

**SB**

**144**

# ALASKA STATE LEGISLATURE



Official Business

## **SENATE RESOURCES COMMITTEE**

**Senator Tom Wagoner, Chair**

State Capitol, Room 427

Juneau, AK 99801-1182

Phone: (907) 465-4907 Fax: (907) 465-4779

Senator Ralph Seekins, Vice-Chair

Senator Ben Stevens

Senator Kim Elton

Senator Fred Dyson

Senator Bert Stedman

Senator Gretchen Guess

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### **Sponsor Statement**

#### **SB 144 - EMISSION CONTROL PROGRAM PERMITS/REGS**

As part of Governor Murkowski's permit reform initiative, the 23<sup>rd</sup> Alaska Legislature passed CSHB 160 (Fin) in 2003. This law streamlined Alaska's air permitting by making the State's air permit rules mirror federal requirements.

However, in adopting the regulations to implement the new statute, the Department of Environmental Conservation (DEC) found several places where the statute did not meet federal requirements. If unaddressed, these deficiencies would prevent federal approval of Alaska's permit programs, and could jeopardize State primacy for these programs.

This bill makes technical changes to address certain specific deficiencies and to ensure continued State primacy in air permitting. It adopts federal definitions to ensure the State's program is consistent with federal law, and repeals definitions not needed in statute. For needed terms that are not defined in statute, the bill directs the department to define them in regulation consistent with federal law.

One change proposed by the bill is needed to ensure a solvent program. The air permit program is funded entirely by user fees. This bill would allow DEC to revoke a permit when the fees are not paid.

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### Sectional Analysis

#### SB 144 - EMISSION CONTROL PROGRAM PERMITS/REGS

Sectional Analysis of SB 144 (relating to regulations, definitions, and permits under the emission control permit program)

SB 144 makes technical changes to the state air permits program needed for consistency with federal requirements. The bill also expands the department's authority to ensure payment of program fees.

**Sec. 1.** The first section of the bill better defines who needs a Clean Air Act Title V operating permit by using federal terminology. In AS 46.14.130(b)(1)&(2), the federal term "major source" is added and use of the term "stationary source" changed to more closely track the terminology used by CAA Title V to describe categories needing permits. Together with adoption of the federal definition of "major source" in section 2, these changes ensure that the state program will meet the minimum federal requirements needed for program approval by EPA. The current state program omits certain groups of stationary sources required to have a Title V permit under federal law.

**Sec. 2.** The second section adopts the federal definition of "major source" contained in CAA section 501 for purposes of AS 46.14.130. This change ensures that the state's operating permit program applies to all categories of sources enumerated under Title V of the CAA.

**Sec. 3.** Section three adds a new subsection AS 46.14.140(a)(15) directing DEC to use applicable definitions of the CAA or EPA implementing regulations when adopting air emission permit program regulations. This is a continuation of the department's effort to have our state air permit programs mirror their federal counterparts.

**SECTIONAL**

**Sec. 4.** Section four authorizes DEC to revoke a permit if necessary to secure payment of program fees or penalties awarded by the court for violations of state law. Currently AS 46.14.255(b) gives DEC leverage to stop work on permit applications or to refuse to issue a permit or permit change. However under the new minor permit program some permits will be continuous and, unless the permittee needs a permit modification, the statute as currently written cannot be used to compel payment after the permit is issued. Similarly, with the standard operating permit term of five years, there may be significant periods of time during which the department is not working on a permit renewal or other permit change for a given permittee. The addition of permit revocation authority will enhance the department's ability to obtain payment in those circumstances.

**Sec. 5.** Section five corrects the phrase "major stationary source" to read "major source" in AS 46.14.255(a) and makes other stylistic changes.

**Sec. 6.** Section six amends the definition of "emissions unit" to enable the department to use either of two federal definitions of the term as the context requires. The federal construction and operating permit programs use different definitions of the term for these respective permit programs. This amendment enables the state permit programs to more closely mirror the federal counterparts.

**Sec. 7.** Section seven substitutes a CAA definition for the term "stationary source" in lieu of EPA's regulatory definition for the Title I permit program. The CAA and EPA's implementing regulations use different definitions of the term "stationary source" depending upon the CAA program.

**Sec. 8.** Section eight repeals the statutory definition of the term "modification." The term "modification" has various definitions in the CAA and EPA implementing regulations. Adopting the applicable definition by regulation is less cumbersome and better enables the department to promulgate regulations mirroring the federal programs.

**Sec. 9.** Provides for an effective date of July 1, 2005.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
Bill Version: CSSB 144(RES)  
(S) Publish Date: 3/22/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Environmental Conservation  
Title Emission Control Program Permits/Regs RDU \_\_\_\_\_ Air Quality  
Component \_\_\_\_\_ Air Quality  
Sponsor Senate Resources  
Requester Senate Resources Component No. 2061

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

This bill will not have a financial impact on the Air Permits Program. The cost to administer the program remains unchanged.

Prepared by: John Kuterbach, Air Permits Program Manager Phone (907) 465-5103  
Division Air Quality Date/Time 3/18/05 11:00 AM  
Approved by: Kurt Fredriksson, Acting Commissioner Date 3/18/2005  
Agency Environmental Conservation



# STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

**DEPT. OF ENVIRONMENTAL CONSERVATION  
DIVISION OF AIR QUALITY  
DIRECTOR'S OFFICE**

555 Cordova Street  
Anchorage, AK 99501-2617  
PHONE: (907) 269-7634  
FAX: (907) 269-3098  
TDD/TTY: (907) 269-7511  
<http://www.state.ak.us/dec/>

February 1, 2005

Roscoe G. Bicknell  
Bicknell Inc  
AEDCO All Mix Asphalt Plant  
PO Box 33517  
Juneau, AK 99803-3517

Re: Proposed Legislation That May Interest You

Dear Mr. Bicknell:

As you know, the Department of Environmental Conservation recently revised its air quality permitting rules. Some facilities that previously required a Title V operating permit will now require only a minor source permit. Unlike the Title V permits which terminate and are subject to renewal every five years, many of these minor source permits do not require renewal. Department records indicate that one or more of your facilities may fall into this category.


The department is seeking a change in law to create a fee collection tool applicable to minor source operators. The purpose of this letter is to make you aware of our legislative proposal and to explain the logic and need for it. The new permits will continue to be fee-based and the department will continue to issue billings for applicable permit fees, send reminders for late fees, and review fee appeals as it has in the past. These collection efforts have been successful for the great majority of fee payers. While rare, the department has had to refuse to work on permit renewals for a few permittees in order to encourage payment of past due fees. Since the new minor permits do not need renewal, the department believes it needs a means to encourage payment of any long overdue fee billings.

We are seeking to have legislation introduced this session to allow the department to revoke a minor permit for non-payment of fees. The legislation will provide protections for the permittee. Revoking a minor permit would only occur when all other efforts to collect undisputed fees or work out a payment schedule have failed. For fees subject to dispute, if a fee appeal has been submitted, the permit could not be revoked until the dispute is resolved.

We believe this added authority benefits the vast majority of permittees by helping to ensure that all permittees pay their allocated share. Because the air permit functions are almost exclusively funded through user fees, any accumulated bad debt will eventually result in all other permittees paying a higher fee. We believe it's in everyone's best interest to avoid this situation.

If you have any questions about this legislation or believe this legislative proposal has serious problems, please call me at (907) 269-7634 or John Kuterbach, the air permits program manager, at (907) 465-5103.

Sincerely,

  
Tom Chapple  
Director

"Clean Air"

DEC SUPPORT

**MINOR GENERAL PERMITS**

Project ID	Facility Name / Location	Responsible Party	Address	City	State	Zip
113GP301	Wasilla Asphalt Plant	AAA Valley Gravel	PO Box 876418	Wasilla	AK	99687-2453
732GP301	Sitka Asphalt Plant	Aggregate Construction Inc	401 Granite Creek Rd	Sitka	AK	99835
021AC008	Alaska Complete Tank SRU	Alaska Complete Tank	2700 Huffman Rd	Anchorage	AK	99516
3910P301	AEDCO Asphalt Plant	Alaska Roadbuilders	44482 Frontier Ave	Soldotna	AK	99669
392GP901	GP9 Crusher	Alaska Roadbuilders	44482 Frontier Ave	Soldotna	AK	99669
393GP301	Adam Drum Mix Asphalt Plant	Alaska Roadbuilders	44482 Frontier Ave	Soldotna	AK	99669
341GP302	AEDCO All Mix Asphalt Plant	Bicknell Inc	PO Box 33517	Juneau	AK	99803-3517
626GP301	AEDCO All Mix Asphalt Plant	Bicknell Inc	PO Box 33517	Juneau	AK	99803-3517
783GP301	SE Paving Wylie 3140	Bicknell Inc	PO Box 33517	Juneau	AK	99803-3517
332GP302	AESCO Madsen DM7228 Drum	Brechan Enterprises Inc	2705 Mill Bay Rd	Kodiak	AK	99615
794GP901	Near Island Crusher	Brechan Enterprises Inc	2705 Mill Bay Rd	Kodiak	AK	99615
795GP901	Bella Flats Crusher	Brechan Enterprises Inc	2705 Mill Bay Rd	Kodiak	AK	99615
479GP301	Asphalt Plant	Brice Incorporated	PO Box 70668	Fairbanks	AK	99707-0668
775GP902	Brice Crusher	Brice Incorporated	PO Box 70668	Fairbanks	AK	99707-0668
400GP302	Builders Asphalt Plant	Builders Services Inc	PO Box 809	Homer	AK	99603
212GP301	Asphalt Plant	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
246GP301	AEDCO 60" Drum Plant	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
247GP301	Astec Super Six Pack	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
248GP301	CMI Plant A248	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
423GP301	AEDCO 42" Drum Plant	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
424GP301	CMI 2500 Plant	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
498GP301	Cedar Rapids Asphalt Plant	COLASKA Inc	240 W 68th Ave	Anchorage	AK	99518
347GP301	Eagle River Asphalt Plant	Emulsion Products	20130 New England Dr	Eagle River	AK	99577
097GP301	Sealand Pit Asphalt Plant	Exclusive Landscaping & Paving Inc	PO Box 58136	Fairbanks	AK	99711-0136
312GP301	Stansteel Asphalt Plant	H & H Contractors	PO Box 60610	Fairbanks	AK	99706
848GP901	Hamilton GP9 Crusher	Hamilton Construction LLC	465 Pease Rd	Burlington	WA	98233
219GP301	Drum Mix Asphalt Plant	Harris Sand & Gravel Inc	PO Box 6	Valdez	AK	99686
597GP301	Pioneer Drum Mix Asphalt Plant	Harris Sand & Gravel Inc	PO Box 6	Valdez	AK	99686
800GP901	Valdez Crusher	Harris Sand & Gravel Inc	PO Box 6	Valdez	AK	99686
412GP301	CMI UVM-250	Herdon & Thompson LLC	PO Box 1548	Seward	AK	99664
832GP901	Wrangell Airport Quarry Crusher	Kucwit Pacific Company	PO Box 1769	Vancouver	WA	98668-1769
338GP301	Kruk Asphalt Plant	Kruk Construction	PO Box 3757	Seattle	WA	98124
611GP902	Seward Crusher	Metro Inc	2701 Seward Hwy	Seward	AK	99664
176GP301	X551 CMI Hot Plant	North Star Paving & Construction	265 Wilson Lane	Soldotna	AK	99669
776GP301	NuVuk Asphalt Plant	NuVuk Construction LLC	5300 A St	Anchorage	AK	99518
366GP301	Fairbanks Asphalt Plant	Paving Products Inc	PO Box 80430	Fairbanks	AK	99708
596GP301	AESCO MADSEN DM Asphalt Plant	Pruha Corporation	2193 Viking Dr	Anchorage	AK	99501
616GP301	CMI Asphalt Plant	Pruha Corporation	2193 Viking Dr	Anchorage	AK	99501
799GP901	QSAO Crusher Palmer	Pruha Corporation	2193 Viking Dr	Anchorage	AK	99501
801GP301	ASTECC Drum Mix Asphalt Plant	Pruha Corporation	2193 Viking Dr	Anchorage	AK	99501
346GP301	AEDCO Asphalt Plant	Secor Inc	PO Box 32159	Juneau	AK	99803-2159
357GP301	Stansteel 3000 Asphalt Batch Plant	Secor Inc	PO Box 32159	Juneau	AK	99803-2159
358GP301	Stansteel TMS0	Secor Inc	PO Box 32159	Juneau	AK	99803-2159
788GP902	Secor Crusher Ketchikan	Secor Inc	PO Box 32159	Juneau	AK	99803-2159
615GP301	Boring Asphalt Plant Anchorage	SKW Eskimos Inc	PO Box 92479	Anchorage	AK	99509-2479
204GP401	Soil Remediation Unit	Soil Processing Inc	207 E Northern Lights Blvd Ste 103A	Anchorage	AK	99503
401GP301	Movable Facility	Tagish Constructi	PO Box 1306	Haines	AK	99827
X150	Tesorro Asphalt Plant	Tesorro Alaska Petroleum	PO Box 3369	Kenai	AK	99611-3369
792GP401	TPS Technologies SRU Cold Bay	TPS Technologies Inc	7400 E McDonalds Dr Ste 3-123	Scottsdale	AZ	85250
175GP301	Central Paving Products Hot Plant	Wilder Construction	11301 Lang St	Anchorage	AK	99515

177GP301 X700 Barber Green Hot Plant  
178GP301 X400 Cedar Rapids Hot Plant  
192GP301 Pioneer Batch Plant  
441GP901 X800 Portable Crusher  
442GP901 X900 Portable Crusher

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