

## Asbestos Fee Memo

### History

Prior to 2015, the program to administer the federal asbestos national emissions standard for hazardous air pollutants was funded by state and federal funds. In 2014, the Iowa General Assembly appropriated funds to support the air quality program and directed the Department of Natural Resources to study the funding of the program.

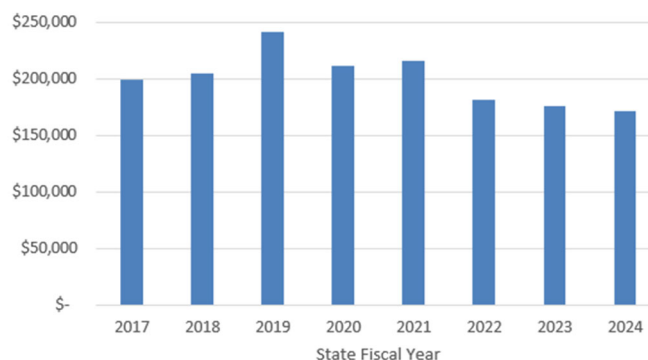
The 2014 Air Quality Bureau Stakeholder report recommended that the DNR charge fees for expenses related to processing initial asbestos notifications. The stakeholder report based the fee on receiving 3,000 initial notifications per year and was intended to fund three full-time equivalents (FTE), an increase of one FTE, which was a recommendation of the stakeholder group.

The Air Quality Fund (Iowa Code 455B.133C) was created and established an asbestos account in the fund. The asbestos account cannot project anticipated revenue greater than \$450,000 during any state fiscal year(455B.133C(7)). The fee of \$100 per notification was adopted by the Environmental Protection Commission (EPC) and became effective on January 15, 2016 and it has not changed since inception.

### Fee Basis and Revenue

The estimate of receiving 3,000 initial notifications per year was erroneous because it was based on a sum of both initial notifications and notification revisions. Fees are currently assessed on only initial notifications. The Department has received between 1,750 initial notifications (FY 2022) and 2,400 initial notifications (FY 2019). The average number of initial notifications received per year is 2,088. Chart 1 reflects the FY 2017-2023 revenue.

Chart 1: Asbestos Notification Fee Revenue FY 2017-2024

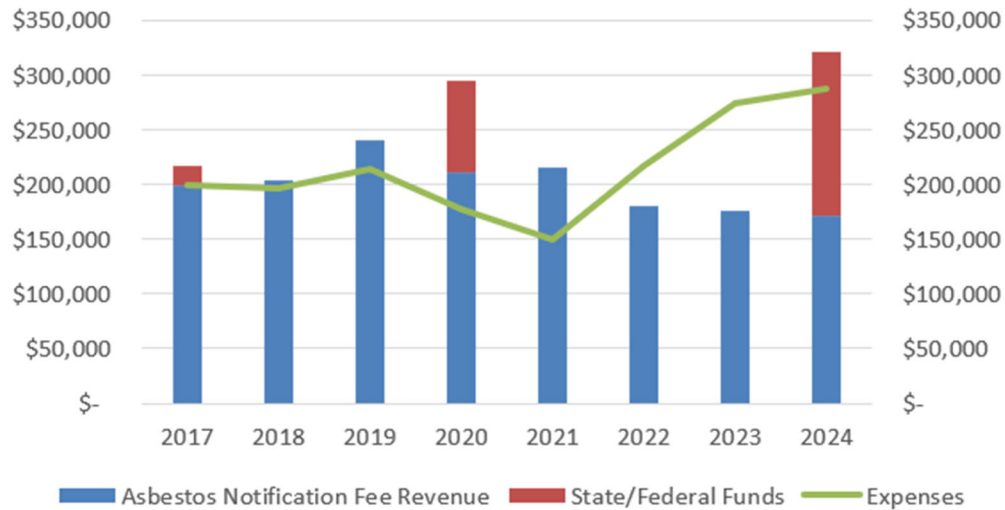


### Expenses

Chart 2 shows all revenues used for the program in comparison to the expenses. Collected fees have not always provided sufficient revenue to meet expenses. State General Funds supplemented the program in FY 2017. Federal grants supplemented the program in FY 2020 and state solid waste funds supplemented the program in FY 2024; state solid waste funds are again supplementing the program for FY 2025. The reduction in expenses starting in FY 2019

reflects a vacancy that was not filled until midway through FY 2021. The current program staffing is 2.5 FTE and expenses for FY 2025 are estimated at \$314,000.

Chart 2: Asbestos Revenues & Expenses FY 2017-2024



**Proposed Fee Revisions**

The purpose of the budget calculator spreadsheet is to provide a user-friendly tool to explore alternate funding mechanisms for FY 2026 and beyond. Each tab contains a row called “Estimated Expenses” that reflects the expenses for FY 2025 and future years using known programmatic costs and a 3.5% annual increase in personnel expense. No increases in current staffing levels are proposed. Details on how to use the spreadsheet are located on the first tab.