



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 35** SLS 23RS 104
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 4, 2023	12:24 PM	Author: FIELDS
Dept./Agy.: Department of Environmental Quality		Analyst: Kimberly Fruge
Subject: Air Quality Monitoring - Right-to-Know Law		

ENVIRONMENTAL QUALITY OR INCREASE SG EX See Note Page 1 of 2
 Requires air monitoring systems in certain permitted facilities. (8/1/23)

Proposed law requires that on or before July 1, 2024, 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 of the facility and not the Department of Environmental Quality. The air monitoring system shall measure and record air pollutants 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 and with dissemination to the public. Facilities are required to maintain records and report any malfunctions or maintenance to the department twice a year, beginning January 1, 2025.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	2023-24	2024-25	2025-26	2026-27	2027-28	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 24 for the Department of Environmental Quality (DEQ) due to the increased monitoring requirements. In FY 24, the department will be responsible for visiting each location to determine equipment needs and optimal placement. Starting in FY 25, the department will be responsible for monitoring the data and the semiannual review of each facility. DEQ estimates it will need 48 additional T.O. positions with associated funding to implement proposed law. A breakdown of the costs is outlined in the table below with explanations of these costs on page two.

Breakdown of Total Costs:

	FY 24	FY 25	FY 26	FY 27	FY 28
Salaries	\$ 4,601,990	\$ 4,740,048	\$ 4,882,250	\$ 5,028,717	\$ 5,179,579
Vehicles	\$ 560,000	\$ 0	\$ 0	\$ 0	\$ 0
Operating Costs	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000
Travel	\$ 76,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000
Overhead Rate	\$ 2,914,900	\$ 3,002,347	\$ 3,092,417	\$ 3,185,189	\$ 3,280,745
Total	\$ 8,200,890	\$ 7,809,395	\$ 8,041,667	\$ 8,280,906	\$ 8,527,324

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 \$2.9 M estimated, costs would decrease proportionally.

The proposed law stipulates any monitoring expense will be the responsibility of the facility owner and not of the department. The LFO presumes expenditures incurred by DEQ will be mitigated by fees authorized under this measure (see Revenue Explanation). Continued on Page 2

REVENUE EXPLANATION

There will be an indeterminable increase in SGR revenues in the Environmental Trust Dedicated 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 the average financial burden in FY 24 on each facility would be \$17,945 (\$8,200,890/457 facilities). 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}

Evan Brasseaux

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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED:

T.O. Positions:

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 457 (481 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 38 existing air monitoring sites. The table below outlines the additional staffing requirements proposed by DEQ. Estimates are based on midpoint salaries with a 3% annual increase in salary and related benefits.

FY 24 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	\$ 343,707
Environmental Scientist Senior DCLB	\$ 92,623	\$ 47,747	\$ 140,370	3	\$ 421,110
Environmental Scientist Supervisor	\$ 75,598	\$ 38,971	\$ 114,569	7	\$ 801,983
Environmental Scientist Manager	\$ 92,623	\$ 47,747	\$ 140,370	3	\$ 421,110
			Salary/RB Total	48	\$ 4,601,990

With the 3% annual increase, salaries would total \$4,740,048 in FY 25, \$4,882,250 in FY 26, \$5,028,717 in FY 27, and \$5,179,579 in FY 28.

Operating Costs:

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).

Travel Costs:

For FY 24, the initial visits to facilities will cost \$2,000 per employee, excluding supervisors and managers, for a total of \$76,000. For FY 25-28, 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 \$35,000 per vehicle, for a total of \$560,000 in FY 23.

Overhead Charge:

DEQ further reports assumed total operating expenditures in line with the 63.34% 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 \$2,914,900 in FY 24, \$3,002,347 in FY 25, \$3,092,417 in FY 26, \$3,185,189 in FY 27, and \$3,80,745 in FY 27.

Note: This fiscal note does not contemplate the initial costs for facilities to purchase and set up air quality monitors or any annual maintenance associated with the monitors. The department reports that the monitors needed for each facility would vary depending on the types of emissions, complexity, size, and location and thus the price would vary greatly from facility to facility. The department and the LFO assume these costs will be paid directly by facilities and not by any state agency.

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}
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