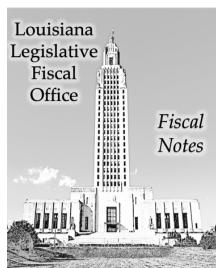


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 65** SLS 22RS 135

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP SEN COMM AMD**

Sub. Bill For.:

Date: April 4, 2022	11:27 AM	Author: CONNICK
Dept./Agy.: Department of Environmental Quality		Analyst: Kimberly Fruge
Subject: Emission Inventory Reporting		

ENVIRONMENTAL CONTROL OR INCREASE SG EX See Note
Provides for reporting by minor air sources. (8/1/22)

Page 1 of 2

Proposed law requires emissions inventory be compiled for all stationary sources for which an air permit is required. Under present law, only facilities with major source permits are required to report emissions. Proposed law would require facilities with minor source permits to report emissions as well.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2022-23	2023-24	2024-25	2025-26	2026-27	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 \$2.6 M in FY 23 in the Department of Environmental Quality (LDEQ) as a result of increasing the number of facilities reporting emissions. Proposed law would likely increase expenditures for additional staff requirements (16 T.O. positions) and related costs out of the Environmental Trust Dedicated Fund Account from fees paid by the impacted facilities. (See discussion on Page 2 for a breakdown of positions and associated operating costs). LDEQ reports that there would be 4,160 facilities that operate under minor source permits that are not currently obligated to report emissions.

LDEQ assumes that minor source facilities who are reporting emissions inventories would be subject to the same per-ton fee that is currently in place for major source facilities (See Revenue Explanation). To the extent sufficient revenues are collected, the additional T.O. positions will be funded with fees and self-generated revenues from the Environmental Trust Dedicated Fund Account. If the collections are not sufficient to fully fund these positions, LDEQ may require State General Fund to cover the difference.

The Legislative Fiscal Office cannot corroborate the overhead rate or needs detailed by LDEQ. To the degree that the overhead need is less than the \$948,801 estimated (detailed on Page 2), then costs would decrease proportionally. To the extent the additional workload is less than LDEQ anticipates, the additional workload may be partially absorbable using existing staff and resources or may be achievable with fewer than 16 positions.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO
REVENUE EXPLANATION

Proposed law will result in an indeterminable, but likely significant, SGR revenue increase as a result of increasing the number of facilities reporting emissions. Revenue LDEQ assumes that minor source facilities who are reporting emissions inventories will be subject to the same per-ton fee that is currently in place for major source facilities. The fee is currently set at \$16.61 per ton and increase to \$20 per ton on July, 1 2023. The minimum fee for emissions reports is \$250. Any revenue increase will depend on the per ton emissions the minor source facilities report. The department is unable to determine at this time how many billable emissions are reported by these facilities. Below is a discussion of the potential revenue increases based on current rules and assumptions.

For minor source permit facilities, the average permitted limit to emit is 42 tons. If these facilities are reporting the maximum permitted amount, then revenues will increase by \$2,902,099 (42 tons x 4,160 facilities x \$16.61 per ton) in FY 23 and \$3,494,400 (42 tons x 4,160 facilities x \$20 per ton) in FY 24 and subsequent fiscal years. However, LDEQ believes that the actual billable/reported emissions would likely be lower than each facilities permitted limit. If these 4,160 minor source facilities all report minimum emissions and pay the minimum fee of \$250, then revenues would increase by \$1,040,000 annually.

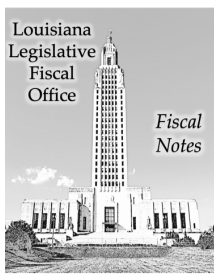
Some minor source facilities are currently required to report emissions to LDEQ. The average tons per year of billable emissions for these facilities is 29 tons. If all minor facilities averaged 29 tons, then the additional revenues would increase be \$2,003,830 (29 tons x 4,160 facilities x \$16.61 per ton) in FY 23 and \$2,412,800 (29 tons x 4,160 facilities x \$20 per ton) in FY 24 and subsequent fiscal years.

Senate
Dual Referral Rules
 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}

Evan Brasseaux
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Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION CONTINUED:

LDEQ anticipates it would need an additional 16 T.O. positions and associated operating costs to handle the increase in emissions inventories required to be processed. LDEQ's estimates are based on its current usage of two (2) employees responsible for processing 800 reporters. This would require an additional nine (9) T.O. positions to process the 4,160 new facilities (between 400-500 reporters per employee) and a supervisor to oversee their work. The positions are broken down as follows: six (6) Environmental Scientist 1/2/3; an Environmental Scientist 4; an Environmental Scientist Senior - DCLB; and an Environmental Scientist Supervisor. In addition, LDEQ assumes that not all facilities will report as required, in which case these facilities would be referred to the Enforcement Division. The department estimates about 16% (52 referrals for 322 reporters in 2020) of facilities are referred to the Enforcement Division. This would equate to approximately 650 facilities that would be referred to the Enforcement Division. To handle the potential increase in workload, the Enforcement Division would require an additional 7 T.O. positions. The positions are broken down as follows: four (4) Environmental Scientists; an Environmental Scientist Staff - DCLA; an Environmental Scientist Supervisor; and an Environmental Scientist Manager. The table below outlines the additional staffing requirements proposed by LDEQ. Estimates are based on midpoint salaries with a 2% annual increase in salary and related benefits.

FY 23 Salary Breakdown:

Position	Midpoint Salary	Related Benefits	Total	Count	Total
Environmental Scientist 2	\$ 53,903	\$ 27,787	\$ 81,690	10	\$ 816,900
Environmental Scientist 4	\$ 58,562	\$ 28,198	\$ 86,760	1	\$ 86,760
Environmental Scientist Staff DCLA	\$ 75,598	\$ 38,971	\$ 114,569	1	\$ 114,569
Environmental Scientist Senior DCLB	\$ 92,623	\$ 47,747	\$ 140,370	1	\$ 140,370
Environmental Scientist Supervisor	\$ 75,598	\$ 38,971	\$ 114,569	2	\$ 229,138
Environmental Scientist Manager	\$ 92,623	\$ 47,747	\$ 140,370	1	\$ 140,370
Salary/RB Total				16	\$ 1,528,107

With the 2% annual increase, salaries would total \$1,558,669 in FY 24, \$1,589,842 in FY 25, \$1,621,639 in FY 26, and \$1,654,072 in FY 27.

LDEQ estimates additional expenditures for operating equipment and maintenance associated with the new staff and monitoring requirements. Specifically, LDEQ estimates \$32,000 per year in annual technology costs (application maintenance and improvements), and a one-time initial system improvement cost of \$100,000 to make the system more accessible for smaller facilities and to accommodate the increase in volume. The equates to a total of \$132,000 in operating costs in FY 23 and \$32,000 in subsequent fiscal years.

LDEQ further reports assumed total operating expenditures in line with the 62.09% 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. LDEQ estimates, assuming the overhead rate does not change, the operating expenditures to support 16 T.O. positions will be an additional \$948,801 in FY 23, \$967,777 in FY 24, \$987,133 in FY 25, \$1,006,876 in FY 26, and \$1,027,013 in FY 27.

Breakdown of Total Costs:

	FY 23	FY 24	FY 25	FY 26	FY 27
Salaries	\$ 1,528,107	\$ 1,558,669	\$ 1,589,842	\$ 1,621,639	\$ 1,654,072
Operating Costs	\$ 132,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000
Overhead Rate	\$ 948,801	\$ 967,777	\$ 987,133	\$ 1,006,876	\$ 1,027,013
Total	\$ 2,608,908	\$ 2,558,446	\$ 2,608,975	\$ 2,660,515	\$ 2,713,085

Senate
 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}

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