

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 319 w/CS Incentive-based Permitting
SPONSOR(S): Stansel
TIED BILLS: **IDEN./SIM. BILLS:** SB 696

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Environmental Regulation (Sub)	5 Y, 0 N	Perkins	Lotspeich
2) Natural Resources	17 Y, 0 N w/CS	Perkins	Lotspeich
3) Agriculture & Environment Apps. (Sub)		Dixon	Dixon
4) Appropriations			
5)			

SUMMARY ANALYSIS

The bill creates the Florida Incentive-based Permitting Act. The purpose of the act is to provide the Department of Environmental Protection (DEP) with clear and specific authority to consider the compliance history of a permit applicant who has applied for an incentive-based permit. Incentive-based permits are proposed to include Level 1 and Level 2 incentives which include longer permits, expedited permit reviews, short-form permit renewals and other incentives to reward and encourage such applicants.

The bill instructs DEP to develop rules associated with Level 1 and Level 2 incentives and encourages DEP to provide notice to permit applicants on the Incentive-based program components.

The bill provides that Level 1 and Level 2 incentives are also applicable to coastal construction permitting activities and to construction permitting activities associated with management and storage of surface waters.

The bill limits the ability of DEP to revoke a permit to those cases where the permit holder acted "knowingly" in the commission of certain listed acts.

The DEP has stated that as a consequence of the increased workload for shortened review times, and any increase in default permits because of this, additional FTEs will need to be added to the programs.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0319b.ap.doc
DATE: March 30, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

Issue – Incentive-based Permitting Program

Present Situation

The State of Florida regulates the impacts of certain activities on the environment primarily through three chapters of the Florida Statutes: Chapter 403, 161 and 373.

Chapter 403 is known and cited as the "Florida Air and Water Pollution Control Act". It is a matter of public policy of the state to protect and conserve the waters of the state along with maintaining safe levels of air quality for the citizens, wildlife and fish, and other aquatic life.¹ DEP is responsible for issuing permits for stationary installations that are reasonably expected to be a source of air and water pollution.²

Parts I and II of Chapter 161 may be known and cited as the "Beach and Shore Preservation Act".³ The 825 miles of sandy coastline fronting the Atlantic Ocean, the Gulf of Mexico or the Straits of Florida are one of Florida's most valuable natural resources. In order to protect, preserve, and manage Florida's valuable sandy beaches and adjacent and coastal system, the Legislature adopted the Beach and Shore Preservation Act, contained in Parts I and II of Chapter 161, Florida Statutes⁴ Any coastal construction, reconstruction of existing structures, or physical activity undertaken specifically for shore protection purposes upon sovereignty lands of Florida, requires a coastal construction permit issued by DEP.⁵

Chapter 373 is known and cited as the "Florida Water Resources Act of 1972".⁶ It is a policy of the Legislature that the waters in the state be managed on a state and regional basis because water constitutes a public resource benefiting the entire state.⁷ Prior to construction or alteration of any stormwater management system, dam, impoundment, reservoir appurtenant work, the DEP or governing board may require a permit authorizing the construction or alteration activity.⁸

Currently there are limited incentives in the permitting program that allow DEP or the water management districts to consider an applicant's or permitholder's history of compliance with applicable

¹ s. 403.021, Florida Statutes

² s. 403.087, Florida Statutes

³ s. 161.011, Florida Statutes

⁴ <http://www.dep.state.fl.us/beaches/programs/about.htm>

⁵ s. 161.041, Florida Statutes

⁶ s. 373.013, Florida Statutes

⁷ s. 373.016(4)(a), Florida Statutes

⁸ s. 373.413, Florida Statutes

permit conditions, requirements, and environmental laws of this state in reference to obtaining a permit or renewal of an existing permit.⁹ DEP may issue a permit to an applicant upon reasonable assurance the activity will not violate DEP standards or pollution prevention rules. Specifically, Rule 62-4.070(5), F.A.C., authorizes DEP to take into consideration a permit applicant's violation of any DEP rules at any installation when determining whether the applicant has provided reasonable assurances that DEP standards will be met.

Effect of Proposed Change

The bill creates section 403.0874, Florida Statutes as an act relating to the Florida Incentive-based Permitting Program. The purpose of the act is to provide DEP with clear and specific authority to consider compliance history of an applicant when DEP is considering whether to issue or reissue a permit to the applicant. It is incumbent on the applicant to request incentives as part of the permit application. Permit applicants with a history of compliance with the permit conditions, requirements, and environmental laws of this state should be eligible for the following incentives:

Level 1 Requirements	Level 1 Incentives
<p>Applicant shall be entitled to incentives at a site based on the following:</p> <ul style="list-style-type: none"> • If the applicant conducted the regulated activity for at least 4 of the 5 years preceding submittal of the permit application or, • If the activity is a new regulated activity, the applicant conducted a similar regulated activity under an agency permit for at least 4 of the 5 years at a different site in the state preceding submittal of the permit application. <p>Note: An applicant shall not be entitled to incentives if the applicant has a relevant compliance history at the subject site that includes any knowing violation that resulted in formal enforcement action and the violation resulted in significant harm to human health or the environment. The term "knowing" means awareness of the nature of a person's acts, not awareness that such acts violate the law.</p>	<ul style="list-style-type: none"> • Automatic Renewal of Permit: A renewal of a permit shall be issued for a period of 5 years. In addition, after notice and opportunity for public comment, the permit may be automatically renewed for an additional 5 years without DEP action unless DEP determines based on information submitted by the applicant or resulting from the public comments or its own records, that the applicant has committed violations during the review period that disqualify the applicant from receiving the automatic or expedited renewal. • Expedited Permit Review: Processing time following receipt of a completed application shall be 45 days for the issuance of DEP action. • Short-form Renewals: Renewals of permits not involving substantial construction or expansion may be made upon a shortened application form specifying only the changes in the regulated activity or a certification by the applicant that no changes in the regulated activity are proposed if that is the case.
Level 2 Requirements	Level 2 Incentives

⁹ s. 403.087(3), Florida Statutes

<p>Applicant shall be entitled to incentives at a site based on the following:</p> <ul style="list-style-type: none"> • If the applicant meets the requirements for Level 1 and • If the applicant takes any other actions not otherwise required by law that result in: <ul style="list-style-type: none"> a. Reduction in actual or permitted discharges or emissions; b. Reduction in the impacts of regulated activities on public lands or natural resources; c. Waste reduction or reuse; d. Implementation of a voluntary environmental management system; or e. Other similar actions as determined by DEP rule. 	<ul style="list-style-type: none"> • May include all Level 1 incentives. • Issuance of 10 year permits, provided the applicant has conducted a regulated activity at the site for at least 5 years. • Fewer routine inspections than other regulated activities similarly situated. • Expedited review of requests for permit modifications. • DEP recognition, program-specific incentives, or certifications in lieu of renewal permits. • No more than two requests for additional information.
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The bill requires DEP to enter into rulemaking within six months after the effective date of this bill for Level 1 and Level 2 incentives. The rule is to specify incentives, qualifications, and the transfer of extended permits. Level 2 incentives will not be available to permit applicants until the implementing rules are adopted. No rulemaking is required for Level 1 incentives.

The bill encourages DEP to work with applicants and permittees to encourage compliance in order to avoid the costly consequences associated with noncompliance activities. In the event that DEP does enter into a formal enforcement action and prior to considering incentives, DEP is to inform the permittee if the incentive provisions are applicable and put the permittee on notice of the consequences of violations and potential consequences of continuing noncompliance in relation to Level 1 and Level 2 incentives.

The bill expands current statutory language to provide for Level 1 and Level 2 incentives to be applicable to permitting of coastal construction activities identified in Chapter 161, Florida Statutes and permitting construction activities associated with management and storage of surface waters in part IV of Chapter 373, Florida Statutes

Issue – Revocation of Permits

Present Situation

Section 403.087, Florida Statutes, is the statutory authority which relates to the general issuance, denial, revocation, prohibition and penalties associated with permits issued by DEP. Section 403.087(2), Florida Statutes, authorizes DEP to adopt, amend, or repeal rules for the issuance, denial, modification and revocation of permits under this section. Chapter 62-4.100 F.A.C. states that DEP revocation shall not become effective except after written notice is served by personal service, certified mail, or newspaper notice and upon the person(s) named therein and a hearing held, if requested, within the time specified within the notice.

Effect of Proposed Change

The bill amends section 403.087(7), Florida Statutes, to provide that DEP may revoke a permit only if the permitholder “knowingly” commits one of the listed acts. For two of the listed acts [(b) and (c)], DEP may revoke the permit only if the permittee has also refused to “correct or cure” the violation.

The table below illustrates a comparison of the current law and the proposed language in the bill:

Section 403.087(7) Florida Statutes	
CURRENT LAW	PROPOSED LAW
A permit issued pursuant to this section shall not become a vested right in the permittee. The department may revoke any permit issued by it if it finds that the permitholder:	A permit issued pursuant to this section shall not become a vested right in the permittee. The department may revoke any permit issued by it if it finds that the permitholder <u>knowingly</u> :
(a) Has submitted false or inaccurate information in his or her application;	(a) Has submitted false or inaccurate information in <u>the application for such permit</u> ;
(b) Has violated law, department orders, rules, or regulations, or permit conditions;	(b) Has violated law, department orders, rules, or regulations, or conditions <u>directly related to such permit and has refused to correct or cure such violations when requested to do so</u> ;
(c) Has failed to submit operational reports or other information required by department rule or regulation; or	(c) Has failed to submit operational reports or other information required by department rule or regulation <u>directly related to such permit and has refused to correct or cure such violations when requested to do so</u> ; or
(d) Has refused lawful inspection under s. 403.091.	(d) Has refused lawful inspection under s. 403.091 <u>at the facility authorized by such permit</u> .

Note: Bold underlined text is proposed statutory language.

C. SECTION DIRECTORY:

Section 1. Creates s. 403.0874, Florida Statutes, to provide a section name, legislative findings and public purpose, definitions and compliance incentives.

Section 2. Amends s. 161.041, Florida Statutes, to provide that the Incentive-based Permitting Program provisions of s. 403.0874, Florida Statutes, are applicable to all permits issued under Chapter 161, Florida Statutes.

Section 3. Amends s. 373.413, Florida Statutes, to provide that the Incentive-based Permitting Program provisions of s. 403.0874, Florida Statutes, are applicable to permits issued under part IV of Chapter 373, Florida Statutes.

Section 4. Amends s. 403.087 (7), Florida Statutes, relating to revocation of permits.

Section 5. Provides the bill take effect upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.

2. Expenditures:

Non-recurring Effects: HB 0319 includes rulemaking authority to implement the bill's provisions. Rulemaking costs will be insignificant and non-recurring. These costs include DEP's efforts to publicize a proposed rule through mail-outs and public workshops around the state, as well as costs associated with publication and process requirements pursuant to Chapter 120, Florida Statutes

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.

2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS:

The DEP has stated that as a consequence of the increased workload for shortened review times, and any increase in default permits because of this, additional FTEs will need to be added to the programs.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect municipal or county government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

DEP would be required to create additional rules for the implementation of this act.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 17, 2004, the Committee on Natural Resources favorably adopted four amendments to HB 319:

- Amendment No. 1 - deletes the terms "operation or closure" on lines 94 – 95 and 106.
- Amendment No. 2 - provides for rulemaking for Level 1 incentives.
- Amendment No. 3 – inserts the word "and" on line 144.
- Amendment No. 4 – deletes the terms "individual and conceptual" on line 169.