

#### **401 KAR 50:038. Air emissions fee.**

RELATES TO: KRS 224.10-100, 224.10-230, 224.20-050, 224.20-100, 224.20-130, 40 C.F.R. Part 70, 42 U.S.C. 7401-7671q, et seq.

STATUTORY AUTHORITY: KRS 224.10-100, 224.10-230, 224.20-050, 224.20-100, 224.20-130, 40 C.F.R. Part 70, 42 U.S.C. 7401-7671q, et seq.

##### **CERTIFICATION STATEMENT:**

**NECESSITY, FUNCTION, AND CONFORMITY:** KRS 224.10-100 requires the Environmental and Public Protection Cabinet to prescribe administrative regulations for the prevention, abatement, and control of air pollution. This administrative regulation provides for the assessment of fees necessary to fund the state permit program as defined in Section 1(8) of this administrative regulation.

Section 1. Definitions. As used in this administrative regulation, terms defined in this section shall have the following meanings. All terms not defined in this section shall have the meaning given them in 401 KAR 50:010.

- (1) "Act," "Clean Air Act," or "CAA" means 42 USC 7401 through 7671q.
- (2) "Actual emissions" means the amount of a pollutant actually emitted in the calendar year immediately preceding the fiscal year during which an emissions fee is assessed, as recorded by the Kentucky Emissions Inventory System (KyEIS).
- (3) "Designated representative" means a responsible person authorized by the owners and operators of an affected source and of all affected units at the source, as evidenced by a certificate of representation submitted to the U.S. EPA pursuant to 40 CFR 72.20(b), to represent and legally bind each owner and operator, as a matter of federal law, in all matters pertaining to the acid rain program.
- (4) "Emissions fee" means the amount of money assessed by the cabinet to fund the cost of administering the operating permit program.
- (5) "Fiscal year" means the period beginning July 1 and ending the following June 30.
- (6) "Hazardous air pollutant" means a pollutant listed in 401 KAR 63:060.
- (7) "Kentucky emissions inventory system" or "KyEIS" means a database used by the cabinet to record, among other information, emissions of air pollutants from Kentucky sources.
- (8) "Permit program" means the issuance and enforcement of permits for all sources subject to this administrative regulation.
  - (a) Permit program includes:
    1. The review of permit applications and exemptions;
    2. The issuance of permits to air pollution sources;
    3. Inspections of air pollution sources;
    4. Enforcement activities other than prosecutions in a court of law or administrative hearings;
    5. Air quality and emissions monitoring, including quality assurance;
    6. The preparation of generally applicable reports, plans, administrative regulations, and statutes;
    7. Responses to inquiries;
    8. Preparing inventories and tracking emissions;
    9. The preparation and maintenance of records, including computerized data bases;
    10. Air quality modeling, analyses, and demonstrations; and
    11. Providing direct and indirect support through a small business technical assistance program.
  - (b) Permit program does not include:
    1. The control of asbestos emissions from renovations or demolitions, or any activities required under the Asbestos Hazard Emergency Response Act (AHERA);

2. The issuance of permits or the enforcement of permit conditions required only by 401 KAR 63:020, 63:021, or 63:022, or any other applicable requirement, as defined in 401 KAR 52:001, that is not required to be federally enforceable; or
  3. The control and enforcement of any activity not required to be permitted, and the enforcement of applicable requirements at any source not required to have a permit.
- (9) "Responsible official" means one (1) of the following:
- (a) For a corporation: a president, secretary, treasurer, or vice-president of the corporation in charge of a principal business function, or other person who performs similar policy or decision-making functions for the corporation, or a duly authorized representative of that person if the representative is responsible for the overall operation of one (1) or more manufacturing, production, or operating facilities applying for or subject to a permit and either:
    1. The facilities employ more than 250 persons or have gross annual sales or expenditures exceeding \$25 million (in second quarter 1980 dollars); or
    2. The delegation of authority to the representative is approved in advance by the cabinet;
  - (b) For a partnership or sole proprietorship, a general partner or the proprietor, respectively;
  - (c) For a municipality, state, federal, or other public agency, a principal executive officer or ranking elected official. For this administrative regulation, the principal executive officer of a federal agency includes the chief executive officer having responsibility for the overall operation of a principal geographic unit of the agency; or
  - (d) For affected sources, if requested by the source, the designated representative.
- (10) "Subject emissions" means actual emissions, as recorded in the Kentucky emissions inventory system, of sulfur dioxide, oxides of nitrogen, PM<sub>10</sub>, lead, volatile organic compounds, hazardous air pollutants listed in 401 KAR 57:061 for which a standard applies, or a pollutant subject to a standard contained in Section 111 of the Act, from an air pollution source subject to this administrative regulation, except that actual emissions in excess of 4,000 tons of a single pollutant from a source shall not be subject emissions. Pollutants subject only to 42 USC 7412r (Section 112(r) of the Act), and pollutants that are class I or class II substances under 42 USC 7671 through 7671q and which are not otherwise regulated shall not be subject emissions.

## Section 2. Applicability.

- (1) This administrative regulation shall apply to all major sources as defined in 401 KAR 52:001, and to the following minor sources unless a final rule exempting the minor source category from the permitting requirements of 42 USC 7661 through 7661f (Title V of the Act) has been published by the U.S. EPA:
- (a) Minor sources subject to a standard, federal regulation, or state administrative regulation promulgated pursuant to 42 USC 7411 or 7412 (Section 111 or 112 of the Act);
  - (b) Minor sources required to have a permit pursuant to 42 USC 7470 through 7515 (Part C or D of Title I of the Act); and
  - (c) Any other minor stationary source in a category required by the U.S. EPA to obtain a permit pursuant to 42 USC 7661 through 7661f (Title V of the Act).
- (2) This administrative regulation shall not apply to:
- (a) Mobile sources;
  - (b) Sources located in an air pollution control district granted concurrent jurisdiction by the cabinet under KRS 224.20-130;
  - (c) An electric utility unit exempted by 42 USC 7651g, unless a substitute unit has been approved by the administrator of the U.S. EPA pursuant to 42 USC 7651c; or

(d) A substitute unit approved by the U.S. EPA pursuant to 42 USC 7651c, if the cabinet has been notified in writing at least thirty (30) days prior to the fee assessment established in Section 3(1) of this administrative regulation.

### Section 3. Fee Assessment.

(1) On or about July 1, 1994, and on or about July 1 of each succeeding year, the division for air quality shall calculate and assess an annual emissions fee based on subject emissions for each air pollution source subject to this administrative regulation and shall provide written notification to the source of the amount of fee due. If a pollutant qualifies as more than one (1) of the subject emissions listed in Section 1(10) of this administrative regulation, it shall be assessed as a single subject emission.

(2) Determining subject emissions. At least four (4) months but not more than twelve (12) months prior to assessing the emissions fee, the cabinet shall provide each source subject to the emissions fee a written copy of the KyEIS containing the most recent information appropriate to that source. Within thirty (30) days of the date this information is mailed, each source shall provide the cabinet with all information necessary to determine its subject emissions. The information shall be accompanied by a statement signed by a responsible official or by a designated representative, as appropriate, certifying the accuracy of the information. Each day past the deadline for submitting information that the source fails to submit the information shall be a separate violation of this administrative regulation. If no response is received by the deadline, the cabinet shall estimate the subject emissions for the source based on previous actual emissions and on other information considered pertinent by the cabinet.

(3) Fee assessment. At least sixty (60) days prior to assessing the fee, the cabinet shall determine the subject emissions for each source, based on the information provided by the source and on other information available to the cabinet. The cabinet shall notify the source of its determination for subject emissions at least forty-five (45) days prior to assessing the fee. Assessment of the subject emissions shall be a final determination by the cabinet. If the source fails to notify the cabinet of an error in the determination of subject emissions within thirty (30) days after the date the determination is mailed by the cabinet, the source shall be assessed a fee based on the cabinet's determination. If the source notifies the cabinet in a timely manner that there is an error in the determination of its subject emissions, and the cabinet disagrees with the assessment by the source, the cabinet shall notify the source, in writing, specifying the reasons for rejecting the error notification.

(4) Computation of emissions fee. The cabinet shall compute the emissions fee as follows:

(a) For fiscal year 1995 the emissions fee shall be \$5,505,200, and for fiscal year 1996 the emissions fee shall be \$6,594,700. The cost per ton of the subject emissions shall be the emissions fee, minus \$150 times the number of sources subject to subsection (5) (b) of this section, divided by the total number of tons of subject emissions from all sources subject to this administrative regulation which emit twenty-five (25) tons or more of subject emissions.

(b) Except as provided in paragraph (c) of this subsection, the emissions fee for each succeeding fiscal year shall be \$6,594,700 adjusted annually using the method provided in 40 CFR 70.9(b)(2)(iv). The cost per ton of subject emissions shall be determined as prescribed in paragraph (a) of this subsection.

(c) Notwithstanding the provisions of paragraph (b) of this subsection the emissions fee for a fiscal year may be increased by an amount greater than that calculated pursuant to 40 CFR 70.9(b)(2)(iv), may be left unchanged from the previous fiscal year, or may be decreased from the previous fiscal year if the cabinet determines after public hearing and after approval by the U.S. EPA that the increase is necessary, or the

same or lesser amount is adequate, to cover all reasonable costs of administering the permit program.

(5) Payment of fees.

(a) A source subject to this administrative regulation which emitted twenty-five (25) tons or more of subject emissions shall pay a portion of the emissions fee which shall be determined by multiplying the subject emissions from the source, expressed in tons to the nearest ton, by the cost per ton of subject emissions, and subtracting from that amount any portion of unexpended emissions fees which are carried forward from the previous year in an amount proportional to that paid by the source during the previous year. The source shall pay the fee by check or money order, made payable to the Kentucky State Treasurer, within sixty (60) days after the date on which the fee invoice is mailed.

(b) A source subject to this administrative regulation which emitted less than twenty-five (25) tons of subject emissions shall pay an annual fee of \$150. The source shall pay the fee by check or money order, made payable to the Kentucky State Treasurer, within sixty (60) days after the date on which the fee invoice is mailed.

(c) The fee invoice shall be mailed to the permit holder of record as of the date the invoice is mailed, and the permit holder shall be responsible for payment.

(6) Enforcement.

(a) Each day after the deadline for payment of the source's portion of the emissions fee during which the source fails to pay the fee shall be a separate violation of this administrative regulation.

(b) Failure to pay the fee within ninety (90) days after the date on which the cabinet notifies the source of the amount of fee due shall result in:

1. An increase in the fee of an additional fifty (50) percent of the original amount due, plus interest on the fee amount computed in accordance with section 6621(a)(2) of the Internal Revenue Code of 1986 (relating to computation of interest on underpayment of federal taxes); and
2. Suspension of the source's permit until the fee is paid or until the cabinet has approved a schedule of payment.

Section 4. Use of Fees. All fees collected pursuant to this administrative regulation shall be deposited in a trust and agency account and shall be used solely for funding the permit program.

(401 KAR 050:038. 20 Ky.R. 695; 998; 1599; eff. 11-29-1993; 21 Ky.R. 1753; 2507; eff. 4-12-1995; TAm eff. 8-9-2007; Crt eff. 11-21-2018; Crt to Am, filing deadline 5-6-2027.)