

SB

144

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
APR 08 2005
SENATE FINANCE
COMMITTEE

DATE: 3/22/05

FURTHER:

DATE TURNED IN TO OFFICE: 8 April 2005

Finance Committee considered SENATE BILL NO. 144

SB 144 EMISSION CONTROL PROGRAM PERMITS/REGS

"An Act relating to regulations, definitions, and permits under the emission control permit program; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 144 (RES)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
SCS House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
DEC	3/18/05			✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>C. Brendo</i>			✓	
<i>Don Hill</i>			✓	
<i>James Collins</i>			✓	
<i>Bill Blomman</i>			✓	
COCHAIR: <i>Gary Miller</i>	✓			
COCHAIR: <i>Lyle Green</i>	✓			

APR 08 2005

SENATE FINANCE
COMMITTEE

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
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

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
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Sponsor Statement

SB 144 - EMISSION CONTROL PROGRAM PERMITS/REGS

As part of Governor Murkowski's permit reform initiative, the 23rd 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.

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

Sectional Analysis

SB 144 EMISSION CONTROL PROGRAM PERMITS/REGS

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.

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.

Testimony of John Kuterbach on SB 144
Senate Resources Committee Hearing, March 21, 2005

My name is John Kuterbach, and I am the manager of the air permits program in the Department of Environmental Conservation.

Mr. Chairman, two years ago Governor Murkowski began an effort to reform Alaska's air permit programs to better meet the needs of our state. The reforms were intended to make Alaska's air permit programs more consistent with the underlying federal requirements. Consistency with federal law would allow Alaska to take advantage of the flexibility afforded by changes in the federal law, and to follow the guidance and interpretations used elsewhere in the nation. We have completed the necessary regulations, and are ready to submit them for federal approval. However, we found several places where the statute did not quite meet federal requirements.

We need to require operating permits for groups of stationary sources. We need the definitions of "emissions unit" and "stationary source" to include both the federal construction permit and the federal operating permit definitions. And we need to ensure that all permittees pay their assessed fees.

This bill makes these technical corrections and allows the department to revoke a minor permit when a permittee refuses to pay their fees. The sectional analysis explains these corrections in detail, and I can answer any questions you may have. Thank you

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/16/05

FURTHER: Finance

Date of 5-Day Notice: 3-17-05
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3-22-05

Resources Committee considered SENATE BILL NO. 144

SB 144 EMISSION CONTROL PROGRAM PERMITS/REGS

"An Act relating to regulations, definitions, and permits under the emission control permit program; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 144 (RES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
SCS House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
<u>DEC</u>	<u>3/18</u>			<input checked="" type="checkbox"/>	<u>1</u>

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		Do PASS	Do NOT PASS	No REC	AMEND
Dyson		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Stevens		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stedman		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seekins		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guess		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Wagoner	CHAIR:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>