



# Facts About Emission Inventory and Fee Rules

Air Quality/Federal and State Regulations/#4.05/June 2004

Minn. R. 7019.3000 - 7019.3010 (the emission inventory rule) require certain facilities to submit an annual emission inventory report to the Minnesota Pollution Control Agency (MPCA). The report quantifies emissions of the regulated pollutants listed on this page.

## Who must submit an emission inventory report?

An air emission facility in Minnesota is required to submit an annual emission inventory if the facility is required to obtain an air emission permit.

## What is the purpose of the emission inventory?

The emission inventory is used to track the actual pollutant emissions of each facility and to determine the type and quantity of pollutants being emitted into the atmosphere. The data is then used to calculate emission fees for facilities that are required to obtain permits.

## Do I need to include all my emission sources in the emission inventory report?

Yes. All emission sources with the exception of "insignificant activities" should be reported in the emission inventory. Insignificant activities are defined in Minn. R. 7007.1300.

## Emission inventory regulated pollutants

- Lead (Pb)
- Particulate Matter (PM)
- Particulate Matter less than 10 microns in diameter (PM<sub>10</sub>)
- Carbon Monoxide (CO)
- Sulfur Dioxide (SO<sub>2</sub>)
- Nitrous Oxides (NO<sub>x</sub>)
- Volatile Organic Compounds (VOC)

## Do fugitive emissions have to be reported in the emission inventory report?

Yes. All fugitive emissions should be reported on the emission inventory, unless a) they are emitted from operations designated as insignificant activities; or b) you have an Option D registration permit, in which case fugitives are only counted if they are from a source which is one of the "28 listed categories." (See Minn. R. 7007.1130, subp. 4 for more information.)

## Fee Rule

Minnesota Rules parts 7002.0005 - 7002.0095 identify who pays emission fees, the types of fees, and how the amounts of the fees are determined.





## When did the MPCA start charging emission-based fees?

In 1986, the MPCA began collecting fees for air quality permits. At that time, the fees were designed to cover the costs of reviewing and acting on permit applications and for enforcement of permit conditions.

In 1990, Congress enacted the federal Clean Air Act Amendments (CAAA), which require states to implement air emission fee systems to fund their activities under the CAAA.

States have the option to apply for authorization to implement the requirements of the CAAA, including the requirement to collect air emissions fees. If states do not exercise this option, then the federal government will implement the CAAA and collect the required emissions fees. Because of this federal CAAA requirement, all facilities in the United States subject to permitting are required to have paid air emission fees since 1995.

During the 1991 legislative session, the Minnesota legislature authorized the MPCA to collect the fees required by the CAAA. The fees are used to cover the costs of the CAAA and the state programs historically funded by the state general fund. The air emission fee structure specified under the CAAA requires a minimum fee “target” that states must collect.

## How does the MPCA calculate emission-based fees?

Calculating a facility’s emission-based fee is a two-step process. First, the MPCA uses the CAAA guidelines to determine the total amount of fees to be collected, which is called the “fee target.”

The fee target is calculated by multiplying the annual quantity of regulated pollutants emitted (capped at 4,000 tons per facility per pollutant) by \$25 per ton (the minimum required by the CAAA). The fee target is the amount that the Air Quality Program requests from the legislature in the biennial budget.

Step two is to calculate the actual fee per ton that a facility is required to pay. The per-ton emission-based fee is calculated by dividing the dollar amount of the fee target by the total uncapped emissions reported in the emission inventory. This is the actual per-ton fee that facilities pay.

### The following is an example of how the per-ton emissions fee is calculated:

*Step 1-* Calculate the fee target: Assume that 300,000 total tons of regulated air pollutants are emitted by Minnesota facilities in a particular year. Taking into account the 4,000 ton cap, the MPCA determines that the total criteria pollutant emissions were 250,000 tons.

Fee target = 250,000 tons of capped criteria pollutant emissions multiplied by \$25 per ton = \$6,250,000.

*Step 2 -* Calculate the per-ton fee: Divide the fee target amount by the total (uncapped) quantity of criteria pollutant emissions to determine the per-ton fee that each facility has to pay.

Per-ton emissions fee = \$6,250,000 (fee target) divided by 300,000 tons of criteria pollutant emissions (uncapped) = \$20.83 per ton that each facility pays.

*Note: This is a hypothetical example. The numbers used in this example are not meant to be representative of actual figures.*

## Who pays fees in Minnesota?

The following industry groups pay the largest portions of the aggregate fee amount, because they are the largest emitters of airborne pollutants: utilities, mining industries, manufacturing industries, refineries, and pulp and paper industries.

## How does it all work?

Permitted facilities are required to report to the MPCA annually, in their emission inventory reports, information regarding their emission of regulated pollutants. The MPCA then calculates the per-ton fee, based on the statewide annual emissions in the most recent emissions inventory.

So, for a given facility, accurate emissions reporting is critical to having the fee assessed correctly. The rule includes the procedures to follow in calculating emissions.



## How does the MPCA calculate new permit fees?

Facilities that recently obtained their first permits and have not yet been required to report emissions are assessed a fee based on information obtained from their permit application forms, i.e. estimated actual emissions.

## What is the penalty for failure to submit an inventory?

Facilities that have failed to submit emissions data will find that their fees are based on 1.5 times the emissions, calculated from information obtained from their permit application forms.

## How many days do I have to pay the fee?

The MPCA sends a fee statement to each facility early in the calendar year. Facilities have 60 days from the invoice date of the bill to pay their fees. If the fee is not paid within 60 days of the date of the fee invoice, a late fee of ten percent must be submitted with the fee payment. An additional ten percent of the original payment is due for each additional 30-day period that the payment is late.

Anyone who believes the emissions total for their facility is incorrect should explain in writing to the commissioner why they believe the emission total is incorrect, within 60 days of receipt of the invoice, or by no later than by June 30 of the year in which the fee was assessed, whichever is later. The assessed fee shall be paid as required in Minn. R. 7002.0065. Within 60 days of the timely receipt of the written explanation, the MPCA shall either provide a written explanation of why the fee was not in error, or, if the MPCA finds that the assessed fee was in error, overpayment shall be refunded or credited.

### Who can I contact if I have questions regarding the inventory or fees?

You can contact the MPCA Customer Assistance Center at (651) 297-2274 or (800) 646-6247 (within Minnesota only), or Paul Kim at (651) 296-7320

MPCA Web site: <http://www.pca.state.mn.us>