



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 2** SLS 21RS 80
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: April 26, 2021 6:01 PM | Author: FIELDS |
| Dept./Agy.: Environmental Quality | Analyst: Kimberly Fruge |
| Subject: Air Quality Monitoring | |

ENVIRONMENTAL QUALITY OR INCREASE SG EX See Note Page 1 of 2
 Requires air monitoring systems in certain permitted facilities. (8/1/21)

Proposed law requires that on or before July 1, 2022, the owner or operator of certain facilities shall continuously operate an air monitoring system. The cost of installation and monitoring shall be at the expense of the owner and not the department. The air monitoring system shall measure and record air pollutant concentrations and detect when the air fails to meet quality standards or presents a public health threat. Air quality data shall be collected, processed, and transmitted without delay with dissemination to the public. Facilities are required to maintain records and report any malfunctions or maintenance to the Department of Environmental Quality on a semiannual basis.

| EXPENDITURES | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

| REVENUES | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable, but significant, SGR expenditure increase of up to \$8.2 M in FY 22 in the Department of Environmental Quality (DEQ) as a result of the increased monitoring requirements. Proposed law would likely increase expenditures for additional staff requirements and related costs out of the Environmental Trust Dedicated Fund Account from fees paid by the impacted facilities. DEQ estimates that there would be an additional 473 facilities (498 Part 70 Facilities, 95% of which are major sources) that would be required to install and maintain air monitoring systems. DEQ anticipates it would need, at a minimum, an additional 48 T.O. positions and associated operating equipment and supplies to handle the additional reviewing and monitoring of data for these facilities. DEQ's estimates are based on its current usage of 7 employees responsible for reviewing and managing the data at DEQ's 40 existing air monitoring sites. The table below outlines the additional staffing requirements proposed by DEQ. Estimates are based on midpoint salaries with a 2% annual increase in salary and related benefits.

FY 22 Salary Breakdown:

| Position | Midpoint Salary | Related Benefits | Total | Count | Total |
|-------------------------------------|------------------------|-------------------------|--------------|--------------|---------------------|
| Environmental Scientist 2 | \$ 53,903 | \$ 27,787 | \$ 81,690 | 32 | \$ 2,614,080 |
| Environmental Scientist Staff DCLA | \$ 75,598 | \$ 38,971 | \$ 114,569 | 3 | \$ 343,706 |
| Environmental Scientist Senior DCLB | \$ 92,623 | \$ 47,747 | \$ 140,370 | 3 | \$ 421,110 |
| Environmental Scientist Supervisor | \$ 75,598 | \$ 38,971 | \$ 114,569 | 7 | \$ 801,981 |
| Environmental Scientist Manager | \$ 92,623 | \$ 47,747 | \$ 140,370 | 3 | \$ 421,110 |
| Salary/RB Total | | | | 48 | \$ 4,601,987 |

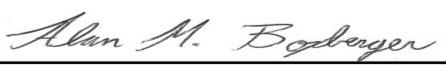
With the 2% annual increase, salaries would total \$4,694,028 in FY 23, \$4,787,909 in FY 24, \$4,883,667 in FY 25, and \$4,981,340 in FY 26.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There will be an indeterminable increase in SGR revenues in the Environmental Trust Dedicated Fund Account due to the collection associated with the requirements in this measure; the charges would likely vary depending on the size and scope of each facility. DEQ estimates that the average financial burden in FY 22 on each facility would be \$17,271 (\$8,169,282/473 Facilities = \$17,271 per facility). Proposed law indicates that the burden of cost will be on the facility and not the department but is unclear on how department fees or recuperation of these costs are determined.

| | | |
|--|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |


Alan M. Boxberger
 Staff Director



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED:

DEQ estimates additional operating and travel costs associated with the new staff. Specifically, DEQ estimates \$48,000 per year in operating costs (\$1,000 per employee). For FY 22, the initial visits to facilities will cost \$2,000 per employee, excluding supervisors and managers, for a total of \$76,000. For FY 23-26, travel costs decrease to \$500 per employee for a total of \$19,000. In addition, DEQ estimates it will need 16 new vehicles (one vehicle for every two Environmental Scientists) at \$25,000 per vehicle, for a total of \$400,000 in FY 22.

DEQ further reports assumed total operating expenditures in line with the 66.13% EPA approved overhead rate to provide sufficient operating and support resources needed by the additional personnel, such as rent for new office space, new office equipment, human resources, financial services, legal, etc. DEQ estimates, assuming the overhead rate does not change, the operating expenditures to support 48 T.O. positions will be an additional \$3,043,295 in FY 22, \$3,104,161 in FY 23, \$3,166,244 in FY 24, \$3,229,569 in FY 25, and \$3,294,160 in FY 26. This would bring total costs to \$8.2 M in FY 22, \$7.9 in FY 23, \$8.0 in FY 24, \$8.1 M in FY 25, and \$8.3 in FY 26. The Legislative Fiscal Office (LFO) cannot corroborate the overhead rate or needs detailed by DEQ. The LFO presumes DEQ will promulgate rules through the Administrative Procedure Act (APA) to implement air quality monitoring under this measure and will establish an appropriate fee rate structure to provide for necessary and appropriate monitoring operations. Appropriate rates cannot be determined until implementation guidelines are developed and promulgated through the APA process. To the degree that the overhead need is less than the \$3.2 M estimated, costs would decrease proportionally.

The proposed law stipulates any monitoring expense will be the responsibility of the facility owner and not to the department. The LFO presumes expenditures incurred by DEQ will be mitigated by fees authorized under this measure (see Revenue Explanation on page one).

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Alan M. Boxberger
Alan M. Boxberger
Staff Director