

**Background Paper**  
**Division of Air Quality**  
**Natural Minor (Reg 1102) Permitting Fee Recommendation**

**Background and Issues.**

- The current fees charged for construction and annual permits under the regulation 1102 program were set in 1991.
- The fees do not generate enough revenue for the program to be self-sufficient; therefore, the program relies heavily on Federal Funds and State General Funds.
- Permits issued under Reg. 1102 include:
  - Permits for Natural Minor Facilities (Construction application fees and annual operating fees);
  - Permits for Area Sources such as dry cleaners, auto body shops, and sandblasting of water towers containing lead paint (Construction application fees and annual operating fees); and
  - Construction permits for Synthetic Minor and Title V Sources.
- The current fee structure also does not take into account the added burden on the DAQ when complex regulations need to be incorporated into the permit.

**Recommendations**

- The current Regulation 1102 fee structure and corresponding revenue shortfalls cannot be transformed to a self-sustaining level in one sweeping fee revision.
- The current fee structure has 38 different types of fee groups. The recommended fee table below reduces this to 17 categories.
- The increase in fees targets an initial revenue goal of ~50% of the current estimated program costs.
- Establish a 3-year program assessment/observation cycle for budget stability and planning. Reevaluate in third and sixth years to adjust fees to achieve revenue at or near 75% then 100% of actual program costs;
- Based on level of effort, apply higher percentage (50%) increases to application fees; Considering the level of effort, apply reduced percentage (35%) increases to annual fees;
- For more complex applications, establish application Rider Fees (5) based on regulatory applicability thresholds (level of work);
- Continue to adjust and monitor staff TKS code assignments (salaries) to ensure complete independence and separation of program related work activities, salary spending and data collection; and
- Minimize the dependency on General Funds and Federal Grant dollars while reallocating these funds to their intended programs and activities.

The proposed strategy will define our requirements, measure and analyze future states, and provide the necessary flexibility to adjust our fee program to achieve a self-sustaining fee structure in the near future.

**Regulation 1102 Permits**  
**Current and Proposed Fees.**

**Depicts Phase One (SFY 2021-2023) increase only**

Fee Description	Fee Occurrence	Current Fee Amount	Date of Last Change	Estimated # Issued Annually	Proposed Fee
Fuel Burning-Consolidated	Each Application	\$390	1-Jul-91		\$600
Fuel Burning-Consolidated	Annual	\$75	1-Jul-91		\$110
Process Units - Consolidated	Each Application	\$215	1-Jul-91	89	\$300
Process Units - Consolidated	Annual	\$125	1-Jul-91	357	\$170
VOC Unit	Each Application	\$180	1-Jul-91		\$250
VOC Unit	Annual	unknown	unknown		\$110
Temp. Emergency Variance	Each Application	\$1,000	1-Jul-91		\$1,500
Variance	Each Application	\$5,000	1-Jul-91		\$7,500
Amendment to Permits	Each Application	\$175	1-Jul-91	40	\$250
VOC Sys. – Gasoline Disp. Facility	Each Application	\$120	1-Jul-91		\$200
VOC Sys. – Gasoline Disp. Facility	Annual	\$75	1-Jul-91		\$110
VOC Sys. – Dry Cleaning Facility	Each Application	\$265	1-Jul-91	73	\$400
VOC Sys. – Dry Cleaning Facility	Annual	\$175	1-Jul-91		\$240
Process Less than 10 tpy/unit	Each Application	\$215	1-Jul-91		\$300
Process Less than 10 tpy/unit	Annual	\$215	1-Jul-91	77	\$300
VOC Sys. – Delivery Vessel	Annual	\$50	1-Jul-91	620	\$70
Water Tank Lead Paint Removal	Each Application		1-Jul-91	3	\$150
MNSR	Each Application	N/A	N/A	5	\$2,500
EOP / PSD	Each Application	N/A	N/A	1	\$10,000
MACT / NESHAP / NSPS (generators not included)	Each Application	N/A	N/A	20	\$2,500
Distributed Generator 1144	Each Application	N/A	N/A	1	\$2,500