufacturing facilities could see fee increases exceeding \$400,000 per year, and certain small businesses could experience emissions fee increases exceeding \$200,000 per year.<sup>9</sup> These proposed changes to the Toxic Emissions Fees are significant and, if adopted, would really need to be phased-in over a multi-year period. WSPA suggests a period of at least four years would be more appropriate for changes of this magnitude.

15-4

**5. We support the proposed surcharge/penalty exemption for emissions developed from source tests submitted for approval.**

The District has proposed a revision to Rule 301 that would provide relief from fee surcharges/penalties to owner/operators that had in good faith submitted source tests for review to the SCAQMD Source Test Unit prior to or at the time the Annual Emissions Report (AER) was due, but had to base AER emissions on these source tests before they were approved. WSPA supports this change to the regulation. Facilities have no control or influence over District review/approval timetables which can often be quite lengthy. This proposed change would allow reported emissions to reflect more current and/or source-specific information. Furthermore, we would recommend that the District needs to assign staff resources to improve review timetables for source tests.

15-5

<sup>7</sup> SCAQMD, Final Report, Multiple Air Toxics Exposure Study in the South Coast Air Basin (MATES IV), May 2015.

<sup>8</sup> California Health & Safety Code section 40510.5(b).

<sup>9</sup> SCAQMD, "Detailed breakdown of projected impacts by industry sector" for Proposed Amended Regulation III, Fees. Available at <http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules#REG%20III>.

**Response to Comment 15-1**

For a justification of the correlation between District workload and toxicity of emissions, please see Response to Comment 14-3.

**Response to Comment 15-2**

For a discussion of the noticing conducted for this rulemaking see Response to Comments 14-1 and 14-2.

The commenter also states that although the draft socioeconomic assessment noted that certain industries could experience annual toxics fee increases of as much as \$427,000, this “information was not included in the public hearing notice or the PDSR. WSPA further argues that the NOPH and PDSR did not disclose South Coast AQMD’s estimate that over 1519 facilities could potentially be impacted by the proposed toxics fee increase. However, there is no requirement that either the staff report or NOPH contain such detailed, industry-specific information. As relevant here, California Health and Safety Code Section 40440.8(a) requires that a socioeconomic impact report, which is considered an element of the staff report, provide, among other things, “only the following:” (1) the type of industries affected by the rule or regulation and (2) the range of probable costs, including costs to industry, of the rule or regulation. See *Sherwin-Williams Co. v. South Coast Air Quality Management District* (2001) 86 Cal. App. 4th. 1258, 1276 (“[S]ection 40440.8 defines socioeconomic impact as the type of industries affected by the rule, the impact of the rule on employment and the economy, and the range of probable costs.”). Line 1 of Table 2 of the Socioeconomic Report, published on April 2, 2019, provides estimated fee impacts of the proposed toxics fee amendment, while Table 3 provides detailed information regarding the Fee Impact of Proposed Amended Regulation III by industry. Table A1 (Appendix) of the report breaks down the estimated number of affected facilities *per* industry by proposed amendment. In response to stakeholder feedback, additional analysis was also released on April 16 detailing sub-industry impacts, and percentile breakdowns in a Table titled “Toxics Emissions Fee Impact by Industry” (now incorporated as Table 4 in the Final Socioeconomic Report). It should also be noted that a socioeconomic impact report was not statutorily required for the Proposed Amended Regulation III – Fees. Per Section 40440.8, a socioeconomic impact assessment is to be completed whenever the south coast district intends to propose adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations.

**Response to Comment 15-3**

For a detailed explanation of District work programs associated with stationary source toxic emissions, please see Response to Comment 14-3.

**Response to Comment 15-4**

Staff’s current proposal delays the phase in one year to allow facilities an opportunity to prepare for higher fees. The board resolution also includes a requirement for staff to report back on the impact of the proposed increased fees within twelve months of final phase in. If appropriate at that time, staff will make recommendations to adjust the fees higher or lower as necessary based on South Coast AQMD costs and revenues for work on toxics from stationary sources.

**Response to Comment 15-5**

Staff looks forward to continuing to work with stakeholders to ensure more accurate emissions reporting through additional source testing and/or improved default emission factors. The proposed increase in toxics emissions fees can be used to provide more staff resources to improve the source test review process.



**LATHAM & WATKINS LLP**

April 23, 2019

**VIA EMAIL**

Dr. Philip Fine  
Deputy Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Re: Proposed Amendments to SCAQMD Regulation III - Fees

Dear Dr. Fine:

We are submitting these comments on the proposed amendments to South Coast Air Quality Management District (“SCAQMD”) Regulation III – Fees (“Proposed Amendments”) on behalf of our client the Regulatory Flexibility Group (“RFG”). The RFG is an industry coalition comprised of companies in the refining, utility and aerospace sectors that operate facilities within the jurisdiction of the SCAQMD. RFG member facilities are required to pay various fees pursuant to SCAQMD Regulation III, and will be materially affected by the Proposed Amendments.

The RFG is deeply concerned regarding the proposed fee increases for Toxic Air Contaminants (“TAC”) listed in Rule 301 Table IV. As detailed in the Draft Staff Report dated April 2019 (“Draft Staff Report”), SCAQMD staff is proposing to dramatically increase TAC emission fees from a current aggregate level of approximately \$0.5 million to approximately \$5.0 million. According to the Draft Staff Report, some facilities, including those owned by RFG members, would see substantial increases in annual TAC emission fees. These dramatically higher fees would be implemented over a short period of time.

As a legal matter, we believe that the Draft Staff Report overstates the scope of the SCAQMD’s authority to impose the proposed fee increases to offset the costs identified in the Draft Staff Report. As a practical matter, the short period of time before the increased fees would become effective does not provide sufficient time for facilities to conduct, and obtain SCAQMD concurrence with, source tests that might indicate that actual TAC emissions are lower than suggested by current emission factors. Before being faced with dramatically higher fees on the basis of questionable legal authority, facilities should be provided with sufficient time to establish the actual level of TAC emissions with a higher degree of precision.

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LATHAM & WATKINS LLP

### 1. The Draft Staff Report Overstates SCAQMD's Authority

As stated in the Draft Staff Report, SCAQMD's authority to impose fees on stationary sources stems from California Health & Safety Code ("H&S Code") sections 40510(b) and 40506(b). H&S Code section 40510(b) provides as follows:

The south coast district board may adopt a fee schedule for the issuance of variances and permits to cover the reasonable cost of permitting, planning, enforcement, and monitoring related thereto.

Citing H&S Code section 40506, the Draft Staff Report asserts that "[v]irtually every cost related to regulating permitted sources may be recovered under this type of fee." Draft Staff Report, p. 3. However, H&S Code section 40506 actually identifies a much more limited scope of costs that can be recovered:

(a) In accordance with the purposes of this chapter as set forth in Section 40402, the south coast district board shall adopt rules and regulations for the issuance by the south coast district board of permits authorizing the construction, alteration, replacement, operation, or use of any article, machine, equipment, or other contrivance for which a permit may be required by the south coast district board.

(b) The rules and regulations shall include a schedule of fees for *the filing of applications for permits and for the modification, revocation, extension, or annual renewal of permits*. All applicants, including, notwithstanding Section 6103 of the Government Code, an applicant that is a publicly owned public utility, shall pay the fees required by the rules and regulations. (emphasis added)

H&S Code Section 40506(b) authorizes imposition of fees for "the filing of applications for permits and for the modification, revocation, extension, or annual renewal of permits," which is far from "[v]irtually every cost related to regulating permitted sources," as asserted in the Draft Staff Report.

The decision in *San Diego Gas & Electric Co. v. San Diego County APCD* (1988) 203 Cal. App. 3d 1132 ("SDG&E v. SDAPCD") is informative as to the scope of costs that may be recovered by SCAQMD through fees imposed pursuant to H&S Code sections 40510 and 40506. The Draft Staff Report cites this case in support of the proposition that indirect costs associated with regulating permitted sources, including planning, monitoring, rule development and outreach programs, may be recovered through emissions-based operating fees. Draft Staff Report, pp. 2-3. While that is the holding in the case, it applies to air districts that derive their fee authority from H&S Code section 42311, and not to the SCAQMD which derives its

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authority from H&S Code sections 40510 and 40506. Subsection (d) of H&S Code section 42311 specifically excludes SCAQMD from its coverage.

H&S Code section 42311 is different than H&S Code sections 40510 and 40506 in certain critical respects. H&S Code section 42311(a) provides in pertinent part as follows:

A district board may adopt, by regulation, a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover ***the cost of district programs related to permitted stationary sources*** authorized or required under this division that are not otherwise funded . . . Nothing in this subdivision precludes the district from recovering, through its schedule of annual fees, ***the estimated reasonable costs of district programs related to permitted stationary sources.*** (emphasis added)

Thus, while it is true that air districts that derive their fee authority from H&S Code section 42311 may recover “virtually every cost related to regulating permitted sources,” as indicated in the Draft Staff Report, that authority does not extend to SCAQMD, which is limited to recovering only costs associated with “the filing of applications for permits and for the modification, revocation, extension, or annual renewal of permits.”<sup>1</sup>

The *SDG&E v. SDAPCD* decision analyzes the evolution of H&S Code section 42311 from its original form, through several amendments, to its current form provided above. In doing so, it makes clear that the scope of costs that can be recovered under the authority granted in H&S Code sections 40510 and 40506 is much more limited than that which can be recovered under authority granted in current H&S Code section 42311.

At one point, H&S Code section 42311 closely tracked the language that currently exists in H&S Code sections 40510 and 40506. As explained by the court:

After its 1975 enactment, section 42311's fee language was amended several times. In 1979, the section was rewritten to state: 'A district board may adopt, by regulation, a schedule of fees for each fiscal year, commencing with the 1979-80 fiscal year, to be paid for the issuance and renewal of permits. Such schedule of fees shall not exceed the estimated cost for such fiscal year of (1) evaluation and issuance of permits, (2) inspection, including source testing and surveillance, of sources for which a permit or permits have been issued, to the extent such inspection is for the purpose of determining whether such sources are in compliance with all applicable permit conditions and all applicable orders, rules, or

16-1 cont.

<sup>1</sup> H&S Code section 40510 also grants SCAQMD authority to recover the costs associated with variances, but that authority is not relevant to the proposed TAC fees.



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regulations ... , and (3) implementation and enforcement of permit terms and conditions.<sup>2</sup>

...

As amended in 1979, section 42311 specified the activities for which fees could be charged (i.e., costs of evaluating and issuing permits, of inspecting for compliance with permit conditions and regulations, and of implementing and enforcing permit terms and conditions).<sup>3</sup>

The court then goes on to explain amendments effective in 1982 that introduced the concept of recovering costs associated with district programs related to permitted sources, in contrast with costs associated only with the issuance and administration of the permitting programs itself:

Effective October 1, 1982, section 42311 was amended to state: 'A district board may adopt, by regulation, a schedule of annual fees to be paid for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources authorized or required under the provisions of Division 26 (commencing with Section 39000) that are not otherwise funded. ...'<sup>4</sup>

...

The 1982 amendment expanded the language of section 42311, broadly stating fees could be charged for evaluating, issuing and renewing permits to "cover the cost" of the district's programs.<sup>5</sup>

Finally, the court explains that amendments effective in 1985 further clarified the expanded scope of costs that could be recovered:

In 1985, the Legislature added the last sentence to subdivision (a) of section 42311, stating, 'Nothing in this subdivision precludes the district from recovering, through its schedule of annual fees, the estimated reasonable costs of district programs related to permitted stationary sources.' fn. 12 The 1985 amendments also added two new subdivisions, (b) and (h). . . Subdivision (h) allows the district to charge fees for permit holders emitting toxic air

<sup>2</sup> 203 Cal. App. 3d 1132 at 1138 (citations omitted).

<sup>3</sup> *Id.* at 1142.

<sup>4</sup> *Id.* at 1139 (citations omitted).

<sup>5</sup> *Id.* at 1142

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contaminants based on the direct and indirect costs of district activities relating to each toxic air contaminant.<sup>6</sup>

With respect to the implications of the amendments described above, the court explains as follows:

SDG&E and the district do not dispute that under the 1979 statute the district could only charge fees to cover the costs directly pertaining to the permits, whereas under the 1982 statute, the district can now charge fees to cover all costs of its program, including indirect costs not related to a specific permit activity. . . The 1985 amendment, by adding the last sentence to subdivision (a), clarified that all reasonable costs could be recovered through fees.<sup>7</sup>

To summarize, the current language of H&S Code sections 40510 and 40506 is almost identical to the 1979 version of H&S Code section 42311, which limited fees to “costs of evaluating and issuing permits, of inspecting for compliance with permit conditions and regulations, and of implementing and enforcing permit terms and conditions.”<sup>8</sup> The relevant language in each section is identified below.

H&S Code section 40510:

The south coast district board may adopt a fee schedule for *the issuance of variances and permits to cover the reasonable cost of permitting, planning, enforcement, and monitoring related thereto*. (emphasis added)

H&S Code section 40506:

(b) The rules and regulations shall include a schedule of fees for *the filing of applications for permits and for the modification, revocation, extension, or annual renewal of permits*. All applicants, including, notwithstanding Section 6103 of the Government Code, an applicant that is a publicly owned public utility, shall pay the fees required by the rules and regulations. (emphasis added)

1979 version of H&S Code section 42311:

<sup>6</sup> *Id.* at 1141 (citations omitted).

<sup>7</sup> *Id.* at 1142.

<sup>8</sup> *Id.* at 1142.

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A district board may adopt, by regulation, a schedule of fees for each fiscal year, commencing with the 1979-80 fiscal year, to be paid for *the issuance and renewal of permits. Such schedule of fees shall not exceed the estimated cost for such fiscal year of (1) evaluation and issuance of permits, (2) inspection, including source testing and surveillance, of sources for which a permit or permits have been issued, to the extent such inspection is for the purpose of determining whether such sources are in compliance with all applicable permit conditions and all applicable orders, rules, or regulations ... , and (3) implementation and enforcement of permit terms and conditions.* (emphasis added)

Contrast the language above with that of current H&S Code section 42311, which according to the court, allowed the district to “now charge fees to cover all costs of its program, including indirect costs not related to a specific permit activity” and “clarified that all reasonable costs could be recovered through fees.”<sup>9</sup>

A district board may adopt, by regulation, a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover *the cost of district programs related to permitted stationary sources* authorized or required under this division that are not otherwise funded . . . Nothing in this subdivision precludes the district from recovering, through its schedule of annual fees, *the estimated reasonable costs of district programs related to permitted stationary sources.* (emphasis added)

The Draft Staff Report asserts that the SCAQMD has the broad authority conferred by the current version of H&S Code section 42311 to recover “[v]irtually every cost related to regulating permitted sources may be recovered under this type of fee.” Draft Staff Report, p. 3. However, H&S Code sections 40510 and 40506 have never been amended to include the broad grant of authority contained in H&S Code section 42311, and instead confer only the more limited authority granted by earlier versions of H&S Code section 42311.

## 2. SCAQMD Should Commit To A Longer Implementation Period And Expedited Review Of Emission Factors

Particularly in light of the lack of legal authority to impose the proposed fee increases, the SCAQMD should modify its proposal to provide for a longer implementation period for the phase-in of the higher fees, during which time staff should engage in a process to review source test and other data to update emission factors to more accurately reflect actual emissions from affected sources. Specifically, the implementation of the proposed fee increases should be pushed out one additional year beyond the implementation schedule proposed by staff in the Draft Staff Report. During the period of time between adoption of the Proposed Amendments

<sup>9</sup> *Id.* at 1142.

16-1 cont.

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and commencement of their implementation, staff should establish a working group and a process for updating relevant emission factors to ensure that facilities are not forced to overpay fees based on inflated estimates of emissions.

Thank you for your attention to these comments. If you would like to discuss our concerns, please contact me at (714) 755-8105 or by email at [michael.carroll@lw.com](mailto:michael.carroll@lw.com).

Sincerely,

  
Michael J. Carroll  
of LATHAM & WATKINS LLP

cc: Wayne Nastri, SCAQMD  
Barbara Baird, SCAQMD  
SCAQMD Governing Board  
SCAQMD Clerk of the Board  
RFG Members  
Robert Wyman, Latham & Watkins LLP  
John Heintz, Latham & Watkins LLP

16-2 cont.

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**Response to Comment 16-1**

The Refinery Flexibility Group (“RFG”) claims that the Draft Staff Report “overstates the scope of the SCAQMD’s authority to impose the proposed fee increases to offset the costs identified in the Draft Staff Report.” More specifically, RPG claims that based on its reading of *San Diego Gas & Electric Co. v. San Diego Air Pollution Control District* (1988) 203 Cal. App. 3d 1132 (“*SDG&E v. SDAPCD*”), the SCAQMD’s statutory fee authority is more limited than the fee authority granted to the San Diego APCD under California Health & Safety Code § 42311. RPG is mistaken.

In *SDG&E v. SDAPCD*, SDG&E challenged SDAPCD’s adoption of emissions-based fees which were implemented to recover the indirect costs associated with its permitted source program. The Court analyzed the legislative history of § 42311 (the fee authority statute for air pollution control districts other than the South Coast AQMD) and concluded that even though SDAPCD may have initially lacked authority to charge emission-based fees and fees designed to recover indirect costs, amendments made by the Legislature in 1982 and 1985 subsequently provided that authority. RFG claims that since no similar amendments have been made to § 40510, SCAQMD’s authority is limited to charging fees only for those “costs associated with ‘the filing of applications for permits and for the modification, revocation, extension, or annual renewal of permits.’”

RFG’s conclusion is erroneous because it overlooks the dissimilarity of the language in §40510 and §42311, as well as other important language in that decision. In particular, in *SDG&E v. SDAPCD*, the Court discussed language in a Legislative Analyst’s report *preceding* the 1982 amendments. That report stated that “the administration intended to seek legislation authorizing local districts to charge emission fees to cover operating costs noting that under current law *only the south coast district had such authority.*” (203 Cal. App. 3d at 1138, emphasis added.) Thus, the amendments made to §42311 after 1982 were not designed to give SDAPCD more authority than SCAQMD had under §40510; rather, the amendments were designed to provide SDAPCD with the same authority as SCAQMD. Additional amendments to §40510 were not needed.

In short, *SDG&E v. SDAPCD* is consistent with the District’s broad interpretation of its fee authority under §40510. SCAQMD has authority to charge fees, including emission-based fees, for the purpose of recovering its reasonable direct and indirect costs of regulating permitted sources. California Health & Safety Code § 40510 provides broad authority for the District to adopt fees. Subdivision (b) provides for adoption of fees for “variances and permits to cover the reasonable cost of permitting, planning, enforcement, and monitoring related thereto.” Subdivision (c) – which is noticeably absent from RFG’s comment letter – states that “fees may be varied in accordance with the quantity of emissions and the effect of those emissions on the ambient air quality within the south coast district. Subdivision (d) – which is also noticeably absent from RFG’s comment letter – states that “this section shall not prevent the district from establishing or amending an individual permit renewal or operating permit fee applicable to a class of sources to recover the reasonable district costs of permitting, planning, enforcement, and monitoring which that class will cause to district programs.”

Together these sections clearly authorize the proposed toxic air contaminant fees. These emissions-based fees are related to permitting, planning, enforcement and monitoring and are consistent with subdivision (b). (See Preliminary Draft Staff Report (p. 2), the Draft Staff Report (p. 2), and the various presentations made to the regulated community.) In addition, these fees are, in part, varied in accordance with the quantity of emissions and the effect of those emissions on the ambient air, consistent with 40510(c). The cancer-potency weighted fee is based on pounds of emissions reported and state-mandated cancer potency factors because increased toxic emissions create greater potential health risks and necessitate higher levels of effort from the District for investigating and enforcing rules on those emitters. (See Preliminary Draft Staff Report (p. 29), the Draft Staff Report (p. 29), and the various presentations made to the regulated community.)

The SCAQMD’s interpretation of its authority to adopt these TAC fees is also supported by state legislation imposing mandates on it. For example, when AB 617 was adopted, the Legislature found that no reimbursement was required because the SCAQMD “has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act. . .”

To the extent commenter is challenging the SCAQMD’s legal authority based upon an alleged failure to justify the fee, please see Response to Comment 14-3.

### **Response to Comment 16-2**

Staff’s current proposal delays the phase in one year to allow facilities an opportunity to prepare for higher fees. The board resolution also includes two requirements for staff. First, staff must report back on the impact of the proposed increased fees within twelve months of final phase in. If appropriate at that time, staff will make recommendations to adjust the fees higher or lower as necessary based on South Coast AQMD costs and revenues for work on toxics from stationary sources. Second, staff must initiate a review of emission factors and update them as appropriate, in consultation with a working group, and report back on the status of this effort to the Board within twelve months.

## ATTACHMENT H

### SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

#### **Final Socioeconomic Impact Assessment of Proposed Amended Regulation III - Fees**

May 2019

**Executive Officer**

Wayne Nastri

**Deputy Executive Officer**

**Planning, Rule Development & Area Sources**

Philip Fine, Ph.D.

**Assistant Deputy Executive Officer**

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**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD**

Chairman: DR. WILLIAM A. BURKE  
Speaker of the Assembly Appointee

Vice Chairman: DR. CLARK E. PARKER, SR.  
Senate Rules Committee Appointee

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County of Orange

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Cities of Orange County

JANICE RUTHERFORD  
Supervisor, Second District  
County of San Bernardino

VACANT  
Governor's Appointee

**EXECUTIVE OFFICER:**

WAYNE NASTRI



## EXECUTIVE SUMMARY

A socioeconomic analysis was conducted to assess the potential impacts of Proposed Amended Regulation (PAR) III – Fees. This assessment provides analysis of the proposed amendments to Regulation III with fee impacts other than the CPI-based increase. It includes the estimated fee impacts by proposed amendment and by industry. It also includes a macroeconomic impact analysis, which projects how PAR III would impact the regional economy. A summary of the analysis and findings is presented below.

A separate socioeconomic analysis has been conducted to assess the potential impacts of the Rule 320 - Automatic Adjustment of Fees Based on Consumer Price Index (CPI), which was released on March 14, 2019. This CPI-based fee increase adjusts fees for the cost of inflation, thereby holding the real (adjusted for inflation) fee amount constant over time. The regional economic impact analysis included in this assessment is based on the real dollar value of fees, therefore it assumes the implementation of Rule 320 in all years of the analysis horizon.

|  |   |
|--|---|
| <b>Proposed Amendment with Fee Impacts</b> | <p>Fee impacts are estimated for the following proposed amendments:</p> <ul style="list-style-type: none"> <li>• Increasing Toxic Air Contaminant (TAC) Fees;</li> <li>• Adding a new Rule 1118.1 Notification Fee to Rule 301;</li> <li>• Increasing the PERP enforcement inspection fees;</li> <li>• Increasing and realigning fees in Rule 309 for Plan Inspection Fees with comparable fees in Rule 306;</li> <li>• Adding a renewal fee for Clean Air Solvent (CAS) and Clean Air Choices Cleaner (CACC) certification fees;</li> <li>• Eliminating the fee in Rule 308 for adding/deleting a site from a Multi-site or Geographic Program;</li> <li>• Reducing certain notification fees in Rule 301 Table VI for Asbestos Demolition/Renovation;</li> <li>• Creation of a Fee Cap for Change of Owner/Operator Applications at RECLAIM facilities;</li> <li>• Reducing certain certified copy fees ;</li> <li>• Removing Delek U.S. Holdings, Inc. from the fee table in Rule 301(aa) pertaining to Rule 1180 operating and maintenance fees; and</li> <li>• Eliminating the surcharge fee for certain late AER amendments pertaining to emissions developed from source tests.</li> </ul> |
| <b>Affected Industries</b>                 | <p>The industries affected by PAR III vary by proposed amendment. Overall, the proposed amendments would potentially affect every sector of the regional economy. The greatest number of potentially affected facilities are estimated to be in the manufacturing sector (NAICS 31-33), followed by the utilities sector (NAICS 22) and the services sectors (NAICS 54-81).</p>   |
| <b>Estimated Fee Impacts</b>               | <p>Based on the proposed amendments evaluated in this analysis, the overall fee impact of PAR III is estimated to be <del>-\$0.29</del><u>-0.30</u> million in Fiscal Year (FY) 2019-20, \$1.76 million in FY 2020-21, and \$4.12</p>   |

|   |   |
|---|---|
|   | <p>million in FY 2021-22 and thereafter. The large increases in FY 2020-21 and FY 2021-22 result from the phased implementation the proposed increase in TAC fees, which are estimated to result in \$4.42 million of additional fee costs annually.<sup>1</sup></p> <p>The manufacturing sector is estimated to experience the largest fee increase from the proposed amendments, with an increase of about \$1.96 million on average over the 2019-2028 time period, representing a 57 percent share of the increase.</p> |
| <b>Projected Job Impacts of the Estimated Fee Impacts</b> | <p>A macroeconomic job impact analysis was conducted based on the estimated net impacts in fees paid by the affected industries. This analysis projects an average annual increase of 21 jobs in the four-county region over a ten-year period (2019-2028). The positive job impact is a net result of projected increases in jobs in local government, finance and insurance, and administrative and waste management services, combined with smaller decreases in the manufacturing and construction sectors.</p>         |

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<sup>1</sup> The TAC proposal is expected to result in a total of \$4.9 million in TAC fees collected per fiscal year, a \$4.4 million increase over the \$0.5 million collected in TAC fees in FY 2017-18. Because of the phased-in nature of that proposal and the fact that the final phase will be implemented in mid-fiscal year 2021-22, the full fiscal impact of the proposal will not occur until FY 2022-23.

## INTRODUCTION

Various fee schedules are specified in Regulation III – Fees to cover the Permitted Source Program, as well as additional fees authorized by the Legislature. In June 2017, the SCAQMD Governing Board approved fee increases for non-Title V facilities necessary to recover reasonable costs of its regulatory programs. It additionally approved fee increases for Title V facilities as a necessary response to a U.S. EPA Title V Program Evaluation Report (2016), which recommended that SCAQMD take measures to cover program funding deficits. The non-Title V increase has been fully implemented. FY 2019-20 represents the final year of the phased in Title V increase.

PAR III – Fees continues these cost recovery efforts with five proposals for new or increased fees. Increased efficiencies at SCAQMD are also reflected in six proposals which seek to eliminate, reduce, or cap fees currently paid. These proposed amendments with fee impacts are in addition to the fee adjustments required by Rule 320 – Automatic Adjustment Based on Consumer Price Index (CPI) for Regulation III Fees. The CPI-only socioeconomic impacts have been analyzed in the Draft Socioeconomic Impact Assessment for Rule 320, released on March 14, 2019 (see: [http://www.aqmd.gov/docs/default-source/finance-budgets/fy-2019-20/draft-socioeconomic-assessment-for-automatic-cpi-increase\\_2019.pdf](http://www.aqmd.gov/docs/default-source/finance-budgets/fy-2019-20/draft-socioeconomic-assessment-for-automatic-cpi-increase_2019.pdf)).

In order to examine the impact of the proposed amendments with fee impacts, this report quantifies the fee impact by each proposed amendment and by the potentially affected industries. The estimated fee impacts by industry are used as inputs into the macroeconomic job impact analysis along with the corresponding increase in SCAQMD spending to estimate the impact on jobs in the region. As noted above, the Rule 320 CPI-based fee adjustments have been examined in a separate assessment. This CPI-based fee increase adjusts fees for the cost of inflation, thereby holding the real (adjusted for inflation) fee amount constant over time. The regional economic impact analysis included in this assessment is based on the real dollar value of fees and therefore assumes the implementation of Rule 320 in all years of the analysis horizon. SCAQMD is required to undertake socioeconomic analyses by California Health and Safety Code (H&SC) Section 40440.8(a) for proposed rules and rule amendments that "will significantly affect air quality or emissions limitations". Although PAR III – Fees does not satisfy this criterion, the analysis herein is presented to provide further information to the Governing Board and stakeholders on the impacts of PAR III.

## PROPOSED RULE AMENDMENTS WITH FEE IMPACTS

### 1. Increasing Toxic Air Contaminant (TAC) Fees

Staff is proposing to update both the fee structure and increase the fees for toxic emissions paid for by permitted facilities. The current requirements in Rule 301(e)(7) and fee rates in Table IV would be replaced as follows:

1. Any facility that emits Toxic Air Contaminants (TACs) above reporting thresholds in Table IV would pay a new Base Toxics Fee of \$78.03 per facility.

2. A Flat Rate Toxics Fee of ~~\$78.00~~, \$170.95, and \$341.89, starting ~~January 1, 2020~~, January 1, 2021, and January 1, 2022, respectively, for each piece of permitted and unpermitted equipment and every other reportable toxic air contaminant activity with emissions of any pollutant above the annual thresholds listed in Table IV;
3. A new Cancer-Potency Weighted Fee of \$5.00 and \$10.00, starting January 1, 2021, and January 1, 2022, respectively, per cancer-potency weighted pound of facility-wide emissions for each pollutant listed in Table IV.

Also, three pollutants currently listed in Table IV would not be subject to the above fees, including ammonia and the ozone depleters, chlorofluorocarbons, and 1,1,1 trichloroethane. The fees for these pollutants would not change (other than regular CPI adjustments), and their fee rates would be moved to Table III. Finally, Diesel Particulate Matter (DPM) would be added as a pollutant that must be reported and for which fees would be paid. Speciated toxics emissions (e.g., benzene) from diesel-fueled internal combustion engines would still be reported along with DPM, but fees would not be paid for those speciated emissions.

The proposed new fee schedule is necessary to recover costs incurred by SCAQMD related to toxic air contaminants. In recent years, SCAQMD's efforts have substantially increased on monitoring, rulemaking, and enforcement of rules for toxic air contaminants currently in the Rule 301 Table IV list. Some notable examples include: the Community Air Toxics Initiative and hexavalent chromium monitoring in the cities of Paramount and Compton, the work on fugitive toxic metal emissions from other facilities such as Exide and others in the metal-working industry, fugitive hydrocarbon emissions from oil production and refining facilities, and significant new work just getting under way with the implementation of AB 617.

The new fee schedule would affect all permitted facilities reporting toxic emissions above the emission threshold listed in Table IV of Rule 301. Potential impacts of the new fee schedule have been estimated based on the level of facility emissions reported in FY 17-18. Taking into consideration the phase-in of the fees, the estimated potential fee impact is an increase of ~~\$0.53 million~~ in FY 19-20, \$2.06 million in FY 20-21, and \$4.42 million in FY 21-22 above the \$0.53 million paid in TAC fees in 2017.

## 2. Adding a new Rule 1118.1 Notification Fee to Rule 301

Rule 1118.1 was adopted on January 4, 2019, to control emissions from non-refinery flares. This rule establishes emission limits for NO<sub>x</sub> and VOC, as well as for CO for new, replaced, or relocated flares, and establishes an industry specific capacity threshold for existing flares. Owners and operators of flares that require a SCAQMD permit at certain non-refinery facilities are required to submit several notifications to the SCAQMD to comply with Rule 1118.1 requirements.

In order to recover costs incurred by SCAQMD to process required notifications, Rule 1118.1 would be subject to the notification fee described in Rule 301(x). The fee for the Rule 1118.1 notification is \$65.12 per notification, and is subject to the annual automatic CPI adjustment pursuant to Rule 320. This new fee is necessary to recover the reasonable

regulatory costs related to the notification requirements of Rule 1118.1. The fee is identical to the amount charged for Rule 1149, 1166, and 1466 notifications. Moreover, the amount to be charged is necessary to recover the costs to the District for processing the notifications.

Table A1 in the Appendix presents the 82 potentially affected facilities of PR 1118.1 by North American Industry Classification System (NAICS) code. 33 facilities (about 40%) are classified under crude petroleum and natural gas extraction (NAICS 211111), 25 (about 30%) under sewage treatment (NAICS 221320), 15 (about 18%) under solid-waste landfills, and the remaining nine (about 11%) are classified as other industries.

**Table 1:**  
**Estimated Number of Rule 1118.1 Notifications Anticipated**

| Notification   | Number of Notifications Anticipated |                |              |              |
|--|-------------------------------------|----------------|--------------|--------------|
|  | FY 19-20                            | FY 20-21       | FY 21-22     | FY 22-23     |
| Notification of annual percent capacity greater than threshold | 25                                  | 25             |              |              |
| Notification of intent   |                                     | 25             |              |              |
| Notification of flare throughput reduction                     |                                     |                | 12           |              |
| Notification of increments of progress                         |                                     |                |              | 12           |
| <b>Total</b>   | <b>25</b>                           | <b>50</b>      | <b>12</b>    | <b>12</b>    |
| <b>Estimated Revenue</b>                                       | <b>\$1,628</b>                      | <b>\$3,256</b> | <b>\$781</b> | <b>\$781</b> |

Table 1 above lists the expected number of Rule 1118.1 notifications anticipated. The fee impact of this proposed amendment is estimated based on the expected number of notifications received in years in each fiscal year. The estimated fee impact for affected industries is approximately \$1,628 in FY 19-20, \$3,256 in FY 20-21, and \$781 in FY 21-22 and beyond.

### 3. Increasing the PERP enforcement inspection fees

The California Air Resources Board (CARB) has established the Statewide Portable Equipment Registration Program (PERP) to facilitate the operation of portable equipment throughout California without having to obtain individual permits from local air districts. Under PERP, the District conducts inspections of that equipment and is authorized to charge fees consistent with amounts determined by CARB. On November 30, 2018, CARB amended the PERP Regulation to increase the uniform fee schedule for all districts enforcing PERP through inspections of registered portable equipment and TSE equipment.

PERP Regulation Section 2461 (g) allows districts to collect fees that do not exceed the fees listed in Section 2461.1 of the PERP Regulation.

In order to recover costs incurred by SCAQMD to inspect portable equipment units and Tactical Support Equipment (TSE) registered in PERP, staff is proposing to amend Rule 301 (w) to increase the TSE and hourly inspection fees. These proposed increases are consistent with the fees recently updated and authorized by CARB in the PERP regulation. The proposed fee increases include inspection fees of \$115/hour (with maximum of \$590/unit), \$90/unit for TSE, and \$60/hour additional fee for off-hour inspections.

The majority of facilities potentially affected by the increase in PERP inspection fees are within the construction sector (NAICS 23), commercial and industrial machinery and equipment rental and leasing (NAICS 5324), and landscaping services (NAICS 561730). Staff estimates that, on average, approximately 30-40 facilities pay PERP inspections fees per year.

The fee impact of this amendment is estimated based on the average fee revenue collected by SCAQMD for PERP inspections. From 2009 to 2017, the SCAQMD collected between \$13,044 and \$28,420 per year, or \$20,696 on average from PERP inspection fees. Given that the new fees represent an approximately 17% increase over current fee rates, staff expects this amendment to result in an annual fiscal impact to affected industries of \$3,520.

#### 4. Increasing and realigning fees in Rule 309 for Plan Inspection Fees with comparable fees in Rule 306

Rule 1610 – Old Vehicle Scrapping allows industries to meet their pollution discharge limits by reducing motor vehicle emissions instead of merely controlling their own emissions. This amendment would increase the filing and inspection fees associated with Rule 1610 Scrapping Plans to align with filing and inspection fees currently assessed in Rule 306. Staff is proposing to increase the plan filing verification fee from \$146.86 to the corresponding Rule 306 fee of \$161.25. In addition, the inspection fee in Rule 309(d) would also be increased from \$117.42 to \$128.94 per hour to align with the corresponding fee amount in Rule 306(f).

The proposed increase in filing and inspections fees is necessary to recover the cost of staff resources expended in implementation of these plans. Fees for Reg. XVI and XXV plans are being aligned with similar fees assessed in Rule 306 because both follow identical plan verification procedures.

This amendment would affect any facility with an approved scrapping program in place. There are a total of seven potentially affected facilities within the wholesale trade (NAICS 42), retail trade (NAICS 44-45), and professional and technical services (NAICS 54) sectors (see Table A1).

The fee impact of this amendment is estimated based on the average fee revenue collected by the SCAQMD from Rule 1610 filing and inspection fees. The SCAQMD collected \$34,180 in FY 16-17 and \$34,794 in FY 17-18 or an average of \$34,487 per year. Given that the increase in fees represents a 6.1% increase beyond the annual CPI increase, staff

expects the amendment to result in an annual fiscal impact to affected industries of approximately \$2,100.

5. Adding a renewal fee for Clean Air Solvent (CAS) and Clean Air Choices Cleaner (CACC) certification fees

The Clean Air Solvents (CAS) and Clean Air Choices Cleaners (CACC) Certifications are voluntary programs that issue certificates for clean air solvents and cleaners. Manufacturers can apply for a CAS certification, which is valid for five years and can be renewed upon approval by the SCAQMD. Similarly, manufacturers can apply for a CACC certification, which is valid for three years and can be renewed upon approval by the SCAQMD. Current Rule 301(r) and (s) provide a flat fee covering the laboratory analysis of product samples submitted for testing for certification. These sections do not provide a fee for certificate renewal, however. Instead, facilities currently must pay the larger application fee even though the level of work associated with issuance of a renewal may be substantially lower.

The current fee for the certifications is \$1,503.77 per sample, plus an additional fee of \$300 for additional analysis required for CACC certification, with time spent on the analysis/certification process in excess of 12 hours assessed at the current CPI-adjusted hourly rate of \$135.77 per hour. The flat fee covers costs for the laboratory staff's analysis and review of the submitted sample, but it does not include cost of the certificate. Certificate renewal involves approximately an hour to review the product and subsequently issue a renewed certificate. In keeping with the current fee mechanism laid out for these certifications, the \$135.77 per hour rate would address the cost for time spent to issue a renewed certificate.

Facilities involved in these types of operations are best classified as chemical manufacturers (NAICS 327) and chemical and allied products merchant wholesalers (NAICS 4246). The CAS program currently has approximately 100 certified products and 10% are recertified each year. The CACC program currently has approximately 30 certified products and three or less are recertified each year. Historical program data indicate that none of the applicants are facilities located within SCAQMD's jurisdiction. As a result, no annual fiscal impact is anticipated from this amendment.

6. Eliminating the fee in Rule 308 for adding/deleting a site from a Multi-site or Geographic Program

Under Rule 2202, employers with more than 250 employees are required to annually register with the District and implement an emissions reduction program, including but not limited to Employee Commute Reduction Programs (ECRP). Covered facilities with multiple sites pay various submittal and amendment fees set for in Rule 308. On occasion, facilities seek to amend their program strategies with either substantive amendments to the strategies or through the addition or deletion of a work-site from a multi-site or geographic program. Regulated facilities are currently charged a fee of \$176.63 when adding or deleting a worksite to a multi-site or geographic program per worksite being added or deleted. Staff is recommending that this fee be removed from Rule 308.

The addition or deletion of a site from a multi-site or geographic program does not result in any significant additional work that would not sufficiently be covered by the initial registration fees. The fee would remain for any substantive amendment of strategies. This change is necessary because charging a separate fee for adding or deleting a worksite from a multi-site program appears to discourage regulated entities from accurately reporting real-time worksite population levels and inaccurate records of sites covered by the plan increases the compliance costs for the District.

Removing the fee provides fee relief to regulated facilities and promotes accurate reporting and does is not expected to have a significant impact on revenue. Less than five regulated entities added or deleted a worksite from their multi-site program in the last fiscal year, so the financial impact of this proposed amendment is assumed to be negligible.

7. Reducing certain notification fees in Rule 301 Table VI for Asbestos Demolition/Renovation

Rule 1403 specifies work practice requirements to limit asbestos emissions from building demolition and renovation activities. Table VI in Rule 301 sets forth the applicable demolition, asbestos, and lead notification fees as well as additional service charge fees. Staff proposes to (1) eliminate fees for revisions for earlier End Dates only; and (2) reduce the Revision to Notification fee (\$62.92) to \$25.00.

Eliminating the fee on revisions to notifications for advanced End Dates removes a disincentive for facilities to update notifications for completed asbestos removal and demolition projects, and reduces the costs triggered when an inspector unnecessarily travels to a job that has already been completed.

Staff is also proposing to reduce the fee for revising notifications regarding start dates, quantity, and extended end dates. Originally this fee of \$62.92 was determined based on the amount of time SCAQMD office staff required to update paper notifications in the CLASS database. Presently, the information is entered by the notifier via the Rule 1403 Web App rather than SCAQMD office staff. Staff proposes that the fee be reduced to \$25, so as to account for the reduced staff time spent reviewing inspection plans affected by revisions to notifications.

The majority of affected facilities are within the remediation services sector (NAICS 562910). Based on the approximately 7,500 revisions filed in 2018, the fee reduction is expected to result in a savings to industry of approximately \$303,000 annually.

8. Creation of a fee cap Change of Owner/Operator Applications at RECLAIM facilities

This proposal will reduce fees associated with filing applications for changes of owner/operator at large facilities. Recent implementation of streamlined procedures for processing change of owner/operator applications has made cost recovery possible at lower fees.

Change of owner/operator is an administrative process that requires no engineering evaluation, but creates a new facility ID and new application numbers for every permit



transferred to the new owner/operator. For RECLAIM facilities, the current fees associated with this administrative change can be as high as \$300,000 due to the absence of a fee cap. The proposed amendment would place a \$50,000 cap on change of owner/operator fees for RECLAIM (or RECLAIM/TV) facilities. This proposed cap would potentially benefit the 23 current RECLAIM (or RECLAIM/TV) facilities that have more than 65 permits. Given the high level of uncertainty regarding if and/or when a facility might benefit from the proposed amendment, staff has conservatively assumed that the net fiscal impact to affected industries is \$0 even though there are likely to be savings for industry.

9. Reducing certain certified copy fees

Currently, the fees to obtain a certified copy of a permit and the fees to obtain a reissued permit are mentioned in three locations. In Section (f)(1)-(2), flat fees are listed for non-Title V and Title V permits. In (l)(10)-(11), nearly identical fees are listed for RECLAIM facilities (both RECLAIM-only and RECLAIM/TV), but additional per-page fees apply for each page after the first page. In (n)(7)-(8), a single fee is listed for non-RECLAIM facility permits (notably lower than the other fees from sections (f) and (l)), with an additional fee (also lower than in section (l)), for each page after the first page. All Title V permits are facility permits, as are all RECLAIM and RECLAIM/TV permits. This makes the rates in (n)(7)-(8) appear to be in conflict with those in sections (f) and (l).

Staff is proposing to consolidate all certified copy and permit reissue fees and to preserve only the lowest fee rates. By consolidating all certified copy and permit reissue fees in a single section that requires payment at the lowest rate in all three sections, the discrepancy between sections would be eliminated, and future discrepancies would be avoided. The current procedure for printing certified copies or reissued permits has been streamlined and makes the per-page fee no longer necessary.

This proposed amendment would result in a fee reduction for facility permits, however, the current annual number of requests for facility permit copies and reissued facility permits is negligible. As a result, staff has assumed there is no impact on industry fees paid.

10. Removing Delek U.S. Holdings, Inc. from the fee table in Rule 301(aa) pertaining to Rule 1180 operating and maintenance fees

Rule 1180 – Refinery Fenceline And Community Air Monitoring (approved in December 2017), requires affected facilities to pay an annual operating and maintenance (O&M) fee for refinery-related community air monitoring system(s) in communities near these refineries, pursuant Rule 301(aa), when applicable. Petroleum refineries that have a maximum processing capacity less than 40,000 barrels per day are exempt from Rule 1180.

A single facility, Delek U.S. Holdings Inc. (now known as AltAir Fuels) was originally subject to the rule requirements, including the capital cost to establish a refinery-related community monitoring system and applicable annual O&M fees specified in paragraph (aa) of Rule 301. Since the latest amendment of Rule 301 in May 2018, Paramount has voluntarily accepted a permit condition limiting the operator's throughput of crude oil to no more than 39,500 barrels per day, thus qualifying for the exemption under Rule 1180

requirements. In turn, Paramount is alleviated from paying the cost for a community monitoring system and the corresponding annual O&M fees set-forth in paragraph (aa) of Rule 301. The proposed amendment is expected to result in a fee reduction for a single facility, however, for the sake of this analysis, staff assumed no net impact on fees paid by industry.

11. Eliminating the surcharge fee for certain late AER amendments pertaining to emissions developed from source tests

According to Rule 301(e)(10)(C), if emission fees are paid timely, and if, within one year after the 75<sup>th</sup> day from the official due date it is determined to be less than 90 percent of the full amount that should have been paid, a 15 percent surcharge should be added, and is calculated based on the difference between the amount actually paid and the amount that should have been paid. According to Rule 301(e)(10)(D), one year and 75 days after the official due date of the AER, any fees due and payable for emissions reported or reportable pursuant to subparagraph Rule 301(e)(8)(C) are assessed fees according to Rule 301 Tables III, IV, and V; and further increased by a penalty of 50 percent.

This amendment would eliminate the surcharge/penalty for emissions developed from source tests, where the source tests were submitted in good faith for approval to the SCAQMD Source Test Unit prior to or at the time the AER was due, but the source tests were not approved before the date surcharges/penalties would be currently assessed. Fees would still be required for any emissions that were underreported related to these source tests pursuant to fee rates discussed in Rule 301(e)(10)(C) and (D).

This amendment is necessary because of delays that sometimes occur in SCAQMD approval of source tests. SCAQMD staff believes surcharges/penalties are not appropriate in circumstances where emissions are reported based on source tests that were promptly submitted to the District, but were not approved by the District until a later date. The proposed amendment would provide fee relief for affected facilities, however for the sake of this cost analysis, staff assumed that the net fee impacts are \$0 annually.

## **SUMMARY OF FEE IMPACTS OF PAR III**

Of the 11 proposed amendments with fee impacts, five are estimated to result in fee increases, and for one of those five proposals, there are no impacts to facilities within the SCAQMD's jurisdiction. Six of the proposals are expected to result in fee savings for facilities. The fee impacts by proposed amendment are shown in Table 2 for FY 2018-19, FY 2019-20, FY 2020-21 and thereafter, and an annual average over 2019-2028. The average annual fee impact shown in Table 2 considers the cost over a 10-year period used for the analysis in this assessment. The annual average fee impacts over the 10-year horizon allows for comparison of the fee impacts of proposed amendments over a period of time by accounting for fees that may vary over time or are zero for certain years. The fee impacts in total are estimated be ~~-\$0.29~~ -\$0.30 million in FY 2019-20, \$1.76 million in FY 2020-21, and \$4.12 million in FY 2021-22 and beyond. The Updated Air Toxic Contaminant

(TAC) Fees amendment is the proposed amendment with the greatest fee impact. Other proposed amendments result in small fee impacts relative to the TAC fee increase.

Table 2:

**Estimated Fee Impacts by Proposed Amendment**

| Proposed Amendment   | Annual Fee Impact                          |                    |                             |   |
|--|--|--------------------|-----------------------------|---|
|  | FY2019-2020                                | FY2020-2021        | FY 2021-2022 and thereafter | Average Annual <sup>1</sup> (2019-2028) |
| 1. Increasing Toxic Air Contaminant (TAC) Fees   | <del>\$3,572</del> \$0                     | \$2,055,836        | \$4,417,564                 | \$3,739,992                             |
| 2. Adding a new Rule 1118.1 Notification Fee to Rule 301   | \$0  | \$1,600            | \$3,200                     | \$2,720                                 |
| 3. Increasing the PERP enforcement inspection fees   | \$3,520                                    | \$3,520            | \$3,520                     | \$3,520                                 |
| 4. Increasing and realigning fees in Rule 309 for Plan Inspection Fees with comparable fees in Rule 306                          | \$2,100                                    | \$2,100            | \$2,100                     | \$2,100                                 |
| 5. Adding a renewal fee for Clean Air Solvent (CAS) and Clean Air Choices Cleaner (CACC) certification fees                      | \$0  | \$0                | \$0                         | \$0                                     |
| 6. Removing the fee in Rule 308 for adding/deleting a site from a Multi-site or Geographic Program                               | \$0  | \$0                | \$0                         | \$0                                     |
| 7. Reducing certain notification fees in Rule 301 Table VI for Asbestos Demolition/Renovation                                    | -\$303,000                                 | -\$303,000         | -\$303,000                  | -\$303,000                              |
| 8. Creation of a fee cap Change of Owner/Operator Applications at RECLAIM facilities   | \$0  | \$0                | \$0                         | \$0                                     |
| 9. Reducing certain certified copy fees  | \$0  | \$0                | \$0                         | \$0                                     |
| 10. Removing Delek U.S. Holdings, Inc. from the fee table in Rule 301(aa) pertaining to Rule 1180 operating and maintenance fees | \$0  | \$0                | \$0                         | \$0                                     |
| 11. Removing surcharge fee for certain late AER amendments pertaining to emissions developed from source tests                   | \$0  | \$0                | \$0                         | \$0                                     |
| <b>Total</b>   | <del>-\$297,380-</del><br><b>\$293,808</b> | <b>\$1,760,056</b> | <b>\$4,123,384</b>          | <b>\$3,445,332</b>                      |

<sup>1</sup> This is the average of annual fee impacts over a ten year horizon. It accounts for fees that may vary over time or are zero for certain years.

<sup>2</sup> This proposed amendment is expected to result in a net fee reduction for affected facilities, but is conservatively assumed to have no fee impact here for purposes of analysis.

**Table 3:**  
**Overall Cost Fee Impact of the PAR III by Industry**

| Industry  | NAICS          | Fee Impact of PAR III |                    |                             |                            |                     |
|---|----------------|-----------------------|--------------------|-----------------------------|----------------------------|---------------------|
|   |                | FY 2019-2020          | FY 2020-2021       | FY 2021-2022 and thereafter | Average Annual (2019-2028) | Share of Fee Impact |
| <b>Agriculture, Forestry, Fishing &amp; Hunting</b> | <b>111-115</b> | <b>\$0</b>            | <b>\$5,715</b>     | <b>\$10,877</b>             | <b>\$9,273</b>             | <b>0.3%</b>         |
| <b>Mining</b>                                       | <b>21</b>      | <b>\$0</b>            | <b>\$71,285</b>    | <b>\$157,876</b>            | <b>\$133,429</b>           | <b>3.9%</b>         |
| Oil and Gas Extraction                              | 211            | \$0                   | \$48,312           | \$111,957                   | \$94,397                   | 2.7%                |
| Mining (except oil and gas)                         | 212-213        | \$0                   | \$22,973           | \$45,919                    | \$39,032                   | 1.1%                |
| <b>Construction</b>                                 | <b>23</b>      | <b>\$1,174</b>        | <b>\$10,887</b>    | <b>\$22,334</b>             | <b>\$19,073</b>            | <b>0.6%</b>         |
| <b>Manufacturing</b>                                | <b>31-33</b>   | <b>\$0</b>            | <b>\$1,085,208</b> | <b>\$2,311,353</b>          | <b>\$1,957,603</b>         | <b>56.8%</b>        |
| Food Manufacturing                                  | 311            | \$0                   | \$2,040            | \$3,268                     | \$2,818                    | 0.1%                |
| Wood Products Manufacturing                         | 321            | \$0                   | \$490              | \$1,079                     | \$912                      | 0.0%                |
| Petroleum and Coal Products Mfg.                    | 324            | \$0                   | \$611,036          | \$1,341,750                 | \$1,134,504                | 32.9%               |
| Chemical Manufacturing                              | 325            | \$0                   | \$121,840          | \$244,881                   | \$208,089                  | 6.0%                |
| Nonmetallic Mineral Product Mfg.                    | 327            | \$0                   | \$36,468           | \$72,489                    | \$61,638                   | 1.8%                |
| Primary Metal Mfg.                                  | 331            | \$0                   | \$91,598           | \$189,381                   | \$160,665                  | 4.7%                |
| Fabricated Metal Mfg.                               | 332            | \$0                   | \$103,464          | \$215,043                   | \$182,381                  | 5.3%                |
| Machinery Manufacturing                             | 333            | \$0                   | \$49,310           | \$99,094                    | \$84,206                   | 2.4%                |
| Computer and Electronic Product Mfg.                | 334            | \$0                   | \$19,679           | \$39,342                    | \$33,442                   | 1.0%                |
| Electrical Equipment & Appliance Mfg.               | 335            | \$0                   | \$5,843            | \$11,226                    | \$9,565                    | 0.3%                |
| Motor Vehicle & Trans. Equipment Mfg.               | 336            | \$0                   | \$24,233           | \$49,024                    | \$41,642                   | 1.2%                |
| Other Manufacturing                                 | 312-339        | \$0                   | \$19,208           | \$44,775                    | \$37,741                   | 1.1%                |
| <b>Utilities</b>                                    | <b>22</b>      | <b>\$0</b>            | <b>\$318,630</b>   | <b>\$712,744</b>            | <b>\$602,058</b>           | <b>17.5%</b>        |
| <b>Transportation &amp; Warehousing</b>             | <b>48-49</b>   | <b>\$0</b>            | <b>\$94,396</b>    | <b>\$209,871</b>            | <b>\$177,337</b>           | <b>5.1%</b>         |
| <b>Information</b>                                  | <b>51</b>      | <b>\$0</b>            | <b>\$15,450</b>    | <b>\$31,289</b>             | <b>\$26,577</b>            | <b>0.8%</b>         |
| Publishing Industries, Except Internet              | 511            | \$0                   | \$164              | \$172                       | \$154                      | 0.0%                |
| Motion Picture & Sound Recording                    | 512            | \$0                   | \$15,287           | \$31,118                    | \$26,423                   | 0.8%                |
| Internet Services and data processing               | 518, 519       | \$0                   | \$0                | \$0                         | \$0                        | 0.0%                |
| <b>Wholesale Trade</b>                              | <b>42</b>      | <b>\$1,200</b>        | <b>\$45,991</b>    | <b>\$97,332</b>             | <b>\$82,585</b>            | <b>2.4%</b>         |
| <b>Retail Trade</b>                                 | <b>44-45</b>   | <b>\$300</b>          | <b>\$39,687</b>    | <b>\$90,785</b>             | <b>\$76,627</b>            | <b>2.2%</b>         |
| <b>Finance and Insurance</b>                        | <b>52</b>      | <b>\$0</b>            | <b>\$245</b>       | <b>\$417</b>                | <b>\$358</b>               | <b>0.0%</b>         |
| <b>Real Estate and Rental Leasing</b>               | <b>53</b>      | <b>\$1,173</b>        | <b>\$2,281</b>     | <b>\$3,020</b>              | <b>\$2,761</b>             | <b>0.1%</b>         |
| <b>Services</b>                                     | <b>54-81</b>   | <b>-\$301,227</b>     | <b>\$16,830</b>    | <b>\$361,364</b>            | <b>\$260,651</b>           | <b>7.6%</b>         |
| Professional and Technical Services                 | 54             | \$300                 | \$16,424           | \$36,138                    | \$30,583                   | 0.9%                |
| Administrative and support services                 | 561            | \$0                   | \$3,807            | \$8,487                     | \$7,171                    | 0.2%                |
| Waste management and remediation services           | 562            | -\$301,827            | -\$151,392         | \$8,488                     | -\$38,532                  | -1.1%               |
| Educational Services                                | 61             | \$0                   | \$45,887           | \$98,572                    | \$83,446                   | 2.4%                |
| Health Care & Social Assistance                     | 62             | \$0                   | \$82,318           | \$170,659                   | \$144,759                  | 4.2%                |
| Accommodation                                       | 721            | \$0                   | \$475              | \$794                       | \$683                      | 0.0%                |
| Food Services & Drinking Places                     | 722            | \$0                   | \$344              | \$537                       | \$464                      | 0.0%                |
| Other Services                                      | Other 54-81    | \$300                 | \$18,967           | \$37,689                    | \$32,078                   | 0.9%                |
| <b>Public Administration</b>                        | <b>92</b>      | <b>\$0</b>            | <b>\$18,695</b>    | <b>\$42,199</b>             | <b>\$35,629</b>            | <b>1.0%</b>         |
| <b>Unclassified*</b>                                | <b>N/A</b>     | <b>\$0</b>            | <b>\$34,754</b>    | <b>\$71,922</b>             | <b>\$61,013</b>            | <b>1.8%</b>         |
| <b>Totals</b>                                       |                | <b>-\$297,380</b>     | <b>\$1,760,056</b> | <b>\$4,123,384</b>          | <b>\$3,444,974</b>         | <b>100.0%</b>       |

\*Facilities with no NAICS codes assigned are categorized as "unclassified."

Since the majority of the cost impacts from proposed amendments in Regulation III are a result of the proposed TAC fee increase, a more detailed breakdown of the fee impacts are shown in Table 4. The manufacturing sector (NAICS 31-33) incurs the largest cumulative impact by industry, but also has the largest number of facilities with impacts from the proposed TAC fee increase. As such, the facility average fee increase for all Manufacturing, approximately \$3,600, reflects a much lower average than that of the most impacted subset within Manufacturing, Petroleum and Coal Products Manufacturing (NAICS 324) where the facility average fee increase is projected to be over \$34,000. At the bottom of Table 4, impacts for facilities meeting the small business designation are shown. For more than 400 small businesses identified as impacted by the proposed TAC fee increase, the average facility fee increase is nearly \$1,200 annually, and the maximum fee increase for the category is approximately \$211,000.

**Table 4:**  
**Detailed Breakdown of TAC Fee Increase Projected Impacts by Industry Sector**

| <u>Industry</u>                                     | <u>NAICS</u>   | <u>Difference in Proposed TAC Fee Increase</u> |  |                         |                        |                        |                        |                  |                                     |
|---|----------------|--|--|-------------------------|------------------------|------------------------|------------------------|------------------|-------------------------------------|
|   |                | <u>Facility Count</u>                          | <u>Difference in Toxic Fees in FY 2021-2022 and thereafter</u> | <u>Facility Average</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> | <u>Maximum</u>   | <u>Industry Share of Fee Impact</u> |
| <u>Agriculture, Forestry, Fishing &amp; Hunting</u> | <u>111-115</u> | <u>33</u>                                      | <u>\$10,877</u>  | <u>\$330</u>            | <u>\$0</u>             | <u>\$0</u>             | <u>\$109</u>           | <u>\$9,061</u>   | <u>0.2%</u>                         |
| <u>Mining</u>                                       | <u>21</u>      | <u>89</u>                                      | <u>\$156,549</u>   | <u>\$1,759</u>          | <u>\$407</u>           | <u>\$1,072</u>         | <u>\$2,074</u>         | <u>\$15,501</u>  | <u>3.5%</u>                         |
| <u>Oil and Gas Extraction</u>                       | <u>211</u>     | <u>60</u>                                      | <u>\$110,669</u>   | <u>\$1,844</u>          | <u>\$652</u>           | <u>\$1,075</u>         | <u>\$2,134</u>         | <u>\$15,501</u>  | <u>2.5%</u>                         |
| <u>Mining (except oil and gas)</u>                  | <u>212-213</u> | <u>29</u>                                      | <u>\$45,880</u>  | <u>\$1,582</u>          | <u>\$0</u>             | <u>\$740</u>           | <u>\$1,873</u>         | <u>\$8,291</u>   | <u>1.0%</u>                         |
| <u>Construction</u>                                 | <u>23</u>      | <u>23</u>                                      | <u>\$21,160</u>  | <u>\$920</u>            | <u>\$0</u>             | <u>\$0</u>             | <u>\$889</u>           | <u>\$5,716</u>   | <u>0.5%</u>                         |
| <u>Manufacturing</u>                                | <u>31-33</u>   | <u>643</u>                                     | <u>\$2,311,196</u>   | <u>\$3,594</u>          | <u>\$0</u>             | <u>\$79</u>            | <u>\$854</u>           | <u>\$427,528</u> | <u>52.3%</u>                        |
| <u>Food Manufacturing</u>                           | <u>311</u>     | <u>38</u>                                      | <u>\$3,190</u>   | <u>\$84</u>             | <u>\$0</u>             | <u>\$0</u>             | <u>\$81</u>            | <u>\$768</u>     | <u>0.1%</u>                         |
| <u>Wood Products Manufacturing</u>                  | <u>321</u>     | <u>6</u>                                       | <u>\$1,079</u>   | <u>\$180</u>            | <u>\$0</u>             | <u>\$0</u>             | <u>\$311</u>           | <u>\$665</u>     | <u>0.0%</u>                         |
| <u>Petroleum and Coal Products Mfg.</u>             | <u>324</u>     | <u>39</u>                                      | <u>\$1,341,750</u>   | <u>\$34,404</u>         | <u>\$839</u>           | <u>\$2,214</u>         | <u>\$22,877</u>        | <u>\$427,528</u> | <u>30.4%</u>                        |
| <u>Chemical Manufacturing</u>                       | <u>325</u>     | <u>59</u>                                      | <u>\$244,881</u>   | <u>\$4,151</u>          | <u>\$0</u>             | <u>\$92</u>            | <u>\$667</u>           | <u>\$211,103</u> | <u>5.5%</u>                         |
| <u>Nonmetallic Mineral Product Mfg.</u>             | <u>327</u>     | <u>37</u>                                      | <u>\$72,489</u>  | <u>\$1,959</u>          | <u>\$0</u>             | <u>\$426</u>           | <u>\$809</u>           | <u>\$19,771</u>  | <u>1.6%</u>                         |
| <u>Primary Metal Mfg.</u>                           | <u>331</u>     | <u>46</u>                                      | <u>\$189,381</u>   | <u>\$4,117</u>          | <u>\$0</u>             | <u>\$420</u>           | <u>\$773</u>           | <u>\$118,260</u> | <u>4.3%</u>                         |
| <u>Fabricated Metal Mfg.</u>                        | <u>332</u>     | <u>157</u>                                     | <u>\$215,043</u>   | <u>\$1,370</u>          | <u>\$0</u>             | <u>\$303</u>           | <u>\$1,505</u>         | <u>\$19,252</u>  | <u>4.9%</u>                         |
| <u>Machinery Manufacturing</u>                      | <u>333</u>     | <u>13</u>                                      | <u>\$99,094</u>  | <u>\$7,623</u>          | <u>\$0</u>             | <u>\$0</u>             | <u>\$441</u>           | <u>\$94,630</u>  | <u>2.2%</u>                         |
| <u>Computer and Electronic Product Mfg.</u>         | <u>334</u>     | <u>24</u>                                      | <u>\$39,342</u>  | <u>\$1,639</u>          | <u>\$0</u>             | <u>\$758</u>           | <u>\$1,981</u>         | <u>\$10,911</u>  | <u>0.9%</u>                         |
| <u>Electrical Equipment &amp; Appliance Mfg.</u>    | <u>335</u>     | <u>19</u>                                      | <u>\$11,226</u>  | <u>\$591</u>            | <u>\$0</u>             | <u>\$421</u>           | <u>\$1,136</u>         | <u>\$2,494</u>   | <u>0.3%</u>                         |
| <u>Motor Vehicle &amp; Trans. Equipment Mfg.</u>    | <u>336</u>     | <u>44</u>                                      | <u>\$49,024</u>  | <u>\$1,114</u>          | <u>\$0</u>             | <u>\$308</u>           | <u>\$1,199</u>         | <u>\$10,819</u>  | <u>1.1%</u>                         |

|  |                     |                    |                           |                       |                     |                       |                       |                         |                      |
|--|---------------------|--------------------|---------------------------|-----------------------|---------------------|-----------------------|-----------------------|-------------------------|----------------------|
| <u>Other Manufacturing</u>                       | <u>312-339</u>      | <u>205</u>         | <u>\$44,697</u>           | <u>\$218</u>          | <u>\$0</u>          | <u>\$413</u>          | <u>\$1,823</u>        | <u>\$6,881</u>          | <u>1.0%</u>          |
| <b><u>Utilities</u></b>                          | <b><u>22</u></b>    | <b><u>123</u></b>  | <b><u>\$711,729</u></b>   | <b><u>\$5,786</u></b> | <b><u>\$640</u></b> | <b><u>\$1,102</u></b> | <b><u>\$2,310</u></b> | <b><u>\$182,229</u></b> | <b><u>16.1%</u></b>  |
| <b><u>Transportation &amp; Warehousing</u></b>   | <b><u>48-49</u></b> | <b><u>46</u></b>   | <b><u>\$209,871</u></b>   | <b><u>\$4,562</u></b> | <b><u>\$427</u></b> | <b><u>\$1,305</u></b> | <b><u>\$4,563</u></b> | <b><u>\$46,360</u></b>  | <b><u>4.8%</u></b>   |
| <b><u>Information</u></b>                        | <b><u>51</u></b>    | <b><u>11</u></b>   | <b><u>\$31,289</u></b>    | <b><u>\$2,844</u></b> | <b><u>\$406</u></b> | <b><u>\$2,326</u></b> | <b><u>\$4,236</u></b> | <b><u>\$9,031</u></b>   | <b><u>0.7%</u></b>   |
| <u>Publishing Industries, Except Internet*</u>   | <u>511</u>          | <u>2</u>           | <u>\$172</u>              | <u>\$86</u>           | <u>=</u>            | <u>=</u>              | <u>=</u>              | <u>\$86</u>             | <u>0.0%</u>          |
| <u>Motion Picture &amp; Sound Recording</u>      | <u>512</u>          | <u>8</u>           | <u>\$31,118</u>           | <u>\$3,890</u>        | <u>\$2,128</u>      | <u>\$3,171</u>        | <u>\$5,387</u>        | <u>\$9,031</u>          | <u>0.7%</u>          |
| <u>Internet Services and data processing*</u>    | <u>518-519</u>      | <u>1</u>           | <u>\$0</u>                | <u>\$0</u>            | <u>=</u>            | <u>=</u>              | <u>=</u>              | <u>\$0</u>              | <u>0.0%</u>          |
| <b><u>Wholesale Trade</u></b>                    | <b><u>42</u></b>    | <b><u>65</u></b>   | <b><u>\$96,132</u></b>    | <b><u>\$1,479</u></b> | <b><u>\$0</u></b>   | <b><u>\$411</u></b>   | <b><u>\$1,430</u></b> | <b><u>\$18,866</u></b>  | <b><u>2.2%</u></b>   |
| <b><u>Retail Trade</u></b>                       | <b><u>44-45</u></b> | <b><u>105</u></b>  | <b><u>\$90,446</u></b>    | <b><u>\$861</u></b>   | <b><u>\$112</u></b> | <b><u>\$274</u></b>   | <b><u>\$1,024</u></b> | <b><u>\$7,586</u></b>   | <b><u>2.0%</u></b>   |
| <b><u>Finance and Insurance*</u></b>             | <b><u>52</u></b>    | <b><u>2</u></b>    | <b><u>\$417</u></b>       | <b><u>\$209</u></b>   | <b><u>=</u></b>     | <b><u>=</u></b>       | <b><u>=</u></b>       | <b><u>\$417</u></b>     | <b><u>0.0%</u></b>   |
| <b><u>Real Estate and Rental Leasing</u></b>     | <b><u>53</u></b>    | <b><u>9</u></b>    | <b><u>\$1,847</u></b>     | <b><u>\$205</u></b>   | <b><u>\$0</u></b>   | <b><u>\$132</u></b>   | <b><u>\$214</u></b>   | <b><u>\$1,097</u></b>   | <b><u>0.0%</u></b>   |
| <b><u>Services</u></b>                           | <b><u>54-81</u></b> | <b><u>329</u></b>  | <b><u>\$661,927</u></b>   | <b><u>\$2,156</u></b> | <b><u>\$0</u></b>   | <b><u>\$0</u></b>     | <b><u>\$1,373</u></b> | <b><u>\$160,373</u></b> | <b><u>15.0%</u></b>  |
| <u>Professional and Technical Services</u>       | <u>54</u>           | <u>24</u>          | <u>\$35,838</u>           | <u>\$1,493</u>        | <u>\$4</u>          | <u>\$389</u>          | <u>\$1,434</u>        | <u>\$13,813</u>         | <u>0.8%</u>          |
| <u>Administrative and support services</u>       | <u>561</u>          | <u>20</u>          | <u>\$8,487</u>            | <u>\$424</u>          | <u>\$0</u>          | <u>\$0</u>            | <u>\$186</u>          | <u>\$5,910</u>          | <u>0.2%</u>          |
| <u>Waste management and remediation services</u> | <u>562</u>          | <u>41</u>          | <u>\$309,651</u>          | <u>\$7,552</u>        | <u>\$529</u>        | <u>\$1,382</u>        | <u>\$3,354</u>        | <u>\$160,373</u>        | <u>7.0%</u>          |
| <u>Educational Services</u>                      | <u>61</u>           | <u>22</u>          | <u>\$98,572</u>           | <u>\$4,481</u>        | <u>\$558</u>        | <u>\$1,291</u>        | <u>\$5,526</u>        | <u>\$28,251</u>         | <u>2.2%</u>          |
| <u>Health Care &amp; Social Assistance</u>       | <u>62</u>           | <u>52</u>          | <u>\$170,659</u>          | <u>\$3,282</u>        | <u>\$1,218</u>      | <u>\$2,686</u>        | <u>\$4,711</u>        | <u>\$15,443</u>         | <u>3.9%</u>          |
| <u>Accommodation*</u>                            | <u>721</u>          | <u>2</u>           | <u>\$794</u>              | <u>\$397</u>          | <u>=</u>            | <u>=</u>              | <u>=</u>              | <u>\$627</u>            | <u>0.0%</u>          |
| <u>Food Services &amp; Drinking Places*</u>      | <u>722</u>          | <u>2</u>           | <u>\$537</u>              | <u>\$268</u>          | <u>=</u>            | <u>=</u>              | <u>=</u>              | <u>\$417</u>            | <u>0.0%</u>          |
| <u>Repair and Maintenance</u>                    | <u>811</u>          | <u>146</u>         | <u>\$3,313</u>            | <u>\$23</u>           | <u>\$0</u>          | <u>\$0</u>            | <u>\$0</u>            | <u>\$1,397</u>          | <u>0.1%</u>          |
| <u>Other Services</u>                            | <u>Other 54-81</u>  | <u>20</u>          | <u>\$34,075</u>           | <u>\$1,704</u>        | <u>\$0</u>          | <u>\$578</u>          | <u>\$1,850</u>        | <u>\$13,454</u>         | <u>0.8%</u>          |
| <b><u>Public Administration</u></b>              | <b><u>92</u></b>    | <b><u>30</u></b>   | <b><u>\$42,199</u></b>    | <b><u>\$1,407</u></b> | <b><u>\$240</u></b> | <b><u>\$416</u></b>   | <b><u>\$2,014</u></b> | <b><u>\$8,188</u></b>   | <b><u>1.0%</u></b>   |
| <b><u>Unclassified**</u></b>                     | <b><u>N/A</u></b>   | <b><u>33</u></b>   | <b><u>\$71,922</u></b>    | <b><u>\$2,179</u></b> | <b><u>\$0</u></b>   | <b><u>\$0</u></b>     | <b><u>\$437</u></b>   | <b><u>\$34,222</u></b>  | <b><u>1.6%</u></b>   |
| <u>Small Business***</u>                         | <u>N/A</u>          | <u>428</u>         | <u>\$509,621</u>          | <u>\$1,191</u>        | <u>\$0</u>          | <u>\$0</u>            | <u>\$813</u>          | <u>\$211,103</u>        | <u>11.5%</u>         |
| <b><u>TOTALS</u></b>                             | <b><u>-</u></b>     | <b><u>1541</u></b> | <b><u>\$4,417,564</u></b> | <b><u>\$2,908</u></b> | <b><u>\$0</u></b>   | <b><u>\$295</u></b>   | <b><u>\$1,363</u></b> | <b><u>\$427,528</u></b> | <b><u>100.0%</u></b> |

\* Percentile data not provided for industries with fewer than 5 facilities

\*\* Facilities with no NAICS codes assigned are categorized as "unclassified."

\*\*\* A small business is defined as a facility with 100 employees or fewer and annual revenue less than or equal to \$5,000,000. These facilities are spread throughout all of the industry sectors and are not included in the total count of facilities

As discussed in the previous section, the fee impacts from PAR III are estimated to be incurred by all industries within the regional economy. Table 3 shows the distribution of these fee impacts by industry, by fiscal year, and on average annually over a 10-year horizon. The manufacturing sector would incur the largest fee impacts with no fee increase in FY 2019-20, and an increase in fee costs of \$1.09 million in FY 2020-2021 and \$2.31 million in FY 2021-22 and thereafter, which comprises a 57% share of the average fee

impacts of PAR III. Within the manufacturing sector the petroleum and coal products manufacturing industry (NAICS 324) will incur a 57% share of the fee impacts, primarily as a result of the toxicity-weighted emissions fees that will be incurred by facilities in this industry.

**Figure 1:**  
**Proposed TAC Fee Increase Compared with 2017 Toxic Fees**

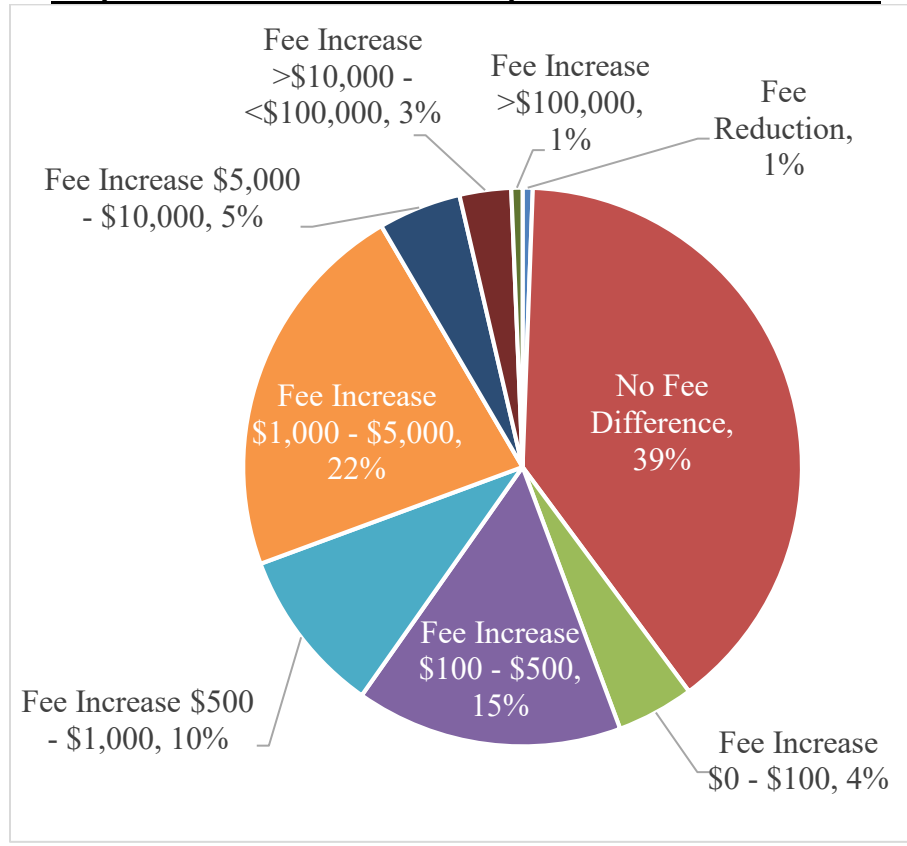


Figure 1 shows that nearly 40% of the facilities subject to the TAC Fee increase will have no difference in their total annual toxics fees compared with the 2017 reporting year. 22% of facilities will have an increase between \$1,000 and \$5,000, and 15% will have a fee increase of \$100 to \$500 annually.

## MACROECONOMIC IMPACTS ON THE REGIONAL ECONOMY

The REMI model (PI+ v2.2) was used to assess the total socioeconomic impacts of PAR III fee increases and the corresponding SCAQMD revenue increase. It links the economic activities in the counties of Los Angeles, Orange, Riverside, and San Bernardino, and for each county, it is comprised of five interrelated blocks: (1) output and demand, (2) labor

and capital, (3) population and labor force, (4) wages, prices and costs, and (5) market shares.<sup>2</sup>

The assessment herein was performed relative to a baseline scenario where none of the PAR III fee increases are implemented. PAR III would create a policy scenario under which the affected facilities would incur a reduction in annual costs of ~~\$0.29~~\$0.30 million in FY 2019-20, followed by an increase in annual costs of \$1.76 million in FY 2020-21 and \$4.12 million in FY 2021-22 and following years (Table 2). As these fee increases are recommended for cost recovery purposes of mostly-mandated existing and future activities, the baseline scenario represents a situation where SCAQMD is not able to fully cover its costs and is in a deficit situation. For purposes of the macroeconomic impact analysis, the estimated fee increase was converted from FY to calendar year and was analyzed for a 10-year period from 2019 to 2028, where the highest level of fee increase is realized by 2021 and is held constant for the subsequent years in the analysis horizon. The macroeconomic impact analysis is based on the real dollar value of fees, therefore it assumes the implementation of Rule 320 in all years of the analysis horizon.

The impact of the proposed new fees and fee rate increases was simulated with the REMI model using estimates of the fee increase, along with the corresponding increase in SCAQMD revenue. The estimated increase in fees by industry (Table 3) were input into the REMI model as an increase in production cost for the affected industries. The resulting increase in SCAQMD revenue was input in the REMI model as an increase in local government spending, distributed by the proportion of population in each of the four counties. This modeling approach assumes a balanced government budget, where an increase in revenue, relative to the baseline scenario, must be equivalent to an increase in government spending.<sup>3</sup>

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<sup>2</sup> Within each county, producers are made up of 66 private non-farm industries, three government sectors, and a farm sector. Trade flows are captured between sectors as well as across the four counties and the rest of U.S. Market shares of industries are dependent upon their product prices, access to production inputs, and local infrastructure. The demographic/migration component has 160 age/gender/race/ethnicity cohorts and captures population changes in births, deaths, and migration. (For details, please refer to REMI online documentation at <http://www.remi.com/products/pi>.)

<sup>3</sup> This increase in revenue and equivalent increase in spending is relative to the baseline scenario, where SCAQMD is not fully recovering cost and is in a deficit situation.



**Table 3:  
Fee Impact of the PAR III by Industry**

| Industry  | NAICS          | Fee Impact of PAR-III |                    |                             |                            |                     |
|---|----------------|-----------------------|--------------------|-----------------------------|----------------------------|---------------------|
|   |                | FY 2019-2020          | FY 2020-2021       | FY 2021-2022 and thereafter | Average Annual (2019-2028) | Share of Fee Impact |
| <b>Agriculture, Forestry, Fishing &amp; Hunting</b> | <b>111-115</b> | <b>\$0</b>            | <b>\$5,715</b>     | <b>\$10,877</b>             | <b>\$9,273</b>             | <b>0.3%</b>         |
| <b>Mining</b>                                       | <b>21</b>      | <b>\$0</b>            | <b>\$71,285</b>    | <b>\$157,876</b>            | <b>\$133,429</b>           | <b>3.9%</b>         |
| –Oil and Gas Extraction                             | 211            | \$0                   | \$48,312           | \$111,957                   | \$94,397                   | 2.7%                |
| –Mining (except oil and gas)                        | 212-213        | \$0                   | \$22,973           | \$45,919                    | \$39,032                   | 1.1%                |
| <b>Construction</b>                                 | <b>23</b>      | <b>\$1,174</b>        | <b>\$10,887</b>    | <b>\$22,334</b>             | <b>\$19,073</b>            | <b>0.6%</b>         |
| <b>Manufacturing</b>                                | <b>31-33</b>   | <b>\$0</b>            | <b>\$1,085,208</b> | <b>\$2,311,353</b>          | <b>\$1,957,603</b>         | <b>56.8%</b>        |
| –Food Manufacturing                                 | 311            | \$0                   | \$2,040            | \$3,268                     | \$2,818                    | 0.1%                |
| –Wood Products Manufacturing                        | 321            | \$0                   | \$490              | \$1,079                     | \$912                      | 0.0%                |
| –Petroleum and Coal Products Mfg.                   | 324            | \$0                   | \$611,036          | \$1,341,750                 | \$1,134,504                | 32.9%               |
| –Chemical Manufacturing                             | 325            | \$0                   | \$121,840          | \$244,881                   | \$208,089                  | 6.0%                |
| –Nonmetallic Mineral Product Mfg.                   | 327            | \$0                   | \$36,468           | \$72,489                    | \$61,638                   | 1.8%                |
| –Primary Metal Mfg.                                 | 331            | \$0                   | \$91,598           | \$189,381                   | \$160,665                  | 4.7%                |
| –Fabricated Metal Mfg.                              | 332            | \$0                   | \$103,464          | \$215,043                   | \$182,381                  | 5.3%                |
| –Machinery Manufacturing                            | 333            | \$0                   | \$49,310           | \$99,094                    | \$84,206                   | 2.4%                |
| –Computer and Electronic Product Mfg.               | 334            | \$0                   | \$19,679           | \$39,342                    | \$33,442                   | 1.0%                |
| –Electrical Equipment & Appliance Mfg.              | 335            | \$0                   | \$5,843            | \$11,226                    | \$9,565                    | 0.3%                |
| –Motor Vehicle & Trans. Equipment Mfg.              | 336            | \$0                   | \$24,233           | \$49,024                    | \$41,642                   | 1.2%                |
| –Other Manufacturing                                | 312-339        | \$0                   | \$19,208           | \$44,775                    | \$37,741                   | 1.1%                |
| <b>Utilities</b>                                    | <b>22</b>      | <b>\$0</b>            | <b>\$318,630</b>   | <b>\$712,744</b>            | <b>\$602,058</b>           | <b>17.5%</b>        |
| <b>Transportation &amp; Warehousing</b>             | <b>48-49</b>   | <b>\$0</b>            | <b>\$94,396</b>    | <b>\$209,871</b>            | <b>\$177,337</b>           | <b>5.1%</b>         |
| <b>Information</b>                                  | <b>51</b>      | <b>\$0</b>            | <b>\$15,450</b>    | <b>\$31,289</b>             | <b>\$26,577</b>            | <b>0.8%</b>         |
| –Publishing Industries, Except Internet             | 511            | \$0                   | \$164              | \$172                       | \$154                      | 0.0%                |
| –Motion Picture & Sound Recording                   | 512            | \$0                   | \$15,287           | \$31,118                    | \$26,423                   | 0.8%                |
| –Internet Services and data processing              | 518, 519       | \$0                   | \$0                | \$0                         | \$0                        | 0.0%                |
| <b>Wholesale Trade</b>                              | <b>42</b>      | <b>\$1,200</b>        | <b>\$45,991</b>    | <b>\$97,332</b>             | <b>\$82,585</b>            | <b>2.4%</b>         |
| <b>Retail Trade</b>                                 | <b>44-45</b>   | <b>\$300</b>          | <b>\$39,687</b>    | <b>\$90,785</b>             | <b>\$76,627</b>            | <b>2.2%</b>         |
| <b>Finance and Insurance</b>                        | <b>52</b>      | <b>\$0</b>            | <b>\$245</b>       | <b>\$417</b>                | <b>\$358</b>               | <b>0.0%</b>         |
| <b>Real Estate and Rental Leasing</b>               | <b>53</b>      | <b>\$1,173</b>        | <b>\$2,281</b>     | <b>\$3,020</b>              | <b>\$2,761</b>             | <b>0.1%</b>         |
| <b>Services</b>                                     | <b>54-81</b>   | <b>-\$301,227</b>     | <b>\$16,830</b>    | <b>\$361,364</b>            | <b>\$260,651</b>           | <b>7.6%</b>         |
| –Professional and Technical Services                | 54             | \$300                 | \$16,424           | \$36,138                    | \$30,583                   | 0.9%                |
| –Administrative and support services                | 561            | \$0                   | \$3,807            | \$8,487                     | \$7,171                    | 0.2%                |
| –Waste management and remediation services          | 562            | -\$301,827            | -\$151,392         | \$8,488                     | -\$38,532                  | -1.1%               |
| –Educational Services                               | 61             | \$0                   | \$45,887           | \$98,572                    | \$83,446                   | 2.4%                |
| –Health Care & Social Assistance                    | 62             | \$0                   | \$82,318           | \$170,659                   | \$144,759                  | 4.2%                |
| –Accommodation                                      | 721            | \$0                   | \$475              | \$794                       | \$683                      | 0.0%                |
| –Food Services & Drinking Places                    | 722            | \$0                   | \$344              | \$537                       | \$464                      | 0.0%                |
| –Other Services                                     | Other 54-81    | \$300                 | \$18,967           | \$37,689                    | \$32,078                   | 0.9%                |
| <b>Public Administration</b>                        | <b>92</b>      | <b>\$0</b>            | <b>\$18,695</b>    | <b>\$42,199</b>             | <b>\$35,629</b>            | <b>1.0%</b>         |
| <b>Unclassified*</b>                                | <b>N/A</b>     | <b>\$0</b>            | <b>\$34,754</b>    | <b>\$71,922</b>             | <b>\$61,013</b>            | <b>1.8%</b>         |
| <b>Totals</b>                                       |                | <b>-\$297,380</b>     | <b>\$1,760,056</b> | <b>\$4,123,384</b>          | <b>\$3,444,974</b>         | <b>100.0%</b>       |

\*Facilities with no NAICS codes assigned are categorized as “unclassified.”

### Employment

Based on these inputs into the REMI model, the macroeconomic impacts of the estimated fee increases on the regional economy were simulated.<sup>4</sup> The total effect on jobs consists of the effect on the directly affected sectors combined with the indirect and induced effects, which result as increased industry costs and government spending cascade through the regional economy. The overall PAR III fee increases are projected to lead to a net gain of 21 jobs on average per year above the baseline scenario job forecast from 2019 to 2028 (Table 4). The net gain of jobs is a result of a gain in jobs from increased SCAQMD spending and foregone jobs in the industries most affected by the proposed fee increases.

**Table 45:**  
**Projected Job Impacts of Proposed Fee Rate Increases by Sector**

| Sector   | NAICS | Jobs      |           |          | Average Annual (2019-2028) |                   |                |
|--|-------|-----------|-----------|----------|----------------------------|-------------------|----------------|
|  |       | 2020      | 2024      | 2028     | Jobs                       | Baseline Jobs     | % Change       |
| Mining, Oil and Gas Extraction                   | 21    | 0         | -2        | -2       | -1                         | 24,093            | -0.0058%       |
| Utilities  | 22    | 0         | -1        | -1       | -1                         | 21,209            | -0.0033%       |
| Construction                                     | 23    | 2         | -4        | -4       | -2                         | 488,175           | -0.0005%       |
| Manufacturing                                    | 33    | 0         | -5        | -6       | -4                         | 631,905           | -0.0006%       |
| Wholesale Trade                                  | 42    | 0         | -1        | -1       | -1                         | 492,205           | -0.0001%       |
| Retail Trade                                     | 44-45 | 0         | -2        | -3       | -2                         | 1,006,162         | -0.0002%       |
| Transportation and Warehousing                   | 48-49 | 0         | -1        | -1       | 0                          | 491,491           | -0.0001%       |
| Information                                      | 51    | 0         | 0         | -1       | 0                          | 343,789           | -0.0001%       |
| Finance and Insurance                            | 52    | 1         | 0         | 0        | 1                          | 514,823           | 0.0001%        |
| Real Estate and Rental and Leasing               | 53    | 1         | 0         | 0        | 0                          | 609,284           | 0.0000%        |
| Professional, Scientific, and Technical Services | 54    | 1         | 0         | -2       | 0                          | 876,610           | 0.0000%        |
| Management of Companies and Enterprises          | 55    | 0         | -1        | -1       | -1                         | 118,986           | -0.0004%       |
| Administrative and Waste Management Services     | 56    | 1         | 0         | -1       | 0                          | 800,069           | 0.0000%        |
| Educational Services                             | 61    | 0         | 0         | -1       | 0                          | 262,009           | 0.0000%        |
| Health Care and Social Assistance                | 62    | 1         | 0         | -1       | 0                          | 1,367,207         | 0.0000%        |
| Accommodation and Food Services                  | 72    | 1         | 1         | 0        | 1                          | 811,398           | 0.0001%        |
| State and Local Government                       | 92    | 17        | 37        | 34       | 31                         | 918,977           | 0.0034%        |
| All Other Industries                             | N/A   | 3         | 1         | 0        | 0                          | 1,290,479         | 0.0000%        |
| <b>Total</b>                                     |       | <b>28</b> | <b>22</b> | <b>9</b> | <b>21</b>                  | <b>11,068,869</b> | <b>0.0005%</b> |

<sup>4</sup> A change was made to the TAC Fee Increase implementation that resulted in a decrease in costs to industry of approximately \$3,500 in FY 19-20. However, the employment data presented in this report reflect the more conservative cost estimates presented in the Draft Socioeconomic Impact Assessment.

The foregone jobs are most concentrated in the manufacturing sector with four jobs foregone followed by the construction sector with two jobs foregone. These jobs foregone either occur in industries most significantly affected by the fee increase or industries which are significant intermediate suppliers to the affected industries. The jobs gained from the increase in SCAQMD spending are most highly concentrated in the local government sector, which includes SCAQMD and all other local government agencies in the region, along with gains in industries servicing the local government sector, such as finance and insurance and professional, scientific, and technical services.

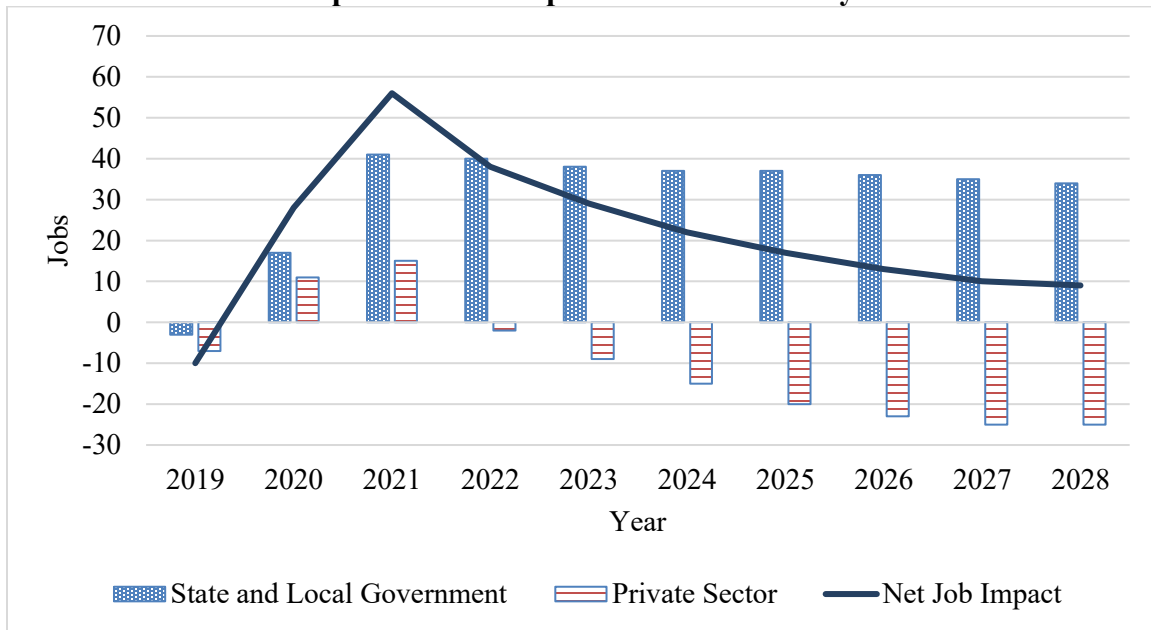
It should be noted that, as the baseline scenario represents a deficit situation for SCAQMD, direct job gains estimated for the local government sector include potentially prevented staffing reductions, which may occur if the deficit situation continues at SCAQMD. At the same time, the sector's direct job gains may also include new positions added to perform new and/or expanded program functions to meet recently adopted SCAQMD rules and state mandates. However, the potential employment impact pertinent to SCAQMD is not specifically considered in this job impact analysis due to modeling constraints.<sup>5</sup> Overall, these changes in jobs are very small relative to the size of the regional economy (11.1 million payroll and self-employment jobs), representing an increase of approximately 0.0005 percent.

Figure 1 illustrates the net change in jobs over the 2019-2028 time period. Following modest number of jobs forgone in the first year, REMI projects 28 job gains in the second year and increasing to 56 jobs gained in the third year due to the increased state and local government spending. Following 2021, the net job gains will diminish, as jobs foregone in the affected industries increase and local government job decrease.

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<sup>5</sup> As common in economic modelling, each economic sector is represented by the average behavior of all entities belonging to that sector. Therefore the REMI model's representation of an average local government agency will not precisely predict any specific staffing changes, timing of changes, nor specific labor costs of SCAQMD.

**Figure 12:**  
**Job Impacts of the Proposed Amendments by Year**



## CONCLUSION

Based on the proposed amendments, the fee impact of PAR III is estimated to be ~~-\$0.30~~~~-\$0.29~~ million in FY 2019-20, \$1.76 million in FY 2020-21, and \$4.12 million in FY 2021-22 and thereafter. The manufacturing sector is estimated to incur the greatest increases in fees, followed by the utilities sector. Based on the estimated fee increases by industry and the corresponding increases in SCAQMD revenue, the macroeconomic job impact of the estimated fee increase was simulated. The job impact analysis projects a net gain in jobs over the 2019-2028 period relative to the baseline scenario, resulting primarily from prevented job losses and job gains in local government and jobs foregone in manufacturing and construction. Ultimately, the projected job impact is very small relative to the regional economy, representing an increase of approximately 0.0005 percent.

## APPENDIX

**Table A1:  
Estimated Number of Affected Facilities by Proposed Amendment**

| Industry  | NAICS          | Proposed Amendment |                         |                     |                   |                                  |                          |
|---|----------------|--------------------|-------------------------|---------------------|-------------------|----------------------------------|--------------------------|
|   |                | TAC Fee Increase   | 306/309 Fee Realignment | 1403 Fee Reductions | PERP Fee Increase | Change of Owner/Operator Fee Cap | 1118.1 Notification Fees |
| <b>Agriculture, Forestry, Fishing &amp; Hunting</b> | <b>111-115</b> | <b>33</b>          | <b>0</b>                | <b>0</b>            | <b>0</b>          | <b>0</b>                         | <b>0</b>                 |
| <b>Mining</b>                                       | <b>21</b>      | <b>89</b>          | <b>0</b>                | <b>0</b>            | <b>0</b>          | <b>2</b>                         | <b>34</b>                |
| Oil and Gas Extraction                              | 211            | 60                 | 0                       | 0                   | 0                 | 1                                | 33                       |
| Mining (except oil and gas)                         | 212-213        | 29                 | 0                       | 0                   | 0                 | 1                                | 1                        |
| <b>Construction</b>                                 | <b>23</b>      | <b>23</b>          | <b>0</b>                | <b>0</b>            | <b>20</b>         | <b>0</b>                         | <b>0</b>                 |
| <b>Manufacturing</b>                                | <b>31-33</b>   | <b>643</b>         | <b>0</b>                | <b>0</b>            | <b>0</b>          | <b>14</b>                        | <b>4</b>                 |
| Food Manufacturing                                  | 311            | 38                 | 0                       | 0                   | 0                 | 0                                | 2                        |
| Wood Products Manufacturing                         | 321            | 6                  | 0                       | 0                   | 0                 | 0                                | 0                        |
| Petroleum and Coal Products Mfg.                    | 324            | 39                 | 0                       | 0                   | 0                 | 6                                | 0                        |
| Chemical Manufacturing                              | 325            | 59                 | 0                       | 0                   | 0                 | 1                                | 0                        |
| Nonmetallic Mineral Product Mfg.                    | 327            | 37                 | 0                       | 0                   | 0                 | 0                                | 0                        |
| Primary Metal Mfg.                                  | 331            | 46                 | 0                       | 0                   | 0                 | 2                                | 0                        |
| Fabricated Metal Mfg.                               | 332            | 157                | 0                       | 0                   | 0                 | 2                                | 0                        |
| Machinery Manufacturing                             | 333            | 13                 | 0                       | 0                   | 0                 | 0                                | 0                        |
| Computer and Electronic Product Mfg.                | 334            | 24                 | 0                       | 0                   | 0                 | 0                                | 0                        |
| Electrical Equipment & Appliance Mfg.               | 335            | 19                 | 0                       | 0                   | 0                 | 0                                | 0                        |
| Motor Vehicle & Trans. Equipment Mfg.               | 336            | 44                 | 0                       | 0                   | 0                 | 2                                | 0                        |
| Other Manufacturing                                 | 312-339        | 205                | 0                       | 0                   | 0                 | 1                                | 2                        |
| <b>Utilities</b>                                    | <b>22</b>      | <b>123</b>         | <b>0</b>                | <b>0</b>            | <b>0</b>          | <b>0</b>                         | <b>26</b>                |
| <b>Transportation &amp; Warehousing</b>             | <b>48-49</b>   | <b>46</b>          | <b>0</b>                | <b>0</b>            | <b>0</b>          | <b>2</b>                         | <b>0</b>                 |

|   |              |                             |          |            |           |           |           |
|---|--------------|-----------------------------|----------|------------|-----------|-----------|-----------|
| <b>Information</b>                        | <b>51</b>    | <b>11</b>                   | <b>0</b> | <b>0</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| Publishing Industries, Except Internet    | 511          | 2                           | 0        | 0          | 0         | 0         | 0         |
| Motion Picture & Sound Recording          | 512          | 8                           | 0        | 0          | 0         | 0         | 0         |
| Internet Services and data processing     | 518, 519     | 1                           | 0        | 0          | 0         | 0         | 0         |
| <b>Wholesale Trade</b>                    | <b>42</b>    | <b>65</b>                   | <b>4</b> | <b>0</b>   | <b>0</b>  | <b>1</b>  | <b>0</b>  |
| <b>Retail Trade</b>                       | <b>44-45</b> | <b>105</b>                  | <b>1</b> | <b>0</b>   | <b>0</b>  | <b>2</b>  | <b>1</b>  |
| <b>Finance and Insurance</b>              | <b>52</b>    | <b>2</b>                    | <b>0</b> | <b>0</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| <b>Real Estate and Rental Leasing</b>     | <b>53</b>    | <b>9</b>                    | <b>0</b> | <b>0</b>   | <b>10</b> | <b>0</b>  | <b>0</b>  |
| <b>Services</b>                           | <b>54-81</b> | <b>307</b>                  | <b>2</b> | <b>178</b> | <b>10</b> | <b>1</b>  | <b>17</b> |
| Professional and Technical Services       | 54           | 24                          | 1        | 0          | 0         | 0         | 0         |
| Administrative and support services       | 561          | 20                          | 0        | 0          | 10        | 0         | 0         |
| Waste management and remediation services | 562          | 41                          | 0        | 178        | 0         | 0         | 17        |
| Educational Services                      | 61           | 22                          | 0        | 0          | 0         | 0         | 0         |
| Health Care & Social Assistance           | 62           | 52                          | 0        | 0          | 0         | 0         | 0         |
| Accommodation                             | 721          | 2                           | 0        | 0          | 0         | 0         | 0         |
| Food Services & Drinking Places           | 722          | 2                           | 0        | 0          | 0         | 0         | 0         |
| Other Services                            | Other 54-81  | <del>444</del> 166          | 1        | 0          | 0         | 1         | 0         |
| <b>Public Administration</b>              | <b>92</b>    | <b>30</b>                   | <b>0</b> | <b>0</b>   | <b>0</b>  | <b>1</b>  | <b>0</b>  |
| <b>Unclassified*</b>                      | <b>N/A</b>   | <b>33</b>                   | <b>0</b> | <b>0</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| <b>Totals</b>                             |              | <del>1519</del> <b>1541</b> | <b>7</b> | <b>178</b> | <b>40</b> | <b>23</b> | <b>82</b> |

\*Facilities with no NAICS codes assigned are categorized as “unclassified.”

# ATTACHMENT I



## California Council for Environmental and Economic Balance

101 Mission Street, Suite 805, San Francisco, California 94105  
415-512-7890 phone, 415-512-7897 fax, [www.cceeb.org](http://www.cceeb.org)

April 30, 2019

Dr. William Burke, Chair  
Members of the Governing Board  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765  
Submitted electronically to [clerkofboard@aqmd.gov](mailto:clerkofboard@aqmd.gov)

RE: SCAQMD Proposed Amendments to Regulation III and FYE 2020 Budget

Dear Dr. Burke and Members of the Governing Board,

Thank you for the opportunity to submit comments on behalf of the California Council for Environmental and Economic Balance (CCEEB) on the SCAQMD Proposed Amendments to Regulation III and FYE 2020 Budget. CCEEB is a nonpartisan, nonprofit coalition of business, labor, and public leaders that advances strategies for a healthy environment and sound economy. CCEEB represents many facilities that operate in the South Coast Air Quality Management (SCAQMD or District) and are subject to its fees. CCEEB has been participating in the budget and fee development process and the below summarizes some of the comments we have provided at the workshops and discussions with staff.

### FYE 2020 Budget

- **CCEEB supports and appreciates SCAQMD efforts to contain costs and improve operational efficiencies.** Our highest priority is ensuring that the District maintain its level of service across its core program areas, such as permitting, planning and rules, and compliance. For example, the charts on page 17 of the proposed budget shows that SCAQMD expenditures have decreased by 12 percent over the past 28 years, when adjusted for inflation. This is commendable, especially given the tremendous progress made in the region to reduce emissions and public exposures to air pollutants. The ongoing need to contain costs is important as the District trains new staff and management, and as existing staff shift to new responsibilities under AB 617 and with a focus on the “sunset” of the REgional Clean Air Incentives Market (RECLAIM).

17-1

# ATTACHMENT I

RE: FY 2020 Budget and Regulation III

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- **AB 617 program implementation is a major new effort, with a significant impact on District resources.** CCEEB appreciates the budget detail providing transparency on District expenditures related to AB 617, and hopes to continue working closely with staff and the Board to secure reasonable, equitable, and sustained funding for this extensive work. CCEEB recognizes all of staff's efforts to reduce the permit backlog, but notes that the Permitting and Engineering Division additionally provides support to much of the AB 617 program areas. With the move to ramp up the AB617 program, we are concerned that the elimination of the permit backlog could be setback as new permit applications are triggered by the BARCT rules and RECLAIM sunset. We note that the division will have the same number of FTEs in the proposed budget as for FYE 2019. CCEEB suggests that staffing be revisited as part of the FYE 2021 budget process.

17-2

## Regulation III

- **The Toxics Emissions Fees Increase is significant and more time should be provided to allow facilities to understand the proposal and provide meaningful input.** CCEEB proposes a one-month delay in this element of the fee proposal. The proposal to increase emissions fees and the multiple components of the fee were introduced quickly. While the need to recover fees for the toxics program is understandable, the exact mechanisms are complex and there has not been sufficient time and notice for all stakeholders to assess the impacts to their operations.

CCEEB notes that than half of the fee increase is being assumed by only three sectors: Petroleum and Coal Products Manufacturing (30.4%), Utilities (16.1%) and Waste Management (7.0%). Collectively, these three sectors have 203 facilities, or only about 13 percent of the total fee base, yet are responsible for 53.5 percent of the fees after the proposed increase. CCEEB has reviewed staff's correlation analysis between fees paid and workload of interest. However, it is not entirely clear by this information that the sectors with the highest fee increases are the same as those driving District costs. Staff should take an additional one-month to determine whether the fee proposal is equitable among sectors. It is also unclear what part of District activities related to its toxics program workload (e.g., legal, compliance, lab and monitoring, and planning and rules) is also covered by other fee schedules, and how staff allocated certain costs specifically to its toxics workload. For example, a facility inspection would involve all pollutants and equipment, not just those specific to toxics emissions.

17-3

- **The Toxic Emissions Fee Increase should be phased-in over three years (starting in 2021).** Facilities have faced major fee increases over the past several years, particularly Title V facilities, which have had fees increase by more than 10

17-4



# ATTACHMENT I

RE: FY 2020 Budget and Regulation III

Page 3 of 4

percent each year for the last three years. The proposed toxics emissions fees will hit Title V facilities the hardest, and time is needed for these entities to budget additional fee increases. Facilities also need time to update and validate reported emissions to the District.

Staff has noted in public meetings that, by adopting the fee increase this year, affected stakeholders will have time to understand fee implications and act upon this information, such as by improving toxics emissions reporting, or by seeking emission reduction projects, which could potentially lower toxics emissions fees. Staff also noted that the 2021 effective date would give the District another opportunity to amend Rule 301(e), if necessary, as part of the FYE 2021 budget process. Taking the time to make the refinements necessary now will give stakeholders a more complete picture to allow them to assess the impacts and plan for any additional fees.

CCEEB strongly recommends that the Toxics Emissions Fees be similarly phased-in over a three-year period, allowing these facilities to budget further and, for many, substantial fee increases, and to provide adequate time for facility and rule adjustments over the next few years.

- **The District should work expeditiously with industry to update outdated default emissions factors, including work to review and approve new source testing.** CCEEB asks the District to convene a working group on emissions factors and source testing, and to allow “pooled” source testing whenever feasible so as to reduce administratively burden and costs. Additionally, CCEEB believes this work can be leveraged to help inform long-term implementation of the Air Resources Board (ARB) Criteria and Toxics Reporting Regulation.
- **Equipment in the ARB Portable Equipment Registration Program (PERP) should be exempted from the toxics emissions fee.** The proposed amendments, which add diesel particulate matter (DPM) to the list of toxics emissions under Rule 301(e), should not apply to PERP equipment already subject to ARB fees since the District already receives revenue for its oversight of PERP. Moreover, the Regulation III amendments proposed increasing PERP fees under Rule 301(w). CCEEB believes that cost recovery for PERP equipment should be done, if needed, through this rule and not Rule 301(e).

17-4 cont.

17-5

17-6

## ATTACHMENT I

RE: FY 2020 Budget and Regulation III

Page 4 of 4

We appreciate all of the effort the District has expended in trying to balance its mandates to clean the air and to maintain a viable economy in the SCAB region and look forward to working with staff to resolve the remaining issues with the toxics emissions fee.

Sincerely,

A handwritten signature in blue ink that reads "Frances Keeler". The signature is written in a cursive, flowing style.

Frances Keeler  
Vice President

Cc:

Mr. Wayne Nastri  
Mr. Philip Fine  
Mr. Ian MacMillan

## **ATTACHMENT I**

### **Response to Comment 17-1**

South Coast AQMD staff looks forward to continuing to work with stakeholders to provide cost-effective strategies to meet local air quality goals and helping to protect the health of all residents and workers within the South Coast Air Basin.

### **Response to Comment 17-2**

Staff is committed to reviewing work program needs and revenue sources in future budgets as suggested, including for the permit program as AB 617 and BARCT requirements are implemented and the RECLAIM program is sunsetted.

### **Response to Comment 17-3**

Based in part on this comment, the portion of Proposed Amended Rule 301 relating to toxics emissions fees has been delayed by one month to allow time for additional outreach. For a justification of the correlation between South Coast AQMD workload and the proposed new toxic emissions fee structure please see Appendix C of the final staff report. This appendix provides a detailed breakdown of work programs costs. In brief, staff from each work program provided an estimate for the resources that are spent on toxics emissions (e.g., 60% of Annual Emissions Reporting staff time is spent on toxics emissions), and the subtotals for each program were summed to determine that the South Coast AQMD spends approximately \$9.3 million on monitoring, enforcing, and related activities for toxics emissions from stationary sources. Work programs not paid for with emission fees were not included in this analysis, such as AB 2588 Hot Spots, permitting, mobile sources, etc. Additional explanation is provided in Response to Comment 14-3 in Appendix D of the Final Staff Report for Regulation III (pages 91-93).

Toxics work by its nature can fluctuate through time, at a facility level and at the air district level. These costs are therefore looked at as a whole to conduct the South Coast AQMD air toxics program, rather than facility-by-facility in any one year. While there are some high profile examples that have been reported on by the news media in recent years (e.g., Exide, Paramount, etc.), the South Coast AQMD toxics program covers all permitted facilities, and the proposed fees are designed to address the entire work program. For example, work on hexavalent chromium emissions from cement plants over a short period of time led to additional work on chrome platers, lead battery recyclers, metal grinding facilities, and other metal processing facilities. Similarly, work on hydrocarbon emissions from refineries has led to work on tank farms, oil production facilities, and gas stations. Staff believes the most equitable way to apportion fees is based on specific South Coast AQMD workload. Therefore two of the three proposed toxics emissions fees cover specific program costs including software maintenance (covered by the base toxics fee) and emission inventory staff time (tied to staff effort through the flat rate device fee). The final cancer potency-weighted fee is tied to the South Coast AQMD's role as an agency charged with protecting public health. Thus staff efforts are prioritized on facilities based in part on the highest potential for a public health impact. The most appropriate proxy for this workload is the cancer-potency weighted emissions from a facility that takes into account not just the amount of emissions, but also the cancer potency of those emissions.

## **ATTACHMENT I**

### **Response to Comment 17-4**

By statute, the South Coast AQMD must, at a minimum, phase in a fee increase above the Consumer Price Index over a two year period (Health and Safety Code 40510.5(b)). Staff initially proposed a three year phase-in. At the May 3<sup>rd</sup> meeting, Board asked for staff to present the option for a two year phase-in. Longer delays will hinder the District's cost recovery efforts and have the potential to create inequities in the District's overall permitted source program.

The Board will vote on an option of increasing the fees over either a two-year period or a three-year period. In order to ensure that the proposed fee increase is monitored, the board resolution adopted in May includes a requirement for staff to report back on the impact of the proposed increased fees within twelve months of final phase-in.

### **Response to Comment 17-5**

Consistent with the board resolution that was adopted in May, staff is committed to convene a working group to assess and improved the source test review and approval process, as well as review and update default emission factors as appropriate.

### **Response to Comment 17-6**

Equipment registered in CARB's Portable Equipment Registration Program (PERP) are not currently required to report emissions and do not incur emissions fees. The proposed amendments do not affect PERP equipment.

# ATTACHMENT I



City of Corona  
Department of Water and Power  
*"Protecting Public Health"*

Office: 951.736.2234  
Fax: 951.735.3786

755 Public Safety Way  
Corona, CA 92880 – [www.CoronaCA.gov](http://www.CoronaCA.gov)

May 16, 2019

Mr. Shah Dabirian  
South Coast AQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

Subject: PROPOSED AMENDED RULE 301-PERMITTING AND ASSOCIATED FEES

Dear Mr. Dabirian:

The City of Corona Department of Water and Power (City) is a provider of essential public services whose mission is to protect public health by providing the highest quality water, reclaimed water, electric service, and efficient water reclamation. We take great pride in being able to serve the community and always strive to provide our customers with the best possible service while remaining fiscally responsible.

The City has established emergency back-up power at major facilities to protect the health and safety of its residents. Emergency generators provide critical support to the City's water reclamation facilities during power outages, allowing the facilities to continue 24/7 operation. Emergency generators are essential to all public agencies.

The City understands SCAQMD's goal is to reduce diesel emissions by increasing fees on emissions of toxic air contaminants. However, increasing fees on emergency diesel generators will not reduce emissions. The generators are only in use for periodic maintenance and during emergency situations. The use of the generators cannot be reduced any lower and purchasing a new engine would be an inappropriate use of public funds.

The only possible emission reduction would be in the form of emission reporting. Emissions could be reduced by updating default emission factors that were established over 15 years ago. The City understands that this can also be accomplished through independent source tests, however, it would not make financial sense for every public agency to independently perform a source test on all their diesel generators. In addition, source tests are expensive and require advanced planning to budget appropriately.

Proposed rule 301 includes diesel particulate matter in the list of toxic air contaminants at such a low threshold that essentially all public agencies will be subject to the proposed fee increases for toxic emissions. Just three gallons of diesel fuel used in an emergency

18-1

18-2

18-3

## ATTACHMENT I

Mr. Shah Dabirian  
Page 2

generator would exceed the 0.1 lbs. listed in Table IV of proposed rule 301. It is unclear how this emission limit was established and why it is so low. The City does not believe it was the intention of SCAQMD to punish all facilities with emergency diesel generators. The City does not believe emissions from emergency diesel generators should be included in Table IV of proposed rule 301 or the per device fee of \$341.89.

18-3 cont.

Although the City's water reclamation facility emits less than four tons per year we have been required to submit an annual emissions report for the last three years. We have spoken to SCAQMD staff and although we may qualify to be exempt from reporting 2019 emissions, this is not guaranteed, and could change with other regulations such as AB617. There are many other essential public service agencies that are currently required to report annual emissions although they fall below the four tons per year threshold. The proposed fee revisions will likely encompass more facilities than originally intended and many of these facilities are unaware of the potential impacts.

18-4

The proposed increase in toxic emission fees places an unfair burden on essential public service agencies by not providing the opportunity to reduce emissions while maintaining fiscal responsibility to their customers. The proposed three-year phase in does not allow adequate time for providers of essential public services to properly budget for these fee increases. The implementation of the diesel particulate matter is also a concern because particulate emissions could be double counted since metals are also particulates.

18-5

The City requests that South Coast AQMD update default emission factors for stationary diesel generators, not include emergency diesel generators in the toxic emission fee increases and supports a four-year phase in of the remaining proposed toxic emission fee increases.

*Proposed Toxic Emission Fee  
Estimated Fiscal Impact for the City of Corona*

| 2020 TAC Fee Total | 2021 TAC Fee Total | 2022 TAC Fee Total |
|--------------------|--------------------|--------------------|
| \$59.39            | \$1,327.81         | \$2,545.64         |
| % Increase         | 2,135%             | 91.7%              |

18-6

We appreciate the opportunity to provide input on the toxic emission fee increases and appreciate your willingness to consider our recommendations. Please contact me if you have any questions at (951) 279-3601 or by email at [Katie.Hockett@CoronaCA.gov](mailto:Katie.Hockett@CoronaCA.gov) or Jennifer McMullin at (951) 279-3624 or by email at [Jennifer.McMullin@CoronaCA.gov](mailto:Jennifer.McMullin@CoronaCA.gov).

Sincerely,



Katie Hockett  
DWP Operations Manager

## **ATTACHMENT I**

### **Response to Comment 18-1**

The goal of the proposed increased fees is to recover the costs for South Coast AQMD work programs on toxics emissions from permitted sources, as described in the staff report. South Coast AQMD currently only recovers about \$0.5 million annually in toxics emissions fees, but expends about \$20 million annually to monitor, enforce, and conduct related activities on permitted toxics sources. This proposed amendment is expected to increase revenue by about \$4.5 million per year, once fully phased in.

Staff does expect that facilities will evaluate their emissions more closely with the higher fees, if adopted. As part of this evaluation, some facilities will ultimately report lower emissions, either through reducing emissions if that is more cost-effective, or through providing more accurate data that shows lower emissions than previously reported (e.g., through more precise source tests). Many facilities will not be able to utilize these options and will pay higher fees.

### **Response to Comment 18-2**

As part of the approval of Regulation III in May 2019 (with the exception of the toxics emissions fees), the Board approved a resolution directing staff to convene a working group to assess and improve the source test review and approval process, and to review and update default emission factors as appropriate. This effort could potentially include the use of pooled source tests, thus reducing the cost burden to permitted facilities.

### **Response to Comment 18-3**

The reporting thresholds for DPM are derived from AB2588 Quadrennial Reporting Guidance, which is consistent with all other Table IV toxic pollutants which must be reported annually. These thresholds were established by CARB as part of their Emissions Inventory and Criteria Guidelines regulation, and are 'Degree of Accuracy' thresholds, meaning that emissions must be reported within the 'Degree of Accuracy'. Therefore, these thresholds also act as a de minimis level of reporting. As stated by the commenter, the intention of the proposed amended fees is not to punish facilities with diesel generators. Instead, as indicated in the staff report and in Response to Comments 18-1, the goal of the proposed increased fees is to recover the costs of South Coast AQMD work programs that monitor, enforce, and conduct related activities on permitted facilities. As described in the staff report, DPM is being proposed for inclusion in the toxics fees due to its role as the primary pollutant of concern for cancer risk in the air basin.

### **Response to Comment 18-4**

Recent emission reports do indicate that this facility emits less than four tons per year of criteria pollutants, though it has emitted more than four tons per year in previous years (e.g., 2008 and 2009). The amendments to Rule 301 adopted by the Board in May 2019 already have provided clarification that facilities that emit less than four tons per year will not be required to report emissions, or pay the associated fees for these reported emissions. Under the previous version of the rule, some facilities with less than four tons per year would sometimes be required to report emissions (e.g., if they had previously emitted more than four tons per year), however the recently amended rule provided clarity in paragraph (e)(1) for which facilities must now report.



## ATTACHMENT I

The proposed new regulation from CARB under AB 617 (Criteria and Toxics Reporting) may require more facilities to report emissions to air districts. Any facilities required to report emissions under that regulation are expected to have lower emissions (and fees) than facilities currently required to report emissions under Rule 301. Furthermore, language in the new Criteria and Toxics Reporting regulation states that smaller facilities whose permitted processes all fall within those listed in Table A-4 (below), may qualify for ‘abbreviated reporting’. For example, a small facility with emergency diesel backup engines will only be required to report total annual fuel usage or total annual hours of operation. These facilities would not pay toxics fees because ‘abbreviated reporting’ will not include *emissions reporting* requirements, and, under Rule 301, fees only apply to facilities who report *emissions*. Regardless, notices for amendments to Rule 301 have been mailed to all permit holders twice, along with two newspaper notices, multiple working group meetings, and materials posted on our website to try to reach out to any potentially affected facility.

**Table A-4.**  
**Qualifying Permitted Processes and Data Elements to Report for Abbreviated**  
**Reporting Per Section 93403(c)(2)**

| <b><u>Permitted Process</u></b>  | <b><u>Data Elements to Report</u></b>  |
|--|--|
| <u>Combustion of natural gas or propane in boilers or heaters</u>  | <u>Total annual fuel usage, in million scf or MMbtu</u>  |
| <u>Combustion of diesel oil or other fuels, in emergency standby engines or direct-drive emergency standby fire pump engines</u> | <u>Total annual fuel usage by fuel type, in gallons or scf, or total annual hours of operation; horsepower of the device; and PM emission rate in grams per brake horsepower-hour.</u> |
| <u>Retail sale of gasoline</u>   | <u>Total annual sales of gasoline, in gallons</u>  |
| <u>Cremation of humans or animals</u>  | <u>Total annual mass cremated by type of remains, in pounds</u>  |
| <u>Construction aggregate processing, where no asphalt products are used or produced</u>   | <u>Total annual mass of dried material produced, in tons</u>   |

### Response to Comment 18-5

By statute, the South Coast AQMD must, at a minimum, phase in a fee increase above the Consumer Price Index over a two year period (Health and Safety Code 40510.5(b)). Staff initially proposed a three year phase in. At the May 3<sup>rd</sup> meeting, the Board asked for staff to present the option of a two year phase-in. Longer delays will hinder the District’s cost recovery efforts and have the potential to create inequities in the District’s overall permitted source program.

The Board will vote on an option of increasing the fees over either a two year period, or a three year period. In order to ensure that the proposed fee increase is monitored, the board resolution adopted in May includes a requirement for staff to report back on the impact of the proposed increased fees within twelve months of final phase-in.



## ATTACHMENT I

If a three year phase-in is implemented, the first half of the fee increase would not be required to be paid until March 2021, more than twenty months after rule adoption. A two-year phase-in would require an increase in fees in March 2020, about nine months from now. As indicated by the commenter, the expected fees with the amended rule would be increased about \$1,300, if it was required to report emissions pursuant to CARB's CTR (it is not required to report emissions under Rule 301). In comparison, the Corona Department of Water and Power total annual budget is more than \$52 million<sup>1</sup>. This increased fee would therefore represent less than a 0.0025% increase to that budget in 2021, and an equal increase one year later. This low level of financial impact and the amount of time provided before fees would need to be paid are not inconsistent with previous fee increases.

Finally, as indicated on page 8 of the staff report DPM will not be double counted for fee purposes, though all speciated emissions must continue to be reported. *“Diesel Particulate Matter (DPM) would be added as a pollutant that must be reported and for which fees would be paid. Speciated toxics emissions (e.g., benzene) from diesel-fueled internal combustion engines would still be reported along with DPM, but fees would not be paid for those speciated emissions.”*

### Response to Comment 18-6

This comment summarizes previous comments in the letter. Responses can be found in Response to Comments 18-1 through 18-5.

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<sup>1</sup> As indicated on the city's website here:

[http://www.opendatacorona.com/#!/year/2019/operating/0/service/UTILITIES+%2526+TRANSPORTATION/0/service\\_lines/WATER+UTILITY/0/departments](http://www.opendatacorona.com/#!/year/2019/operating/0/service/UTILITIES+%2526+TRANSPORTATION/0/service_lines/WATER+UTILITY/0/departments)

## ATTACHMENT I



May 22, 2019

Dr. Philip Fine  
Deputy Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, California 91765

**RE: Proposed Amended Rule 301**

Dear Dr. Fine:

Montrose Environmental Solutions is submitting these comments on behalf of AT&T in response to SCAQMD's proposed amendment to Rule 301. AT&T provides both landline and mobile cellular telephone systems through the region that is regulated by SCAQMD. Communications regulations and social contract require AT&T to ensure reliable operations at all times, including utility power outage events, emergencies and disaster events. To meet these obligations, AT&T is required to maintain emergency power generation equipment at its facilities.

The mission of emergency equipment operators is aligned with that of SCAQMD. It is a mission of saving lives and protecting health and property. Some entities fulfill this mission by providing health care services. Some entities respond to emergencies and disasters with critical public services. Some entities, such as telecommunications service providers, provide the infrastructure that is needed at all times, and especially during times of crisis, to ensure that our health providers and emergency responders can reliably provide critical services to the local community. All of these entities are interconnected and equally dependent upon an uninterrupted power supply that can be provided only through the dispatch of emergency generating equipment.

### *Implications of Proposed Amendments to Rule 301*

The proposed amendments to Rule 301, combined with the applicability thresholds of CCR 93400 would result in a large number of permit holders like AT&T who operate small facilities with emergency engines to pay significantly higher fees for toxic emissions to SCAQMD. The proposed toxic emission fee structure is especially punitive to operators of multiple devices, even though the combined total impacts of such equipment may be no greater than the impacts of a single larger device with equal emissions. Additionally, for small operations the fee is heavily weighted by flat fee assessments, rather than the emission profile or relative impact of facility operations.

19-1

### *AT&T's Emergency Engine Management Program*

AT&T takes steps to minimize the impacts of emergency engines by considering alternative technologies for each new siting. Unfortunately, compression ignition engines continue to be the most appropriate technology to ensure reliable operations in most installations. When compression ignition engines are deemed to be the best option to support emergency operations, AT&T takes several steps to reduce environmental impacts. To manage federally-mandated redundancy requirements, AT&T equips many sites with batteries to serve as the

## ATTACHMENT I

primary source of backup power. In many cases, AT&T is able to install only one engine, rather than two engines. When prudent and feasible, AT&T dispatches portable engines in response to prolonged power outages and stationary engine failures in lieu of installing redundant stationary engines. By utilizing its portable engine fleet to assist in meeting the redundancy requirements, AT&T is able to reduce the readiness testing of hundreds of engines statewide (testing operations typically comprise the bulk overall operations for most stationary engine applications). AT&T readiness testing schedules have already been shortened to the maximum extent practicable to ensure operational readiness while minimizing fuel consumption and associated emissions. On average, AT&T engines that are not equipped with particulate filters operate less than 12 hours per year. Finally, AT&T fully complies with SCAQMD Rules 1303, 1470 and 1471 which minimize health risk through both technology and health-based standards.

### *Implications of the Rule 301 Amendment Schedule*

The proposed amendments to Rule 301 go beyond what would be reasonably expected in the annual rule update process. The extent of the proposed amendments, combined with other unusual rulemaking activity at SCAQMD due to the implementation of AB617 creates an environment in which significant portions of the regulated community may not be aware of the proposed amendments and the potential impact on facility operations. AT&T believes that several additional months are needed for SCAQMD to fully assess the costs and public policy implications of the proposed amendments for operators of emergency equipment. Additional time is also needed for SCAQMD to reach out to the hundreds of facility operators who have not been exposed to the annual emission reporting program and are unaware of the proposed fees. This analysis and outreach should be conducted prior to presenting the proposed amended rule to the SCAQMD Governing Board.

19-2

### Recommendations

On behalf of AT&T, Montrose suggests that SCAQMD take the following steps to ensure equity for operators of small facilities and emergency equipment.

1. Exclude emergency equipment from applicability determinations and fee assessments. At a minimum, emergency operations of such equipment should be excluded from applicability determinations and fee calculations.
2. Extend the implementation schedule beyond three years so that SCAQMD can effectively compile accurate emission factors, guide facility operators toward prudent and accurate calculation practices, update reporting instructions and modify reporting software as warranted.
3. Extend the timeframe for correcting previously reported emissions and obtaining a refund when emissions are shown to have been overreported. The extended timeframe for making such corrections and petitioning for refunds is needed due to inaccurate reference emission factors and incomplete reporting guidelines. Section (e)(9)(A) of Rule 301 currently provides for a 440-day window for making corrections without incurring a filing fee. We suggest that a three-year window to make corrections without filing fees would be appropriate for any toxic emission reports that are filed prior to 2023.

19-3

19-4

19-5

Both Montrose and AT&T welcome the opportunity to discuss further with SCAQMD staff the implications of Proposed Amended Rule 301 for operators of emergency equipment. We also suggest that SCAQMD reach out to the entire community of telecommunications providers, hospitals, municipalities and other emergency service

## ATTACHMENT I

providers to promote an in-depth conversation about the role of these entities and SCAQMD's policies for regulating emergency operations. I am best reached at (714) 376-6531.

Sincerely,

Montrose Environmental Solutions



Karl Lany

District Manager, Environmental Planning and Permitting

cc: Mr. Wayne Nastri, SCAQMD  
Dr. William Burke, SCAQMD  
Mr. Shah Dabirian, SCAQMD  
Ms. Mindy Lusk, AT&T  
Mr. Andy Taylor, AT&T

## ATTACHMENT I

### Response to Comment 19-1

The intention of the proposed amended fees is not to punish facilities with diesel generators. Instead, as indicated in the staff report and in Response to Comments 18-1, the goal of the proposed toxicity-weighted fee is to recover the costs of South Coast AQMD work programs that monitor, enforce, and conduct related activities on permitted facilities, while the goal of the flat rate device fee is to recover the costs associated with receiving, inventorying, and auditing annual emission reports. The Flat Rate Device Fee is tied to the number of devices with toxics emissions at each facility. The number of devices each facility has is highly correlated with the amount of time staff spends auditing each facility's emissions inventory. Revenues generated from this fee are anticipated to fully recover costs for staff conducting toxics inventory work in support of enforcing South Coast AQMD rules.

The amendments to Rule 301 adopted by the Board already in May 2019 already have provided clarification that facilities that emit less than four tons per year will not be required to report emissions, or pay the associated fees for these reported emissions. Under the previous version of the rule, some facilities with less than four tons per year would sometimes be required to report emissions (e.g., if they had previously emitted more than four tons per year), however the recently amended rule provided clarity in paragraph (e)(1) for which facilities must now report. The proposed new regulation from CARB under AB 617 (Criteria and Toxics Reporting) may require more facilities to report emissions to air districts, however that rule is not yet final. Any facilities required to report emissions under that regulation are expected to have lower emissions (and fees) than facilities currently required to report emissions under Rule 301.

In addition, language in the new Criteria and Toxics Reporting regulation states that smaller facilities whose permitted processes all fall within those listed in Table A-4 (below), may qualify for 'abbreviated reporting'. For example, a small facility with emergency diesel backup engines will only be required to total annual fuel usage or total annual hours of operation. These facilities would not pay toxics fees because 'abbreviated reporting' will not include *emissions reporting* requirements, and, under Rule 301, fees only apply to facilities who report *emissions*.

**Table A-4.**  
**Qualifying Permitted Processes and Data Elements to Report for Abbreviated Reporting Per Section 93403(c)(2)**

| <b><u>Permitted Process</u></b>  | <b><u>Data Elements to Report</u></b>  |
|--|--|
| <u>Combustion of natural gas or propane in boilers or heaters</u>  | <u>Total annual fuel usage, in million scf or MMbtu</u>  |
| <u>Combustion of diesel oil or other fuels, in emergency standby engines or direct-drive emergency standby fire pump engines</u> | <u>Total annual fuel usage by fuel type, in gallons or scf, or total annual hours of operation; horsepower of the device; and PM emission rate in grams per brake horsepower-hour.</u> |
| <u>Retail sale of gasoline</u>   | <u>Total annual sales of gasoline, in gallons</u>  |
| <u>Cremation of humans or animals</u>  | <u>Total annual mass cremated by type of remains, in pounds</u>  |
| <u>Construction aggregate processing, where no asphalt products are used or produced</u>   | <u>Total annual mass of dried material produced, in tons</u>   |

## **ATTACHMENT I**

### **Response to Comment 19-2**

In response to stakeholder feedback received throughout the rulemaking process, staff increased its outreach for this rule compared to previous years (see summary table in Response to Comments 14-1 in the staff report), including through targeted emails to all facilities expected to have a fee increase greater than \$5,000 per year, preparation of detailed fee estimates for all facilities, and an extra webinar and working group meeting to specifically discuss the proposed increase in toxics emissions fees. In addition, at the May 3, 2019 public hearing, staff recommended that the proposed amendments pertaining to the toxic emissions fee restructuring be continued until June 7, 2019, to allow an opportunity for an additional working group meeting and continue public outreach. If the proposed amended rule is approved, staff will continue to conduct additional outreach to let facilities know how to prepare for the upcoming phase in.

### **Response to Comment 19-3**

See Response to Comment 19-1.

### **Response to Comment 19-4**

Staff's current proposal delays the phase in one year to allow facilities an opportunity to prepare for higher fees. The board resolution also includes a requirement for staff to report back on the impact of the proposed increased fees within twelve months of final phase in. If appropriate at that time, staff will make recommendations to adjust the fees higher or lower as necessary based on South Coast AQMD costs and revenues for work on toxics from stationary sources.

### **Response to Comment 19-5**

At the May 3, 2019 public hearing, an amendment eliminating the surcharge for late Annual Emissions Reporting (AER) amendments pertaining to emissions developed from source tests was adopted. The revision provides relief from fee surcharges/penalties to owner/operators that had in good faith submitted source tests for review to the South Coast AQMD Source Test Unit prior to or at the time the AER was due, but had to base AER emissions on these source tests before they were approved. Furthermore, consistent with the board resolution that was adopted in May, staff is committed to convene a working group to assess and improved the source test review and approval process, as well as review and update default emission factors as appropriate. Any potential extension of the deadline for refunds may be considered during this working group process.



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • www.aqmd.gov

**SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**PROJECT TITLE: PROPOSED AMENDED RULE 301 – PERMITTING AND ASSOCIATED FEES**

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (South Coast AQMD) is the Lead Agency and has prepared a Notice of Exemption for the project identified above.

South Coast AQMD staff has reviewed the proposed project pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. Amendments to Rule 301 – Permitting and Associated Fees, are proposed that would: 1) restructure how toxics emissions fees are collected from facilities; and 2) increase toxics emissions fees to meet the requirements of recent state mandates and provide more specific cost recovery for other regulatory actions taken by the South Coast AQMD.

Relative to the proposed restructure of and increases to toxics emissions fees in Proposed Amended Rule 301, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Thus, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. Additionally, Proposed Amended Rule 301 is statutorily exempt from CEQA requirements pursuant to CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges, because the proposed new fees involve charges by public agencies for the purpose of meeting operating expenses and financial reserve needs and requirements. Also, the proposed amendments to Rule 301 are categorically exempt because they are designed to further protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Action by Regulatory Agencies for Protection of the Environment. Further, South Coast AQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed amendments to Rule 301 pursuant to CEQA Guidelines Section 15300.2 – Exceptions. Therefore, the proposed project is exempt from CEQA. A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062 – Notice of Exemption. If the project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties.

Any questions regarding this Notice of Exemption should be directed to Ryan Bañuelos (c/o Planning, Rule Development and Area Sources) at the above address. Mr. Bañuelos can also be reached at (909) 396-3479. Mr. Shah Dabirian is also available at (909) 396-3076 to answer any questions regarding Proposed Amended Rule 301.

**Date:** May 21, 2019

**Signature:**

A handwritten signature in black ink, appearing to read "Barbara Radlein", written over a horizontal line.

Barbara Radlein  
Program Supervisor, CEQA  
Planning, Rules, and Area Sources



**NOTICE OF EXEMPTION FROM THE  
CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

|   |   |
|---|---|
| <b>To:</b> County Clerks<br>Counties of Los Angeles, Orange,<br>Riverside, and San Bernardino | <b>From:</b> South Coast Air Quality Management District<br>21865 Copley Drive<br>Diamond Bar, CA 91765 |
|---|---|

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**Project Title:** Proposed Amended Rule 301 – Permitting and Associated Fees

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**Project Location:** The South Coast AQMD has jurisdiction over the four-county South Coast Air Basin (all of Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin (SSAB) and Mojave Desert Air Basin (MDAB). The South Coast AQMD's jurisdiction includes the federal nonattainment area known as the Coachella Valley Planning Area, which is a sub-region of Riverside County and the SSAB.

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**Description of Nature, Purpose, and Beneficiaries of Project:** Amendments to Rule 301 – Permitting and Associated Fees, are proposed that would: 1) restructure how toxics emissions fees are collected from facilities; and 2) increase toxics emissions fees to meet the requirements of recent state mandates and provide more specific cost recovery for other regulatory actions taken by the South Coast AQMD.

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|  |  |
|--|--|
| <b>Public Agency Approving Project:</b><br>South Coast Air Quality Management District | <b>Agency Carrying Out Project:</b><br>South Coast Air Quality Management District |
|--|--|

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**Exempt Status:**  
CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption  
CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges  
CEQA Guidelines Section 15308 – Actions By Regulatory Agencies For Protection Of The Environment (Class 8 Categorical Exemption)

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**Reasons why project is exempt:** South Coast AQMD staff has reviewed the proposed project pursuant to: 1) CEQA Guidelines Section 15002(k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and 2) CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. Relative to the proposed restructure of and increases to toxics emissions fees in Proposed Amended Rule 301, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Thus, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) – Common Sense Exemption. Additionally, Proposed Amended Rule 301 is statutorily exempt from CEQA requirements pursuant to CEQA Guidelines Section 15273 – Rates, Tolls, Fares, and Charges, because the proposed new fees involve charges by public agencies for the purpose of meeting operating expenses and financial reserve needs and requirements. Also, the proposed amendments to Rule 301 are categorically exempt because they are designed to further protect or enhance the environment pursuant to CEQA Guidelines Section 15308 – Action by Regulatory Agencies for Protection of the Environment. Further, South Coast AQMD staff has determined that there is no substantial evidence indicating that any of the exceptions to the categorical exemptions apply to the proposed amendments to Rule 301 pursuant to CEQA Guidelines Section 15300.2 – Exceptions.

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**Date When Project Will Be Considered for Approval (subject to change):**

South Coast AQMD Governing Board Hearing: June 7, 2019; South Coast AQMD Headquarters

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|  |  |   |                               |
|--|--|---|-------------------------------|
| <b>CEQA Contact Person:</b><br>Mr. Ryan Bañuelos       | <b>Phone Number:</b><br>(909) 396-3479 | <b>Email:</b><br><a href="mailto:rbañuelos@aqmd.gov">rbañuelos@aqmd.gov</a> | <b>Fax:</b><br>(909) 396-3982 |
| <b>Regulation Contact Person:</b><br>Mr. Shah Dabirian | <b>Phone Number:</b><br>(909) 396-3076 | <b>Email:</b><br><a href="mailto:sdabirian@aqmd.gov">sdabirian@aqmd.gov</a> | <b>Fax:</b><br>(909) 396-3324 |

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**Date Received for Filing:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ *(Signed Upon Board Approval)*  
Barbara Radlein  
Program Supervisor, CEQA  
Planning, Rule Development & Area Sources



# Proposed Amended Rule 301 Toxics Fees

Governing Board Meeting  
June 7, 2019

# May 3 Board Actions

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- Approved Fiscal Year 2019-2020 Budget
- Approved Rule 209 and most of Regulation III (Fees)
- Continued portion of Rule 301 (e) on proposed increase to toxics emissions fees to June Board hearing
  - Two options for phase-in of new toxic emissions fees
    - Two-year phase-in beginning January 1, 2020, or
    - Three-year phase-in, with no change in 2020, and subsequent two-year phase-in beginning January 1, 2021

# May 3 Board Actions - cont'd

## ➤ Board action in May included three additional staff actions

### ➤ Report back to Board on implementation of toxics fees

**BE IT FURTHER RESOLVED**, that within one year of full implementation of the re-structured toxics fee found in Rule 301(e), the Executive Officer is directed to report back to the Administrative Committee with a report on: 1) the revenues generated by the re-structured fee; 2) the annual costs of toxics work covered by the re-structured fee; and 3) the District's efforts to obtain funding for toxics work covered by this fee from other sources;

### ➤ Assess and improve source test review/approval process

**BE IT FURTHER RESOLVED**, that the Executive Officer is directed to assess the current source test submittal and approval process, and develop a plan to set priorities for processing and evaluating the existing and anticipated inventory of source tests. The plan shall be developed in consultation with a Working Group and shall commit to a process and schedule to address the expected increase in source test review volume due to the restructuring of the toxic emissions fees, including timeframes for reducing the current inventory of source tests as well as targets for completion of reviews within specified periods of time. The plan shall be presented to the Stationary Source Committee within six months of adoption of the re-structured toxics emissions fee.

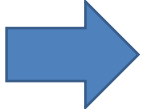
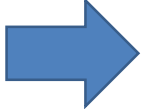
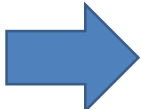
### ➤ Review and update default emission factors

**BE IT FURTHER RESOLVED**, that the Executive Officer is directed to initiate a review of default emission factors used for emissions reporting and update these factors as appropriate, in consultation with a Working Group, and report back on the status of this work within twelve months to the Stationary Source Committee;

# Background

- Proposed modifications to toxics emissions fees addresses two key issues
  1. Significant recent and anticipated upcoming District resources being allocated to addressing toxics emissions from stationary sources
    - Examples: toxic metals, fugitive hydrocarbons, new state health risk assessment guidance, AB 617
    - Current level of toxics emissions fees collected does not cover this workload
  2. Structure of toxic emissions fees in Rule 301(e) does not correlate with recent and anticipated upcoming District workload
    - Workload most closely correlated to:
      - A. Toxicity of emissions from a facility, and
      - B. Complexity of emissions sources at a facility (e.g., # of devices)

# Proposed Toxics Emissions Fees

- 1) New Base Toxics Fee to recover costs for basic functioning of toxics reporting program (software + minimal staffing)
  - \$78.03/facility if toxics reported **\$0.1M**
- 2) New Flat Rate Device Fee to recover costs for staff toxics inventory work
  - \$341.89 per permitted device with toxics emissions
  - Inventory workload highly correlated with number of devices **\$1.4M**
- 3) New Cancer Potency-Weighted Fee to recover costs for staff enforcement and related efforts for higher toxicity facilities (AB 617, monitoring, source testing, rulemaking)
  - \$10 per cancer potency-weighted pound of toxics emissions
  - Add Diesel PM to the list of 21 common toxics that require fees
  - Ammonia and ozone depleters would not change **\$3.4M**

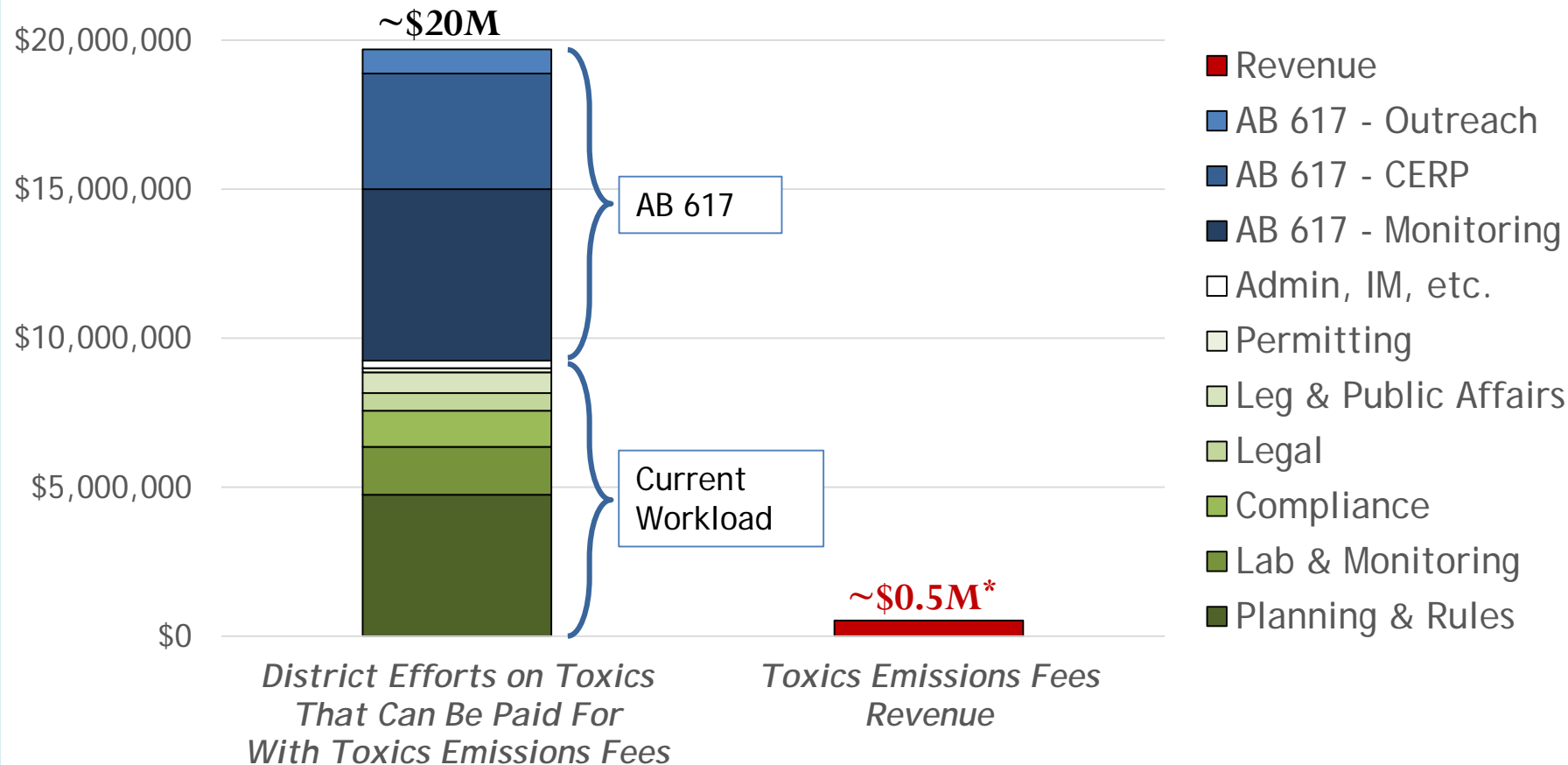
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**\$4.9M\***

*\*~\$4.4M higher than current fees* <sup>5</sup>

# District Workload

*Subset of District Effort on Toxics vs. Toxics Emissions Fees*



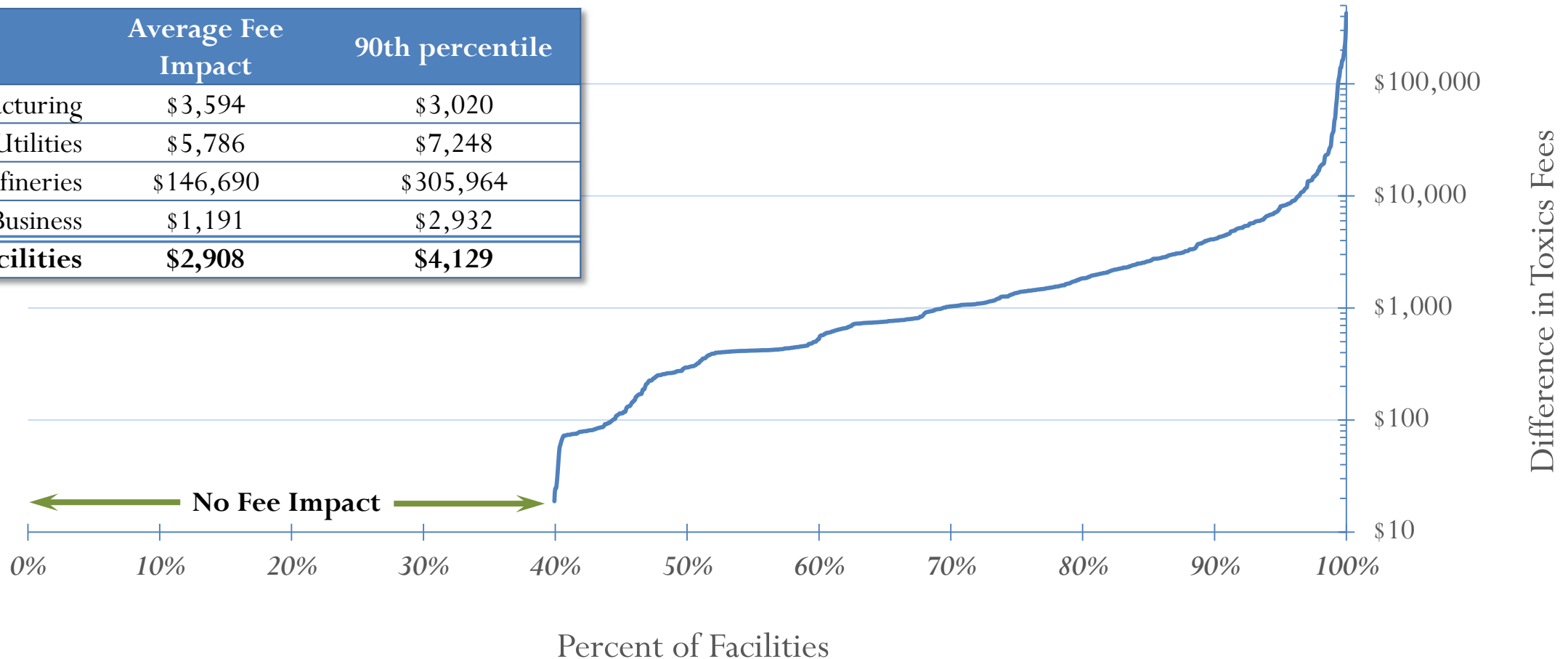
- Estimate only includes work programs focused on permitted source toxics
- Additional details provided in Appendix C of Final Staff Report
- Other stationary source toxics work programs have dedicated funding that is not included in this analysis, such as permitting, AB 2588 Toxic Hot Spots, Rule 1180 refinery monitoring, etc.

\*~\$20M collected for criteria pollutant emissions

# Toxic Emissions Fee Impact After Final Phase-In

*All Facilities Currently Paying Emissions Fees*

|                       | Average Fee Impact | 90th percentile |
|-----------------------|--------------------|-----------------|
| Manufacturing         | \$3,594            | \$3,020         |
| Utilities             | \$5,786            | \$7,248         |
| Refineries            | \$146,690          | \$305,964       |
| Small Business        | \$1,191            | \$2,932         |
| <b>All Facilities</b> | <b>\$2,908</b>     | <b>\$4,129</b>  |



# Timing Considerations

- CARB's proposed Criteria and Toxics Reporting (CTR) Regulation
  - Latest draft of regulation will not begin phasing in reporting for smaller facilities until 2022
  - Earlier reporting mostly coincides with facilities already reporting to District
- Two year phase-in option
  - Faster increase in revenue to District to support toxics work
- Three year phase-in option
  - Provides facilities more opportunity to refine toxics emissions estimation methods, conduct source tests, etc.



# Stakeholder Feedback

- Review/approval of source tests used for emissions reporting should be streamlined so facilities don't have to use default emission factors
  - Board Resolution addresses concern
  - Revenue provided by proposed amendments can be used to improve source testing reviews/approvals
- Many facilities may pay higher fees due to CARB's proposed new Criteria and Toxics Reporting (CTR) Regulation
  - Proposed amendment to Rule 301 will not require more facilities to report
  - If CARB requires more reporting, more District resources will be needed
  - Any new facilities reporting due to CTR are expected to have lower emissions, and fees
  - Latest draft of CTR provides 'abbreviated reporting' for many smaller facilities
    - Facilities with only emergency generators or boilers, gas stations, etc.
    - Proposed Rule 301 fees would not apply to these facilities as they would not 'report emissions'

# Stakeholder Feedback - cont'd

- Questions about justification for increased fees
  - Current fees do not recover the full costs associated with work on toxic emissions at stationary sources. If this shortfall continues, it has the potential to create inequities in the overall permitted source program.
  - Proposed amendments will recover costs for programs dedicated to facilities that would pay the increased fees - and is equitably applied
    - Facilities with highest toxics emissions, and largest number of devices pay the most
    - Toxics work fluctuates through time, but work from one industry or facility often leads to work for another. Examples:
      - Work on fugitive emissions from cement plants led to better understanding of emissions from chrome platers, then lead battery recyclers, then metal grinding, other metal processing, etc.
      - Work on emissions from refineries informed work on tank farms and oil production facilities and gas stations

# Recommended Actions

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- Determine that proposed amendments to Rule 301 are exempt from CEQA;
- Approve the amendments to Rule 301 with one of the following options:
  - Option A) Two-year phase-in
  - Option B) Three-year phase-in (one year lag followed by two-year phase-in)