



# ARKANSAS

## ENERGY & ENVIRONMENT

## MEMO – For Internal Use Only

### Division of Air Quality, Office of Air Quality

**To:** Aaron Black and Keith Tarter, Fiscal

**Through:** William Montgomery, OAQ Associate Director *WLM*

**Through:** Thomas Rheume, Senior Operations Manager *TR*

**From:** Tricia Treece, OAQ Deputy Associate Director

**Date:** 09/24/2021

**Subject:** Changes to Invoice Fee Factor for OAQ Permit Fees

As required by Arkansas Pollution Control and Ecology Commission Reg. 9.502(A), the permit fee factor used to calculate fees for air permits will be adjusted for inflation from \$23.93/ton to \$25.13/ton beginning October 1, 2021. We request that Fiscal make this change in the Invoice system effective October 1, 2021.

Reg. 9.502(A) provides that the \$/ton factor shall be increased annually by the percentage, if any, by which the federal Consumer Price Index exceeds that of the previous year except under limited circumstances that have not occurred this year. Specifically, Reg. 9.502(A) provides the Director with discretion to decide not to increase the \$/ton fee factor after consideration of the factors contained in Reg. 9.901 if the fee fund balance is greater than 150% of the amount of money expended from that fund in the previous year.

For the TPET500 fund, this condition was met this year based on the end of year balance for FY 2021 and expenditures during FY 2021. However, this condition was not met for TPE0000. The fee factor in Reg. 9.502 is applicable to both part 70 sources, whose permit fees are split between TPET500 and TPE0000, and to non-part 70 sources, whose permit fees are deposited into TPE0000. TPE0000 is a shared fee fund, meaning it is generally used for the entire Department, not just expenditures associated with OAQ's program. However, Reg. 9.502 refers to money expended from the fund, not just money expended from the fund to support OAQ's program. Table 1 summarizes the end of year balance for each fee fund and expenditures.

**Table 1: Comparison of Fee Fund Expenditures to End of the Year Balance for FY 2021**

<b>FEE FUND</b>	<b>TOTAL EXPENDITURES</b>	<b>150% OF EXPENDITURES</b>	<b>FEE FUND BALANCE</b>
<b>TPE0000</b>	\$5,736,406	\$8,604,609	\$579,012
<i>(OAQ's portion of expenditures)</i>	<i>(\$359,681)</i>	<i>(\$539,522)</i>	
<b>TPET500</b>	\$5,145,359	\$7,718,038	\$13,177,379

Therefore, we request that Fiscal make such adjustments as are necessary to the invoicing system for permit fees to increase the permit fee factor for part 70 and non-part 70 sources from \$23.93/ton to \$25.13/ton. This change needs to go into effect for invoices starting October 1, 2021. The fee factor change represents a 5% increase consistent with the 5% increase in the federal Consumer Price Index between July 2020 and July 2021.