

Fiscal Estimate — 2008 Session

- Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR 421 and 439

Subject: Department proposal to establish volatile organic compound (VOC) emission control requirements for air oxidation, distillation and reactor operations at synthetic organic chemical manufacturing industry (SOCMI) facilities classified as major VOC sources in Wisconsin ozone nonattainment areas (i.e., s. NR 421.07, Wis. Adm. Code).

Fiscal Effect

- State: No State Fiscal Effect
 Indeterminate

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

- Increase Costs — May be possible to absorb within agency's budget.
 Yes No
 Decrease Costs

- Local: No Local Government Costs
 Indeterminate

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations
 20.370 2(bg) and 2(bh)

Assumptions Used in Arriving at Fiscal Estimate

Rule summary: The Department proposes an administrative rule in ch. NR 421, Wis. Adm. Code, to establish reasonably available control technology (RACT) requirements for VOC emissions for air oxidation, distillation and reactor operations at SOCMI facilities classified as major VOC sources in Wisconsin's ozone nonattainment areas. A major SOCMI facility for VOC RACT purposes is defined as having maximum theoretical emissions of 100 tons or more of VOCs per year.

According to the US EPA's VOC RACT guidelines for these SOCMI categories (reactor and distillation: published in 1993, air oxidation: published in 1984) – the cost of installing, operating and maintaining control devices for VOC emissions (amortized over 10 years) would range between \$800 and \$4,000 per ton of VOC emissions reduced [Note: these cost estimates have not been adjusted for inflation since their original guideline publication dates].

In 2007 a Department investigation identified no facilities that would be subject to a proposed SOCMI VOC RACT rule for air oxidation, distillation, or reactor operations. Nevertheless, this rule is being proposed to avoid potential EPA action in the event that any SOCMI facilities are identified in Wisconsin's ozone nonattainment areas in the future.

No local governments currently process the VOC waste streams from SOCMI air oxidation, distillation and reactor operations. Consequently, there would be no local government costs associated with implementing the proposed SOCMI VOC RACT rule.

The Department is also proposing a minor change to s. NR 439.075(2)(c)3.j., Wis. Adm. Code, to reference s. NR 440.705, Wis. Adm. Code, to require compliance emission testing for VOCs at reactor operations.

Long-Range Fiscal Implications

None

Prepared By: Joe Polasek	Telephone No. 266-2794	Agency Department of Natural Resources
Authorized Signature /S/ Joe Polasek	Telephone No. 266-2794	Date (mm/dd/ccyy) 11/05/2008

Fiscal Estimate Worksheet — 2008 Session
 Detailed Estimate of Annual Fiscal Effect

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One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations — Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
Total State Costs by Category		\$ 0	\$ - 0
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
Total State Revenues		\$ 0	\$ - 0

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ 0	\$ 0
Net Change in Revenues	\$ 0	\$ 0

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