

# Small Business Regulatory Fairness Board

## Small Business Impact Statement

**Date:** 1/9/2024

**Rule Number:** 10 CSR 10-6.110, Reporting Emission Data, Emission Fees, and Process Information

**Name of Agency Preparing Statement:** Missouri Department of Natural Resources

**Name of Person Preparing Statement:** Cheri Morgan

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**Name of Person Approving Statement:** Stephen Hall, Director, Air Pollution Control Program

### **Please describe the methods your agency considered or used to reduce the impact on small businesses.**

The purpose of the proposed rule amendment is to increase the emission fee for permitted sources from \$55 per ton to \$58 per ton for emission year 2025, \$60 per ton for emission year 2026, and \$62 per ton for emission year 2027 and after. Additionally, a tiered base fee will be implemented for all sources beginning with emission year 2025. Affected sources include both small and large businesses as both types have air permits. The fee increase would result in an additional annual cost of \$3 per ton of emissions beginning with emission year 2025 (payable by June 1, 2026), an additional cost of \$5 per ton of emissions for emission year 2026, and an additional cost of \$7 per ton of emissions for emission years 2027 and after. This fee change is projected to improve the solvency of the Air Pollution Control Program.

The Air Program considered the impact on small businesses during the fee stakeholder process. Initial discussions with stakeholders covered numerous options including base fees up to \$400 for all facility types, and emission fee increases up to \$33 per ton.

Based on extensive stakeholder discussion and feedback, the proposed base fee increase will be tiered depending on the type of facility (title V or non-Title V) and the amount of annual emissions. The fee increase agreed upon was \$3, \$5, and \$7 per ton from 2025 – 2027 emission years, with the \$7 per ton increase compared to current fees remaining in place going forward after that. The Air Program is committed to working with businesses large and small on long term fund solvency issues.

The tiered base fee will be applied as shown in this table:

### **Title V**

<b>Base Fee</b>	<b>Actual Emission Thresholds</b>
\$100	0 to 10 tons
\$250	11 to 20 tons
\$500	21 to 100 tons
\$1,500	101 to 500 tons
\$2,500	501 to 20,000 tons

### **Non-Title V**

<b>Base Fee</b>	<b>Actual Emission Thresholds</b>
\$50	0 to 0 tons
\$100	1 to 5 tons
\$250	6 to 20 tons
\$500	21 to 20,000 tons

### **Please explain how your agency has involved small businesses in the development of the proposed rule.**

Small businesses have had the opportunity to be involved with the development of this rulemaking through stakeholder meetings composed of industry representatives and department staff. The Air Pollution Control Program held a meeting for stakeholders on July 27, 2023, with a presentation about all air fees. Additional meetings for stakeholder input on emission fees were Sept. 19, 2023, Nov. 15, 2023, and Feb. 8, 2024 to gain general consensus on the new fee amounts. Small businesses will have additional opportunities to comment on this rulemaking at least 30 days prior to a public hearing. Information on the rulemaking is also made available on the department's web site and distributed to appropriate entities via email. The proposed rulemaking will also be presented at public hearing and comments will be accepted up to 7 days after the public hearing. Any comments received prior to the close of the public comment period will be considered and addressed prior to filing the final order of rulemaking.

### **Please list the probable monetary costs and benefits to your agency and any other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used.**

No additional costs are expected to the agency as a result of this proposed rule amendment. The electronic systems to collect emission reports are in place, and a change to the value of the emission fee and the tiered base fee are the only changes necessary. The estimated net increase in emission fees to be collected as a result of the proposed rule amendment is \$795,281 in emission year 2025 (payable June 1, 2026), \$1,014,135 in emission year 2026, and \$1,232,989 in emission year 2027. This is the difference in projected private entity emission fees resulting from the increase from \$55 per ton to \$58, \$60, and \$62 per ton in emission years 2025-2027, respectively. These cost increases are inclusive of both large and small businesses. The emission fees are based on a projection of total emissions for permitted facilities in 2022. The net emission

fee increase will continue, equal to the 2027 emission year fees, for all future years as the rule has no sunset. The department and any other Missouri state agencies submitting emission inventory questionnaires will be required to pay the increased fees starting in 2026 (for 2025 emissions). The fee increases will help allow the Air Program to maintain future solvency. The assumptions and projected costs to both public and private entities are detailed in the fiscal notes associated with the rulemaking.

The fees will be used to cover the cost of services the air program provides. The air program provides a range of services that benefit the health, safety, and welfare of Missouri residents including, but not limited to:

- Monitoring Missouri's outdoor air for numerous different air pollutants;
- Permitting air pollution sources within the state of Missouri in accordance with state and federal air pollution laws and regulations;
- Collecting and reporting emission data from sources in Missouri;
- Inspecting air pollution sources, responding to concerns, and enforcing Missouri air laws and regulations;
- Modeling air pollution sources to estimate air pollution concentrations across the state for use in permits and state plans; and
- Developing plans and regulations to ensure all parts of Missouri have air quality that remains in compliance with EPA's federal outdoor air quality standards for criteria air pollutants.

**Please describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected.**

Any small business required to pay emission fees will be affected by this rulemaking. The largest categories of permitted small businesses in the state are limestone crushing, ready mixed concrete, and asphalt paving operations. Other commonly impacted small businesses are crematories, landfills, agricultural feed mills, and small printing and manufacturers. The increase in required fees will add to the cost of business for these facilities.

**Please list direct and indirect costs (in dollars amounts) associated with compliance.**

These industry sectors make up nearly 40 percent of the small businesses with an air permit in the State of Missouri. Small businesses within these industry sectors reported an average of 5 tons of chargeable emissions.

The new emission fee of \$58 per ton rather than the existing \$55 fee per ton would result in an average additional annual direct cost of approximately \$15 for the typical permitted small business in Missouri. The increase to \$60 per ton will add an average cost of an additional \$10 annually in direct cost, and the increase to \$62 per ton will add an average cost of another additional \$10 annually in direct cost. The new base fee for most small businesses is expected to result in an additional increase of approximately \$100 annually. The department does not anticipate any indirect costs for small businesses.

**Please list types of business that will be directly affected by, bear the cost of, or directly benefit from the proposed rule.**

Any small business required to pay emission fees will be affected by this rulemaking. The largest categories of permitted small businesses in the state are limestone crushing, ready mixed concrete, and asphalt paving operations. Other commonly impacted small businesses are crematories, landfills, agricultural feed mills, and small printing and manufacturers.

These facilities will benefit by providing continued service from the department's Air Program. This includes compliance assistance, air permitting, emission monitoring and reporting, planning activities, and other services provided by the Air Program.

**Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards?**

Yes  No

**If yes, please explain the reason for imposing a more stringent standard.**

*For further guidance in the completion of this statement, please see [§536.300, RSMo.](#)*