

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S 945 (2nd Edition)

SHORT TITLE: Timely Environmental Permit Process

SPONSOR(S): Senator Hoyle

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
REVENUES:					
DAQ: Non-Title V Air Permit Receipts	See assumptions and methodology; dependent on the number of notices of construction submitted.				
GENERAL FUND EXPENDITURES:					
DENR	\$117,200 (NR)*				
POSITIONS:	No additional positions required.				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Environment and Natural Resources (DENR); DENR – Division of Air Quality (DAQ); Environmental Management Commission				
EFFECTIVE DATE:	The bill is effective when it becomes law and applies to construction of any new facility and construction associated with the modification of a permit for an existing facility that commences on or after that date.				
<i>* Estimated cost of DENR permitting study required by Section 4 of the bill.</i>					

BILL SUMMARY: The bill allows certain forms of construction or expansion of a facility for which an air quality permit is required under GS 143-215.108 prior to the issuance of such a permit. The bill establishes notification and review procedures for permit applicants, establishes a \$200 application fee, and denies the use of economic and financial losses incurred by a person who proceeds without a permit as evidence during administrative and judicial review of permit decisions.

The bill also directs the Secretary of Environment and Natural Resources to conduct a thorough examination of the permitting programs in the Department to reduce the time required for permit issuance and recommend necessary legislation. The requirements include a thorough review of existing regulations/policies to determine time efficiencies, review of organizational structure, potential program changes to streamline permitting, and identification of potential voluntary

actions by the applicant that might increase timeliness of permit issuance. This work must be performed in consultation with a number of stakeholders.

ASSUMPTIONS AND METHODOLOGY: Section 3 of this bill requires the owner/applicant submitting a “notice of construction” to pay a permit fee of \$200 for each notice. The Division of Air Quality (DAQ) cannot easily estimate the number of notices of construction that will be issued under Section 3 of the bill. The Division normally makes 1,000 to 1,500 air quality permit decisions per year, of which 500 are renewals where no construction is needed. Thus, the maximum number of persons utilizing the notice of construction powers of SB 1037 is 1,000 with resulting revenues of \$200,000. However, the Division believes only a few notices will be issued because the majority of applicants will want to obtain their permits before doing any construction. The Division estimates only a few thousand dollars in fees from this new notice. DAQ is completely receipt-supported. *Likewise, this fee revenue will go into the Division's Non-Title V Permit Fee Special Fund, not the General Fund.*

Section 4 requires the Secretary of Environment and Natural Resources to conduct a thorough examination of the permitting programs in the Department, and determine modifications that may be made under current law and with current staffing resources to reduce the time required for permit issuance, so as to enhance economic development in NC without compromising protection of North Carolina’s environment and natural resources. In order to accomplish this level of detailed review and analysis within the required timeframe of December 31, 2003, *this study will require additional General Fund expenditures.*

The Department believes that it would require the services of at least two contract personnel that are well-versed in environmental permitting, interpretation of rules and regulations, and organizational analysis. The Department estimates these costs as follows:

2 Contract Personnel:	
- 1 at \$75/hr for 1,080 hours	\$81,000
- 1 at \$30/hr for 1,080 hours	\$31,200
Travel	\$ 2,000
Supplies/Materials	<u>\$ 3,000</u>
Total	\$117,200

Alternatively, the Department could accept bids from consulting groups to complete the study. There is no estimate available for such a consulting contract.

SOURCES OF DATA: Department of Environment and Natural Resources; Division of Air Quality

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DATE: June 10, 2003



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