GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 551* Committee Substitute Favorable 5/3/91 Third Edition Engrossed 6/6/91

Short Title: Clean Air Act Implementations.	(Public)
Sponsors:	
Referred to:	

April 1, 1991

A BILL TO BE ENTITLED
AN ACT TO IMPLEMENT THE REQUIREMENTS OF THE 1990 AMENDMENTS
TO THE FEDERAL CLEAN AIR ACT.

Whereas, the United States Congress passed, and the President enacted, the Federal Clean Air Act Amendments of 1990 on November 15, 1990; and

Whereas, these amendments dramatically increase the responsibilities of North Carolina regulatory agencies under the Federal Clean Air Act, placing a great and imminent burden on the State to finance, develop, and ultimately implement new State air quality programs in the areas of permitting of air emission sources, State implementation planning procedures, nonattainment area permitting, automobile inspection and maintenance, the regulation of toxic air pollutants, acid rain control, and compliance enforcement, among others; and

Whereas, the Federal Clean Air Act Amendments of 1990 require the State of North Carolina to make comprehensive changes in many existing State air quality programs; and

Whereas, failure of the State to implement the Federal Clean Air Act Amendments of 1990 will subject North Carolina to federal sanctions under the Federal Clean Air Act; and

Whereas, the Environmental Management Commission must have all of the statutory authority in place to begin the administrative rule-making process for adoption and implementation of those elements no later than November 15, 1992; and

Whereas, it is the State of North Carolina's policy to afford the public a full 1 2 and complete opportunity for public hearing and comment; Now, therefore, 3 The General Assembly of North Carolina enacts: Section 1. G.S. 143-215.3(a) is amended by adding a new subdivision (1d) to 4 5 read: 6 "(1d)Notwithstanding the provisions of G.S. 143-215.3(a)(1b), the 7 Commission is authorized to adopt and implement a graduated fee 8 schedule sufficient to cover all reasonable direct and indirect costs 9 required for the State to develop and administer a permit program 10 which meets the requirements of Title V of the 1990 amendments to the Federal Clean Air Act (Pub. L. 101-549, 104 Stat. 2635 et 11 12 seq.), as amended (hereinafter Title V). In adopting and implementing a fee schedule, the Commission shall require that the 13 14 owner or operator of all air contaminant sources subject to the 15 requirement to obtain a permit under Title V pay an annual fee, or the equivalent over some other period, sufficient to cover costs as 16 provided in section 502(b)(3)(A) of Title V. The fee schedule shall 17 18 be adopted according to the procedures set out in Chapter 150B of the General Statutes. 19 The total amount of fees collected under the fee schedule 20 a. 21 adopted pursuant to subdivision (1d) of this section shall conform to the requirements of section 502(b)(3)(B) of Title V. 22 23 No fee shall be collected for more than 4,000 tons per year of 24 any individual regulated pollutant, as defined in section 502(b)(3)(B)(ii) of Title V, emitted by any source. 25 Notwithstanding the provisions of G.S. 143-215.3(a)(1c), the 26 fees so collected shall be used solely to cover all reasonable 27 direct and indirect costs required to develop and administer the 28 29 State's permit program. 30 The Commission may reduce any permit fee required under this b. section to take into account the financial resources of small 31 32 business stationary sources as defined under Title V and regulations promulgated by the United States Environmental 33 Protection Agency. 34 When funds in the Title V nonreverting account established in 35 c. G.S. 143-215.3A exceed the total amount necessary to cover the 36 37 cost of the Title V program for the next fiscal year, the Secretary shall adjust the amount billed so that the surplus 38 39 funds are used to supplement program costs in that fiscal year." Sec. 2. G.S. 143-215.3A reads as rewritten: 40

"§ 143-215.3A. Use of application and permit fees.

(a) There is established a separate nonreverting account within the Department of Environment, Health, and Natural Resources. The account may be used, to the extent appropriated by the General Assembly, to (a) defray the expenses of any project or

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program supporting the permitting and compliance activities needed to protect the State's surface water, groundwater, and air quality, and (b) establish additional permanent positions, under the Personnel Act, for water, groundwater, and air quality permitting and compliance activities. All application fees and permit administration fees collected by the State for permits issued under Articles 21, 21A, 21B, and 38, except those collected under Part 2 of Article 21A and deposited in the Oil or Other Hazardous Substances Pollution Protection Fund, Fund and those collected under G.S. 143-215.3(a)(1d) and deposited in the Title V nonreverting account, and except as provided in G.S. 143-215.28A and G.S. 143-215.3B shall be credited to the account. The total monies collected per year from fees for permits under G.S. 143-215.3(a)(1a), after deducting those monies collected under G.S. 143-215.3(a)(1d), shall not exceed thirty percent (30%) of the total budgets from all sources of environmental permitting and compliance programs within the Department of Environment, Health, and Natural Resources.

- (b) There is also established a separate nonreverting account within the Department of Environment, Health, and Natural Resources to be used exclusively for development and implementation of the Title V program from the application fees and permit administration fees collected under G.S. 143-215.3(a)(1d). Expenses of the Air Quality Compliance Advisory Panel, the Clean Air Act Advisory Council, the Office of the Ombudsman for the Small Business Stationary Source Technical and Environmental Compliance Assistance Program, support staff, equipment, the Attorney General's Office for legal services, and contracts with consultants and program expenses listed in section 502(b)(3)(A) of Title V of the 1990 amendments to the Federal Clean Air Act shall be included among Title V program expenses.
- (c) The Department shall make an annual report to the General Assembly and its Fiscal Research Division on the cost of the State's environmental permitting programs contained within such Department. In addition, the Department shall make an annual report to the General Assembly and its Fiscal Research Division on the cost of the Title V program. The report—reports shall include, but is—not be limited to, fees set and established under this Article, fees collected under this Article, revenues received from other sources for environmental permitting and compliance programs, changes made in the fee schedule since the last report, anticipated revenues from all other sources, interest earned and any other information requested by the General Assembly."

Sec. 3. G.S. 143-215.114A(a) reads as rewritten:

- "(a) A civil penalty of not more than five ten thousand dollars (\$5,000) (\$10,000) may be assessed by the Secretary against any person who:
 - (1) Violates any classification, standard or limitation established pursuant to G.S. 143-215.107;
 - Is required but fails to apply for or to secure a permit required by G.S. 143-215.108 or who violates or fails to act in accordance with the terms, conditions, or requirements of such permit;
 - (3) Violates or fails to act in accordance with the terms, conditions, or requirements of any special order or other appropriate document issued pursuant to G.S. 143-215.110;

1 2	(4)	Fails to file, submit, or make available, as the case may be, any documents, data or reports required by this Article or <u>Parts 1 or 7</u>	
3		of Article 21 of this Chapter;	
4	(5)	Violates a rule of the Commission or a local governing body	
5	(0)	implementing this Article. Article or Parts 1 or 7 of Article 21;	
6	(6)	Violates the offenses set out in G.S. 143-215.114B."	
7	()	G.S. 143-215.108 reads as rewritten:	
8		ontrol of sources of air pollution; permits required.	
9		effective date applicable to any air quality or emission control	
10	` /	ed pursuant to G.S. 143-215.107, no person shall do any of the	
11	following things or carry out any of the following activities which contravene or will be		
12	likely to contravene such standards until or unless such person shall have applied for		
13	and shall have received from the Commission a permit therefor and shall have complied		
14	with such conditions, if any, as are prescribed by such permit:		
15	(1)	Establish or operate any air contaminant source;	
16	(2)	Build, erect, use or operate any equipment which may result in the	
17	(2)	emission of air contaminants or which is likely to cause air	
18		pollution;	
19	(3)	Alter or change the construction or method of operation of any	
20	(3)	equipment or process from which air contaminants are or may be	
21		emitted;	
22	(4)	Enter into a [an] an irrevocable contract for the construction and	
23	(1)	installation of any air-cleaning device, or allow or cause such	
24		device to be constructed, installed, or operated.	
25	(b) The Com	mission shall act upon all applications for permits so as to effectuate	
26	the purpose of this section, by reducing existing air pollution and preventing, so far as		
27	reasonably possible, any increased pollution of the air from any additional or enlarged		
28	sources.	, any increased pontation of the an from any additional of emarged	
29		n shall have the power:	
30		To grant and renew a permit with such conditions attached as the	
31	(1)	Commission believes necessary to achieve the purposes of this	
32		section;	
33	(2)	To grant and renew any temporary permit for such period of time	
34	(2)	as the Commission shall specify even though the action allowed by	
35		such permit may result in pollution or increase pollution where	
36		conditions make such temporary permit essential;	
37	(3)	To modify or revoke any permit upon not less than 60 days' written	
38	(3)	notice to any person affected;	
39	(4)	To require all applications for permits and renewals to be in writing	
40	(4)	and to prescribe the form of such applications;	
41	(5)	To request such information from an applicant and to conduct such	
42	(3)	inquiry or investigation as it may deem necessary and to require the	
43		submission of plans and specifications prior to acting on any	
44		application for a permit;	
77		application to a permit,	

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To require that an applicant satisfy the Department that the (5a)1 2 applicant, or any parent, subsidiary, or other affiliate of the 3 applicant or parent: Is financially qualified to carry out the activity for which a 4 a. 5 permit is required under subsection (a); and 6 b. Has substantially complied with the air quality and emission 7 control standards applicable to any activity in which the 8 applicant has previously engaged, and has been in substantial 9 compliance with federal and state laws, regulations, and rules 10 for the protection of the environment. As used in this subdivision, the words 'affiliate,' 'parent,' and 11 12 'subsidiary' have the same meaning as in 17 Code of Federal 13 Regulations § 240.12b-2 (1 April 1990 Edition); 14 (6) To adopt rules, as it deems necessary, establishing the form of 15 applications and permits and procedures for the granting or denial 16 of permits and renewals pursuant to this section; and all permits, 17 renewals and denials shall be in writing; 18 **(7)** To prohibit any stationary source within the State from emitting 19 any air pollutant in amounts which will prevent attainment or 20 maintenance by any other state of any national ambient air quality 21 standard, or interference with measures required to be included in 22 the applicable implementation plan for any other state to prevent deterioration of air quality or protect visibility, visibility; and 23 24 To issue general permits under rules adopted pursuant to Chapter (8) 150B of the General Statutes consistent with the provisions in 25 section 504(d) of Title V of the 1990 amendments to the Federal 26 27 Clean Air Act (Pub. L. 101-549, 104 Stat. 2635 et seq., as

The Commission shall act on a permit application as quickly as possible. The Commission may conduct any inquiry or investigation it considers necessary before acting on an application and may require an applicant to submit plans, specifications, and other information the Commission considers necessary to evaluate the application. If the Commission fails to act on an application for a permit within 90 days after the applicant submits all information required by the Commission, the application is considered to be approved.

amended.

- (c) No permit issued pursuant to this section shall be issued or renewed for a term exceeding five years.
- (d) A permit applicant or permittee who is dissatisfied with a decision of the Commission may commence a contested case by filing a petition under G.S. 150B-23 within 30 days after the Commission notifies the applicant or permittee of its decision. If the permit applicant or permittee does not file a petition within the required time, the Commission's decision on the application is final and is not subject to review.
- (e) Any person who is required to hold a permit under this section shall submit to the Department a written description of his current and projected plans to

reduce the emission of air contaminants under such permit by source reduction or recycling. The written description shall accompany the payment of the annual permit fee. The written description shall also accompany any application for a new permit, or for modification of an existing permit, under this section. The written description required by this subsection shall not be considered part of a permit application and shall not serve as the basis for the denial of a permit or permit modification."

Sec. 5. G.S. 143B-317 reads as rewritten:

"\\$ 143B-317. Air Quality CouncilCompliance Advisory Panel – creation; powers and duties.

There is hereby created the Air Quality <u>Council Compliance Advisory Panel</u> of the Department of Environment, Health, and Natural Resources. The Air Quality <u>Council Compliance Advisory Panel</u> shall have the following functions and duties:

- _- (1) To advise the Environmental Management Commission in the development of rules, regulations and quality standards for air; and
 - (2) To consider and to advise the Commission upon any matter the Commission may refer to it.
 - (1) To render advisory opinions concerning the effectiveness of the small business stationary source technical and environmental compliance assistance program, difficulties encountered, and degree and severity of enforcement;
 - To make periodic reports to the Administrator of the United States
 Environmental Protection Agency concerning the compliance of
 the State Small Business Stationary Source Technical and
 Environmental Compliance Assistance Program with the
 requirements of the Paperwork Reduction Act, 44 U.S.C. § 3501 et
 seq.; the Regulatory Flexibility Act, 5 U.S.C. § 601 et seq.; and the
 Equal Access to Justice Act, 5 U.S.C. § 504 et seq.; and
 - (3) To review information for small business stationary sources to assure such information is understandable by the layperson."

Sec. 6. G.S. 143B-318 reads as rewritten:

"§ 143B-318. Air Quality <u>CouncilCompliance Advisory Panel</u> – members; chairman; selection; removal; compensation; quorum; services.

(a) The Air Quality Council-Compliance Advisory Panel of the Department of Environment, Health, and Natural Resources shall consist of nine members appointed by the Governor. The composition of the Council shall be as follows: one registered professional engineer knowledgeable in matters of air pollution; one representative from municipal government; one representative from county government; one representative of public health; two representatives from industry providing they are from different industries; one representative of agriculture; one licensed physician knowledgeable in the health aspects of air pollution; and one practicing biologist knowledgeable in the principles of air quality management. two members who are not owners or representatives of owners of small business stationary sources, appointed by the Governor to represent the general public; two members appointed one each by the Speaker and the minority leader of the House of Representatives, and who are owners, or who represent owners, of small business

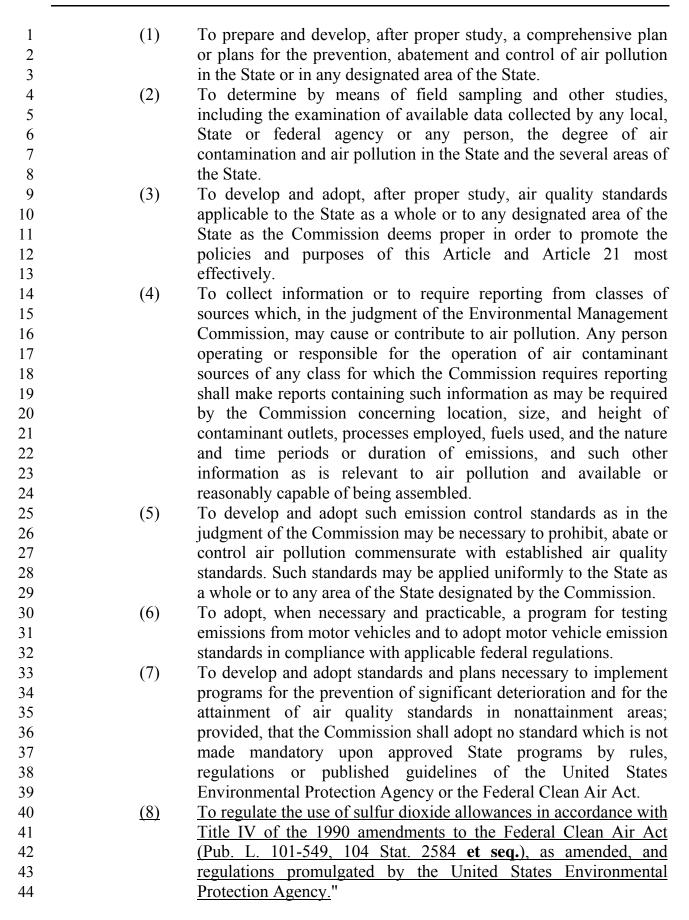
- stationary sources; two members appointed one each by the President Pro Tempore and the minority leader of the Senate, who are owners, or who represent owners, of small business stationary sources; and one member appointed by the Secretary of the Department of Environment, Health, and Natural Resources.
 - (b) The Governor shall designate one member of the Council Panel to serve as chairman at his pleasure.
 - (c) Members shall serve staggered terms of four years. In order to achieve staggered terms, the Governor-the Speaker and the minority leader of the House of Representatives each shall initially appoint three-members for terms of two years, the President Pro Tempore and the minority leader of the Senate each shall initially appoint three-members for terms of four-three years, and three members for terms of six years. Years. At the end of the respective terms of office of the initial members, their successors shall be appointed for terms of six-four years and until their successors are appointed and qualify. Any appointment to fill a vacancy on the Council-Panel created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term.
 - (d) The Governor shall have the power to remove any member of the Council Panel from office for misfeasance, malfeasance or nonfeasance in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973. 143B-16.
 - (e) The members of the Council-Panel shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.
 - (f) A majority of the Council Panel shall constitute a quorum for the transaction of their business.
 - (g) The Secretary of Environment, Health, and Natural Resources shall designate an office within the Department of Environment, Health, and Natural Resources to serve as ombudsman for the Small Business Stationary Source Technical and Environmental Compliance Assistance Program established by the Department pursuant to section 507 of the Federal Clean Air Act, as amended. The Small Business Stationary Source Technical and Environmental Compliance Assistance Program shall serve as the secretariat for the development and dissemination of reports and advisory opinions issued by the Panel. The Panel and the ombudsman shall exercise their powers consistent with G.S. 143B-14(b).
 - (h) All clerical and other services required by the Council-Panel shall be supplied by the Secretary of Environment, Health, and Natural Resources."
 - Sec. 7. G.S. 143B-319 reads as rewritten:

"§ 143B-319. Air Quality CouncilCompliance Advisory Panel – meetings.

The <u>Council-Panel</u> shall meet at least semiannually and may hold special meetings at any time and place at the call of the chairman or upon the written request of at least <u>five</u> three members."

Sec. 8. G.S. 143-215.107(a) reads as rewritten:

"(a) Duty to Adopt Plans, Standards, etc. – The Commission is hereby directed and empowered, as rapidly as possible within the limits of funds and facilities available to it, and subject to the procedural requirements of this Article and Article 21:



Sec. 9. Article 21B of Chapter 143 is amended by adding a new section to read:

"§ 143-215.106A. Clean Air Act Advisory Council.

- (a) <u>Creation. There is created the Clean Air Act Advisory Council.</u>
- 5 (b) Membership. The Council shall consist of 11 members representing the 6 following interests:
 - (1) The Secretary or his designee;
 - (2) The Commissioner of Agriculture or his designee;
 - (3) The Chair of the Air Quality Committee of the Commission;
 - (4) Two representatives of local government;
 - (5) Three representatives of the environmental and conservation community; and
 - (6) Three representatives of industry.

The Secretary shall appoint the members representing subdivisions (4) through (6) above. The Secretary shall designate one member of the Council to serve as Chair.

- (c) Functions and Duties. The Clean Air Act Advisory Council shall assist the Secretary and the Commission in an advisory capacity on:
 - The development of all programs necessary to implement the Federal Clean Air Act Amendments of 1990 including, but not limited to, changes in existing State air quality statutes, rules and programs, permitting and implementation procedures, fee programs, regulatory flexibility, and regulation of air toxics; and
 - (2) The development of a permit fee program to finance increased State regulatory activity required under the Federal Clean Air Act.
- (d) Terms of Office and Removal from Office. Members shall be appointed for one-year terms effective July 1, 1991. Appointments to fill vacancies shall be for the balance of the unexpired term. A member who fails to attend three consecutive meetings is disqualified from further participation. In addition, the Secretary may remove any member of the Council from office for misfeasance, malfeasance, or nonfeasance.
- (e) Quorum. A majority of the Council shall constitute a quorum for the transaction of business.
 - (f) Multiple Offices. Any person who is a member of the Council may hold such membership concurrently with and in addition to any other elective or appointive office or offices such person is permitted to hold under G.S. 128-1.1.
 - (g) <u>Compensation. Members of the Council who are not State employees shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.</u>
- (h) Staff. All clerical and other services required by the Council shall be supplied by the Department. The Attorney General shall provide legal services required by the Council.
- 42 (i) Meetings/Reports. The Council shall meet periodically upon the call of the
 43 Chair. The Council may prepare separate final reports on issues it selects. The Council
 44 shall complete its study and advise the Commission in a written report to the

- Commission no later than May 1, 1992. A copy of the report shall be filed with the Environmental Review Commission.
 - (j) Commission Rule-Making Authority. Unless deadlines established by the United States Environmental Protection Agency require that rule making be initiated earlier, the Commission shall not initiate rule making to implement the Title V Clean Air Act programs and fees until May 1, 1992, or upon receipt of a final written report by the Council, whichever is earlier."
 - Sec. 10. Article 21B of Chapter 143 is amended by adding a new section to read:

"§ 143-215.106B. Assessments to establish Title V Program.

- (a) The holders of permits issued by the Environmental Management Commission for the control of sources of air pollution are assessed Clean Air Act implementation fees on an annual basis in accordance with the schedule established in this section. The assessments are in addition to any other fees required to be paid by the permit holders in conjunction with the permits. The assessments shall be deposited in the separate nonreverting account for the Title V Program established in G.S. 143-215.3A(b) and shall be used only to defray the eligible expenses of the Title V Program. The Secretary shall issue annual notices of the assessments to permit holders on or before July 1 of each fiscal year. Assessments shall be payable 30 days after receipt of notice. Failure to make timely payment within 90 days shall be grounds to revoke the permit and to institute a collection action against the permit holder by the Attorney General.
 - (b) Assessments are made in accordance with the following schedule:
 - (1) Sources emitting at least 100 tons and less than 500 tons per year, two thousand dollars (\$2,000) for fiscal year 1991-92 and two thousand five hundred dollars (\$2,500) for each year thereafter;
 - Sources emitting at least 500 tons and less than 1,000 tons per year, four thousand dollars (\$4,000) for fiscal year 1991-92 and twelve thousand five hundred dollars (\$12,500) for each year thereafter;
 - Sources emitting at least 1,000 tons and less than 5,000 tons per year, six thousand dollars (\$6,000) for fiscal year 1991-92, and twenty-five thousand dollars (\$25,000) for each year thereafter; and
 - Sources emitting at least 5,000 tons per year, six thousand dollars (\$6,000) for fiscal year 1991-92, and one hundred thousand dollars (\$100,000) for each year thereafter.
- (c) Notices of assessment shall not be issued for any fiscal year in which the permit fees for the Title V Program adopted by the Commission pursuant to G.S. 143-215.3(a)(1d) are in effect. Should a Title V Program permit fee become due and payable during a fiscal year when the permit holder has paid an assessment, the Title V Program permit fee shall be reduced in an amount equal to the pro rata share of the assessment for the months remaining in the fiscal year. The pro rata share is determined by dividing the assessment into 12 equal parts and multiplying that sum by the number of months remaining in the fiscal year."

Sec. 11. This act is effective upon ratification, provided, however, Section 9 of this act expires July 1, 1992.