



Operating Permit Fee Workshop

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Clean Air Agency

Financial Policies/Considerations

- **Board policy: full cost recovery for each fee program**
 - **Air Operating Permits (AOP)**
 - Registration
 - Notice of Construction
 - Asbestos
- **AOP Fee Increase History**
 - 2008 – Base Fees & Emissions Fees
 - 2012 – Base Fees, Emission Fees, & Transaction Fee Caps
- **Inflation Effects**
 - CPI-W Increases 28% (December 2012 – December 2021)

AOP Fee Structure

- **Base Fees**
 - Three categories
 - Reflect general source complexity
- **Emission Fees – most at \$60/ton**
- **Transaction Fees – permit modifications, permit issuance**

AOP Proposal

- **Increase the base fees by 25%**
- **Increase the Cap on Transaction Fees by 25%**
 - Leave the transaction percentage unchanged; raise the cap
 - Only the largest AOP sources would see an effect
 - Only billed when the permit transaction issuance happens
- **Increase the cap on the penalty for late payment by 25%**
- **Delete brickmaking from the lowest base fee tier**
- **Emission Fees Unchanged (match Registration Fees)**

SECTION 7.07 OPERATING PERMIT FEES Adopted 10/28/93 (766)
 Revised 09/08/94 (798), 09/14/95 (821), 09/12/96 (839), 09/11/97 (856), 09/10/98 (871), 09/09/99 (894), 07/13/00 (925), 06/14/01 (946),
 10/11/01 (957), 05/23/02 (970), 05/22/03 (995), 07/22/04 (1031), 05/22/08 (1119), 05/24/12 (1244), 09/26/13 (1286)

- (a) The Agency shall assess annual operating permit fees as set forth in Section 7.07(b) below to cover the cost of administering the operating permit program.
- (b) Upon assessment by the Agency, the following annual operating permit fees are due and payable within 45 days of the invoice date. They shall be deemed delinquent if not fully paid within 90 days of the date of the invoice and will be subject to an additional delinquent fee equal to 25% of the original fee, not to exceed \$((6,500)) 8,125. In addition, persons knowingly under-reporting emissions or other information used to set fees, or persons required to pay emission or permit fees who are more than 90 days late with such payments may be subject to a penalty equal to 3 times the amount of the original fee owed (in addition to other penalties provided by chapter ((70.94)) 70A.15 RCW).
- (1) Sources in the following North American Industry Classification System (NAICS) codes (*North American Industry Classification System Manual*, U.S. Executive Office of the President, Office of Management and Budget, ((1997)) 2012, or sources subsequently determined by the control officer to be assigned to either Section 7.07(b)(1)(i) or 7.07(b)(1)(ii) shall be subject to the following facility fees:

(i) Operating permit sources with the following NAICS codes:

| NAICS | NAICS Description Fee |
|----------------------------------|--|
| 221112 | Fossil Fuel Electric Power Generation |
| 324110 | Petroleum Refineries |
| 327213 | Glass Container Manufacturing |
| 327310 | Cement Manufacturing |
| 331110 | Iron and Steel Mills and Ferroalloy Manufacturing |
| 336411 | Aircraft Manufacturing |
| 336413 | Other Aircraft Parts and Auxiliary Equipment Manufacturing |
| 928110 | National Security |
| \$((57,200)) <u>71,500</u> | |

(ii) Operating permit sources with the following NAICS codes:

| NAICS | NAICS Description Fee |
|--|--|
| 311119 | Other Animal Food Manufacturing |
| 311812 | Commercial Bakeries |
| 321912 | Cut Stock, Resawing Lumber, and <u>Planing</u> |
| 321918 | Other Millwork (including Flooring) |
| 321999 | All Other Miscellaneous Wood Product Manufacturing |
| 322220 | Paper Bag and Coated and Treated Paper Manufacturing |
| 326140 | Polystyrene Foam Product Manufacturing |
| ((327121— Brick and Structural Clay Tile Manufacturing)) | |
| 332996 | Fabricated Pipe and Pipe Fitting Manufacturing |
| \$((14,300)) <u>17,875</u> | |

(iii) Operating permit sources with NAICS codes other than listed above \$((28,600)) 35,750

- (2) Additional emission rate fees shall be paid in addition to the annual operating permit fees of Section 7.07(b)(1):
 \$30 for each ton of CO reported in the previous calendar year, and
 \$60 for each ton of NOx reported in the previous calendar year, and
 \$60 for each ton of PM10 reported in the previous calendar year, and
 \$60 for each ton of SOx reported in the previous calendar year, and
 \$60 for each ton of VOC reported in the previous calendar year, and
 \$60 for each ton of HAP reported in the previous calendar year.

- (c) In addition to the fees under Sections 7.07(b)(1) and (b)(2) above, the Agency shall, on a source-by-source basis, assess the following fees:
 (1) \$500 for administrative permit amendments [WAC 173-401-720],
 and

- (2) for minor permit modifications [WAC 173-401-725(2) and (3)], a fee equal to 10% of the annual operating permit fee, not to exceed \$((~~6,500~~) 8,125, and
 - (3) for the original issuance [WAC 173-401-700], significant modification [WAC 173-401-725(4)], reopening for cause [WAC 173-401-730], or renewal [WAC 173-401-710] of an operating permit, a fee equal to 20% of the annual operating permit fee, not to exceed \$((~~13,000~~) 16,250, and
 - (4) to cover the costs of public involvement under WAC 173-401-800, and
 - (5) to cover the costs incurred by the Washington State Department of Health in enforcing 40 CFR Part 61, Subpart I and chapter 246-247 WAC.
- (d) In addition to the fees described under Sections 7.07(b) and (c) above, the Agency shall collect and transfer to the Washington State Department of Ecology a surcharge established by the Department of Ecology under chapter 173-401 WAC to cover the Department of Ecology's program development and oversight costs.
 - (e) Continued payment to the Agency of the annual operating permit fee maintains the operating permit and the status of the source as an operating facility.

Next Steps

- **February 24:** Brief Board on details of fee proposal
- **March:** Public comment period on proposed rule
- **March 24:** Public hearing before the Board
- **April 28:** Board action
- If approved, effective **June 1**



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February 16, 2022



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