

Fiscal Estimate — 2010 Session

| | | |
|---|-------------------------------|--|
| <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected <input type="checkbox"/> Supplemental | LRB Number Bill Number | Amendment Number if Applicable Administrative Rule Number NR 400, 419, 421, 422, 423 & 439 |
|---|-------------------------------|--|

Subject

Fiscal estimate for Board Order AM-44-10, proposed rules affecting NR 400, 419, 421, 422, 423 and 439 pertaining to the correcting of deficiencies identified by the U.S. Environmental Protection Agency (EPA).

Fiscal Effect

State: No State Fiscal Effect

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

- | | |
|--|--|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues |
| <input type="checkbox"/> Decrease Existing Appropriation | <input checked="" type="checkbox"/> Decrease Existing Revenues |
| <input type="checkbox"/> Create New Appropriation | |

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

Local: No Local Government Costs

- | | |
|--|---|
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> 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 has proposed to revise a portion of the state's volatile organic compound (VOC) reasonably available control technology (RACT) rules to address deficiencies identified by the U.S. EPA. Federally approved VOC RACT rules are required by the Clean Air Act and necessary for redesignation of the state's current nonattainment counties (Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Washington and Waukesha).

State Fiscal Impact:

The proposed rule revisions will not create a significant effect on state government because the majority of sources affected are already inspected, permitted and otherwise regulated by the Department. However, the Department estimates that the modifications to the industrial solvent cleaning rules will result in an estimated 75 tons per year (tpy) future reduction in reported VOC emissions. Therefore, the Department may lose up to \$2,700 (75 tpy * \$35.71/ton VOC) in emission fee revenue annually. The U.S. EPA control technology guidance (CTG) for industrial cleaning solvents estimates that there are 97 affected sources in Wisconsin with baseline VOC emissions from solvent use of 1,791 tpy. The Department concluded in Board Order AM-19-08 that implementation of recommendations in the industrial solvent cleaning CTG would result in an estimated 400 tpy future reduction in reported VOC emissions in Wisconsin. The proposed rule revisions to address the deficiencies identified by the U.S. EPA only affect approximately 18 of the 97 facilities identified in the CTG. This is based on the number of participants at stakeholder meetings held by the Department in Milwaukee and Waukesha. Therefore, the Department estimates that proposed rule revisions will result in an estimated 75 ton/year future reduction in reported VOC emissions.

Private Sector Fiscal Impact:

The Department does not expect any large fiscal impacts to the private sector from the proposed revisions to the industrial solvent cleaning regulations. In fact, the U.S. EPA has stated in their industrial solvent cleaning CTG that affected sources may either incur minimal additional costs or realize a savings, depending primarily on facts such as how much they currently spend to operate with high-VOC content solvent. Based on Board Order AM-24-08, for the industrial wastewater facilities, if controls were necessary, they would largely be designed to reduce VOC emissions by restricting the waste stream's exposure to ambient air. This is accomplished by installing water seals at those process points (drains, junction boxes, man holes, etc.) where the waste stream is exposed to the ambient air. According to a report on industrial wastewater, there would be a cost (amortized over 10 years) between \$1900 and \$4300 per ton VOC reduction to install these control devices. However, the Department is not aware of any facilities that would be subject to these control requirements. The Department does not expect any large fiscal impacts to the private sector from the proposed rule revisions to the synthetic organic chemical manufacturing industry (SOCMI) because the rule changes are relatively minor.

Long-Range Fiscal Implications

| | | |
|----------------------|---------------|---------------------------------|
| Prepared By: | Telephone No. | Agency |
| Joseph Polasek | 266-2794 | Department of Natural Resources |
| Authorized Signature | Telephone No. | Date (mm/dd/ccyy) |
| /S/ | 266-2794 | 12/30/10 |

Fiscal Estimate Worksheet — 2010 Session
 Detailed Estimate of Annual Fiscal Effect

Original Updated
 Corrected Supplemental

| | |
|-------------|--|
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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 | | \$ | \$ - |
| B. State Costs by Source of Funds | | | |
| GPR | | \$ | \$ - |
| FED | | | - |
| PRO/PRS | | | - |
| SEG/SEG-S | | | - |
| State Revenues | <small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small> | Increased Revenue | Decreased Revenue |
| GPR Taxes | | \$ | \$ - |
| GPR Earned | | | - |
| FED | | | - |
| PRO/PRS | | | - |
| SEG/SEG-S | | | - 2,700 |
| Total State Revenues | | \$ | \$ - 2,700 |

Net Annualized Fiscal Impact

| | <u>State</u> | <u>Local</u> |
|------------------------|--------------|--------------|
| Net Change in Costs | \$ _____ | \$ _____ |
| Net Change in Revenues | \$ - \$2700 | \$ _____ |

| | | |
|-----------------------------|---------------------------|---|
| Prepared By: Joe Polasek | Telephone No. 266-2794 | Agency Department of Natural Resources |
| Authorized Signature /S/ | Telephone No. 266-2794 | Date (mm/dd/ccyy) 12/30/10 |