

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1896

SPONSOR: Senator Laurent

SUBJECT: Air Pollution Permits

DATE: March 21, 2000

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Akhavein</u>	<u>Poole</u>	<u>AG</u>	<u>Favorable</u>
2.	_____	_____	<u>NR</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

This bill would affect the 26 citrus processors that operate in Florida. All of these plants are subject to air permitting. Most are subject to Title V permitting as one or more air pollutants have emissions of 100 tons per year or more. The bill would authorize citrus juice-processing facilities to operate under specified emissions limitations rather than air pollution construction and operating permits under chapter 403, Florida Statutes, beginning July 1, 2002. It also provides for the creation and transfer of emissions allowances which would allow a facility operating better than the overall performance standard to sell credits to a lesser performing facility. This would allow a plant to be in compliance by using both control technologies and emissions allowances. The bill requires the Florida Department of Environmental Protection to submit the law for approval by the United States Environmental Protection Agency and authorizes the department to explore alternative permitting procedures.

This bill creates sections of the Florida Statutes that are as yet unnumbered.

## II. Present Situation:

On November 15, 1990, the Clean Air Act Amendments of 1990 were signed into law by the President. These amendments represented significant changes designed to achieve enhanced air quality goals and cover a wide range of air pollution issues.

In 1992 and 1993, the Legislature passed legislation which enabled Florida to receive delegation to administer the federal Clean Air Title V program pursuant to 42U.S.C. s. 7661a. Section 403.0872, F.S., allows the Department of Environmental Protection (department) to issue operation permits for major sources of air pollution. Each permitted major source of air pollution must pay an annual operation license fee in an amount determined by the department that is sufficient to cover all reasonable direct and indirect costs required to develop and administer the major stationary source air-operation permit program.

Essentially all citrus processing plants in Florida have some type of air permit and most need Title V permits. Many plants need to obtain retroactive Prevention of Significant Deterioration permits and perform case-by-case Best Available Control Technology determinations for Volatile Organic Compound emissions. This involves extensive permitting work for both the industry and the department. A comprehensive air sampling study was conducted in 1997 to determine the quantity of Volatile Organic Compound emissions from peel dryers. The Volatile Organic Compound emissions were over 100 tons per year from the smaller dryers and over 1,000 tons per year for the large plants.

### III. Effect of Proposed Changes:

**Section 1.** Provides emission standards for all citrus juice-processing facilities. Effective July 1, 2002, all citrus juice-processing facilities must comply with this section in lieu of obtaining air-pollution construction and operation permits.

**Definitions:**

*Department* - Department of Environmental Protection.

*Existing sources* - Emissions units constructed or modified before July 1, 2000.

*Facility* - A plant that processes citrus fruit to produce single-strength or frozen concentrated juice and other products and by-products identified by Major Group Standard Industrial Classification Codes 2033, 2037, and 2048 which are located within a contiguous area and are owned or operated under common control, along with all emissions units located in the contiguous area and under the same common control which directly support the operation of the citrus juice processing function.

*New sources* - Emissions units constructed or modified on or after July 1, 2000.

**Permitted Emissions Limits:**

Includes specific emission limits for all possible sources of air pollution at a citrus plant for particulate matter, nitrogen oxides, and opacity. These numbers were based upon what existing sources are currently meeting and what is believed to be a reasonable limit for new sources. Requires all facilities authorized to construct and operate under this section to operate within the most stringent of the following emission limits for each new and existing source:

- The lowest emissions limit required by any standard promulgated by the United States Environmental Protection Agency.
- The emission limitations of each facility's Title V permit until October 31, 2002.
- After October 31, 2002, for volatile organic compounds, the level of emissions achievable by a 65 percent recovery of oil from citrus fruits processed.
- After October 31, 2002, a facility may not fire fuel oil containing greater than 0.5 percent sulfur by weight.
- After October 31, 2002, for particulate matter of 10 microns or less, the emissions level, expressed in pounds per million British Thermal Units of heat input, unless otherwise specified, established for specified types of new and existing sources.

- After October 31, 2002, for nitrogen oxides, the emissions level, expressed in pounds of nitrogen dioxide per million British Thermal Units of heat produced, unless otherwise specified, established for specified types of new and existing sources.
- After October 31, 2002, for visible emissions, the level of visible emissions at all times during operation, expressed as a percent of opacity, established for specified types of emission sources.

**Emissions Determination and Reporting:**

Outlines compliance reporting requirements that are required of all Title V sources. All information submitted to the department must be certified as true, accurate, and complete by a responsible official of the facility. Defines “responsible official” to mean that person who would be allowed to certify information and take action under the department’s Title V permitting rules. Requires all emissions limited by standards of the United States Environmental Protection Agency to be determined and reported by a responsible official. Reports must be certified and submitted to the department. Requires all emissions for which the facility is limited to be determined on a calendar-year basis and reported to the department no later than April 1 of the following year. Provides criteria for determination of each emissions unit. Requires each facility authorized to operated to submit annual operating reports. Requires each facility to have a responsible official provide and certify the annual and semi-annual statements of compliance required under the department’s Title V permitting rules. Specifies certain records that must be made available at a facility, for a period of five years, for inspection by the department. Sets up specific test methods for Volatile Organic Compound emissions that the industry must use to demonstrate compliance.

**Emissions Trading**

Provides for the creation and transfer of emissions allowances. Defines “allowance” as a credit equal to emissions of 1 ton per year of certain pollutants subject to limitations. Allows a facility operating better than the overall performance standard to sell credits to a lesser performing facility. This would allow a plant to be in compliance by using both control technologies and emissions allowances. Allowances may only be applied on a pollutant-specific basis only. Prohibits cross-pollutant trading.

**Emissions Fees**

Requires annual emissions fees to be paid in the same amount as the facility would be subject to under the department’s Title V program. Provides for temporary fees until the effective date of the bill. Provides a method for determining fees after the effective date of the bill. Requires all annual emissions fees to be paid by April 1 for the preceding calendar year. Provides for interest and penalties if fees are not paid in a timely manner. Requires all fees to be deposited into the Air Pollution Control Trust Fund.

**Modifications and New Construction**

Requires any new facility, or any facility currently authorized to operate which makes any physical change or change to the method of operation, to comply with all requirements at all times. Provides an exception for facilities located in an area designated as nonattainment for any pollutant and for facilities subject to the federal acid rain program. In these cases, limits established by department rules would apply.

**Rules**

Authorizes the department to adopt rules to administer the provisions of this bill. Requires the rules to assure compliance with substantive Clean Air Act requirements. Exempts any necessary rules required to implement this bill from s. 120.54, F.S., lowest regulatory cost.

**Report to the Legislature**

Requires the department to report to the Legislature by March 2004 concerning implementation of the provisions of this bill and to make recommendations for any improvements.

**Federal Approval**

Requires the department to submit this law to the United States Environmental Protection Agency by October 1, 2000, as a revision of Florida's State Implementation Plan and as a revision of Florida's approved state Title V program. Provides for regulation of facilities in the event that the United States Environmental Protection Agency fails to approve this law within two years after submittal.

**Section 2.** Authorizes the department to explore alternatives to traditional methods of regulatory permitting if there is no material increase in pollution emissions. Specifies that any pilot projects using alternative methods may operate for no more than three years unless the Legislature enacts law to continue that pilot. Requires the department to submit a report to the President of the Senate and the Speaker of the House of Representatives before implementation of any alternative regulatory permitting.

**Section 3.** Provides that this act shall take effect July 1, 2000.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

**B. Private Sector Impact:**

This bill will not add any costs to those that the industry is already subject to. However, it will reduce costs. Facilities would not need the initial Prevention of Significant Deterioration permit, which would be a one-time savings of up to \$500,000 for consultants, attorneys, etc. In addition, there would be no re-permitting every five years, saving the industry \$25,000 per year.

**C. Government Sector Impact:**

The Department of Environmental Protection estimates a non-recurring savings of \$250,000 in permitting time saved and \$100,000 every five years in permitting time saved. This bill will reduce the administrative burden for both the citrus industry and the department.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.