

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number
Chapters NR 404 and 484.

3. Subject

Proposed rules related to adopting the revised national ambient air quality standard (NAAQS) for fine particles (PM_{2.5}) into the Wisconsin Administrative Code

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

NA

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses (if checked, complete Attachment A)

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

As required by s. 285.21 (1) (a), Wis. Stats., Wisconsin must promulgate ambient air quality standards similar to the NAAQS for the protection of public health and welfare.

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

The Department of Natural Resources (Department) solicited information from over 1,600 stationary source facilities reporting emissions or holding air permits in the state. The Department also contacted other business and trade associations that may have an interest in the economic impacts of the proposed rule, including the Small Business Environmental Council, the Printing Council, the Wisconsin Transportation Builders Association, Wisconsin Manufacturers and Commerce, the Wisconsin Paper Council, and the American Council of Engineering Companies of Wisconsin. In addition, the Department solicited information from the Air Management Study Group, which includes representatives from industry, utilities, academia, and environmental groups, among other stakeholders.

A summary of the comments received, and the Department's response, are attached.

11. Identify the local governmental units that participated in the development of this EIA.

No governmental units provided information or requested participation in development of this EIA.

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

Fiscal Impacts on the Department's Air Management Program

The Department does not anticipate that this proposed rule will have a fiscal impact on the Air Management Program or any other Department programs.

Economic Impacts on Private Sector Businesses

This rule proposes to adopt the 2012 annual PM_{2.5} National Ambient Air Quality Standard (NAAQS) into state administrative code. The Department expects this proposed rule to have no, or minimal, economic impact on private

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sector businesses or individuals.

Prior to issuing an air permit, the Department is required, under s. 285.63(1)(b), Wis. Stats., to make a finding that emissions from the source will not cause or exacerbate a violation of the ambient air quality standards. The Department is also required by EPA guidance to determine that any approved major construction permit will not cause or exacerbate a violation of the 2012 PM_{2.5}NAAQS. Major construction permits are regulated under the federal Prevention of Significant Deterioration (PSD) program in attainment areas and the New Source Review (NSR) program in nonattainment areas. A major construction permit is required for PSD/NSR major sources¹ that increase emissions above significant emissions thresholds², or for projects at minor sources which increase emissions beyond the applicable permitted emissions thresholds defining a major source under each program. This was the requirement before EPA promulgated the 2012 annual PM_{2.5}NAAQS, and nothing in the proposed rule changes this requirement.

Because sources undertaking major construction permits are already subject to this standard, the only sources potentially impacted by state adoption of this standard are those facilities which are obtaining a minor source construction permit³, obtaining an operating permit for the first time, or renewing a Title V operating permit⁴.

The Department finds there would be no, or minimal additional, economic impact (cost or benefit) due to this rule. The above-mentioned sources already need to comply with the 2006 annual PM_{2.5}NAAQS currently in state code. The Department reviewed permitting actions from the year 2011, the last year prior to when EPA finalized the 2012 PM_{2.5}NAAQS, and found that, for these sources, there would be no difference between meeting the 2006 and 2012 annual PM_{2.5}NAAQS when it came to permitting preparation and emission control requirements. Therefore, the Department expects no changes in the administrative cost on these sources when it comes to preparing and obtaining a permit. In addition, since control requirements for these sources also are not expected to change as a result of this rule, the Department also does not expect additional health benefits (or associated economic impact) from this rule.

Economic Impacts on Local Governments and Public Entities

The Department does not anticipate that local governments and public entities will be economically impacted by the implementation of the proposed rules.

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

This rule change aligns state ambient air quality standards with federal NAAQS as required under s. 285.21(1), Wis. Stats. The U.S. EPA promulgated the revised PM_{2.5}NAAQS in order to reduce human exposure to fine particulate which impacts health and mortality. Implementing this rule will result in the further maintenance of air quality and protection of human health.

¹ Currently for Wisconsin, a major source in an attainment area is a facility in a listed source category which is permitted to emit 100 tons per year (TPY) or more of a regulated pollutant or is a facility not in a listed source category which is permitted to emit 250 TPY or more of the regulated pollutant. A major source in a nonattainment area is a facility which permitted to emit 100 tons per year (TPY) or more of a regulated pollutant. The threshold for the sources located in nonattainment areas may become more stringent than 100 TPY, as defined under ch. NR 408, Wis. Adm. Code, depending on future stringency of nonattainment designations.

² Significant increase thresholds are identified for each regulated pollutant of the PSD and nonattainment NSR programs under chs. NR 405 and 408, Wis. Adm. Code, respectively.

³ Minor source operating permits are not subject to periodic renewal under the current state administrative code. Thus, review of a state NAAQS for minor sources is only triggered if a facility is applying for an operating permit for the first time or when the facility is applying for a minor construction permit.

⁴ The federal permitting program does not specifically mandate review of the federally adopted NAAQS other than for a major construction permit action. Thus, Title V operating permits, whether when first issued or during renewal every five years, are reviewed for the NAAQS only after state adoption.

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14. Long Range Implications of Implementing the Rule

The Department does not anticipate any adverse long term fiscal or economic implications to implementing the rule.

15. Compare With Approaches Being Used by Federal Government

All of the changes being proposed in this rule are necessary to align state rules with federal regulations.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Since these NAAQS are federal standards, they apply in all states. The states of Illinois and Michigan have already adopted the revised NAAQS standard for PM2.5 into their state rules. Minnesota is in the process of rule promulgation and expecting to finalize the rule in the spring of 2016. Iowa is in the early stage of rule making process to incorporate the revised PM2.5 NAAQS.

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

N/A

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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