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TITLE 326 AIR POLLUTION CONTROL BOARD

**LEGISLATIVE SERVICES AGENCY
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ADMINISTRATIVE RULE FISCAL IMPACT STATEMENT

PROPOSED RULE: LSA #01-249 (formerly #97-18)

DATE PREPARED: Sep 17, 2003

STATE AGENCY: Department of Environmental Management

DATE RECEIVED: Aug 13, 2003

FISCAL ANALYST: Valerie Ruda

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Digest of Proposed Rule: This rule amends 326 IAC 2-6, Emission Reporting, to add definitions to clarify the requirements, revise existing definitions for clarification and consistency, delete definitions that are no longer needed, change applicability, add reporting parameters, and require the reporting of hazardous air pollutants (HAPs).

Governmental Entities: This rule amendment changes emission reporting requirements of entities whose facilities are sources of air pollution over a given threshold. The net aggregate cost of compliance in the first year for all entities is estimated by IDEM to be between \$269,210 and \$480,150 among the 1,470 entities affected by this rule change. The estimated cost to each entity affected by this rule change is dependent on the number of emitting units per source, the number of work hours to complete the reports, and the cost per work hour. The cost for subsequent years is estimated by IDEM to be one-tenth of the first year cost.

The three main changes having a fiscal impact are the following:

1. Adds the sources operating under a Federally Enforceable State Operating Permit (FESOP) that are not currently required to report emissions.
2. Excludes certain small sources, such as source-specific operating agreements, permits by rule, and registrations.
3. Adds certain reportable pollutants known as Hazardous Air Pollutants (HAPs).

IDEM reached its estimated cost of compliance by considering different methodologies from various sources, including, but not limited to: the United States Environmental Protection Agency, Indiana consultants and companies, and a similar fiscal analysis completed by the state of Wisconsin.

State and Local Impact: Of the 1,470 entities affected by this rule, 38 are sources owned by either state or local entities. Of this number, 4 (of the 390 total that would be affected by the FESOP provision) would be impacted at an average cost between \$212 and \$376 per source, 4 (of the 304 total that would be affected by the small-source provision) would see a savings estimated to average between \$636 and \$1,129 per source, and 30 (of the 776 total that would be affected by the HAPs provisions) would be impacted at an estimated cost between \$490 and \$872 per source. [See "Regulated Entities" below for further explanation]

Regulated Entities: The net aggregate cost of compliance in the first year for all entities is estimated by IDEM to be between \$269,210 and \$480,150 among the 1,470 entities affected by this rule change. The estimated cost to comply with the FESOP provision in the first year is between \$82,670 and \$146,720 for all 390 sources, or between \$212 and \$376 per source. These sources would be required to report emissions triennially.

The estimated savings due to the small-source exclusion is between \$193,330 and \$343,100 for all 304 sources, or between \$636 and \$1,129 per source.

The estimated cost to comply with the HAPs provision in the first year is between \$379,870 and \$676,530 for all 776 sources, or \$490 and \$872 per source. The incremental cost increase should not be as significant for the many sources that currently report HAPs (approximately 550), or who currently have systems set up to report HAPs, due to other related regulations, as for those sources who would need to install systems. These sources would be required to report HAPs emissions annually.

The cost for complying to the FESOP and HAPs provisions of this rule change in subsequent years is expected to be one-tenth of the first year costs.

Information Sources: Janet McCabe, Assistant Commissioner, and Susan Bem, Office of Air Quality, Indiana Department of Environmental Management.