

Minor Source Construction Permitting Program Fee Memo

History

Prior to 2015, the minor source construction permitting program was funded by through state and federal funds. The need to raise fees was apparent in 2014. The Iowa General Assembly appropriated funds to support the air quality program and directed the Department of Natural Resources to studying the funding of the air quality program.

The 2014 workgroup recommended fees for minor source permit issuance and modeling costs would be determined by a minor source stakeholder group, and paid proportionally, with a target of 40% of cost paid by the sources and 60% of cost paid by the state. The Air Quality Fund (Iowa Code 455B.133C) was created and established a minor source account in the fund. The account cannot project anticipated revenue greater than \$250,000 during any state fiscal year (455B.133C(6)). The fees were adopted by the Environmental Protection Commission (EPC) and became effective on January 15, 2016 and have not changed since their inception.

Minor Source Permitting Program Fees

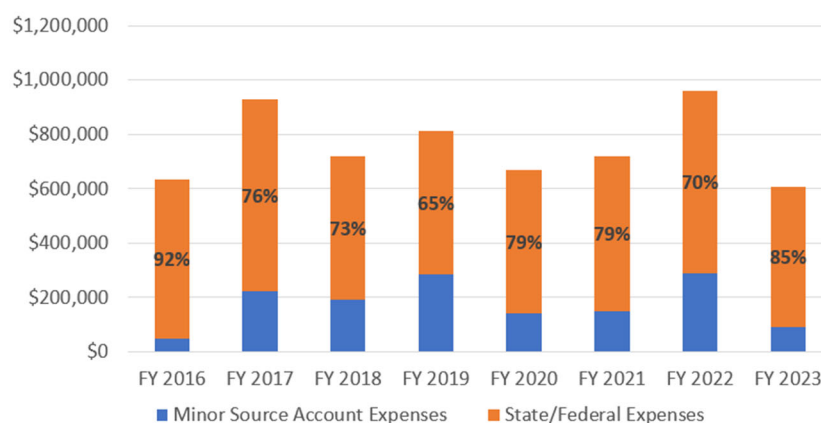
The current fee schedule specifies a \$385 fee for minor source construction permit applications. The fee schedule also includes a \$100 fee for registration permits (Group 1 grain elevator and permits by rule (spray booths)), and permit templates (aggregate, asphalt, concrete, bulk fuel storage – small and large, and Group 2 grain elevators).

These fee amounts are at the maximum amounts currently allowed in 567 IAC Chapter 30. Setting higher fee amounts will require a rulemaking followed by a change in the Fee Schedule, both of which will have to be approved by the EPC. An increase in fee amounts will also likely require an update to the annual calculated estimated revenue limit in the Iowa Code.

Insufficient Program Funding

The minor source fee account has been in or near a significant deficit in prior fiscal years. As shown in Chart 1, the recommended 40% / 60% split has never been achieved in practice.

Chart 1: Minor Source Construction Permit Expenses (FY 2016-2023)



The Bureau used federal grants and state funds to pay for the costs of the program that could not be covered by fees. Please note that in FY2023, DNR charged all minor permit expenses for the majority of the year to state and federal funds in order to eliminate the estimated \$70,000 shortfall in the account and build a reasonable carryforward. A comparison of expenses to implement the minor source permit program to actual revenue collected is provided in Chart 2 below:

Chart 2: Minor Source Account Expenses vs Revenue with the Minor Source Account Balance (FY 2016 – 2023)



Proposed Fee Revision

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 fee scenario tab contains a row called “Estimated Expenses” that reflects the expenses for future years using known programmatic costs and a 3.5% annual increase in personnel expense. No changes in current staffing levels are proposed. Details on how to use the spreadsheet are located on the first tab.