The Department was instructed by the Office of Management and Budget (OMB) to raise fees, where feasible and reasonable, to cover costs currently not paid for through service or emission fees.

Several program’s within the Department are engaged in developing fee proposals: Land Use, LSRP, Parks, Air Permitting.

No legislative changes, limited to rule changes only.

The revenues received currently are less than the cost of permitting, enforcement, and planning for regulating facilities, resulting in a large and continuing funding shortfall.
AIR FEES RULE PROPOSAL
PROPOSED RULE OVERVIEW

- **Affected Rules:**
  - Permits and Certificates for Minor Facilities (N.J.A.C. 7:27-8)

- **Schedule:**
  - Published in Aug 18, 2014 issue of the NJ Register.
  - Rule Effective: Mar 20, 2015 (as per the current schedule)

- **The proposal would raise:**
  - Service fees for minor facilities,
  - Significant modification fees for major facilities, and
  - General permit (GP and GOP) fees for both minor and major facilities.
Note: Air monitoring is not charged to the facility regulation programs, as per EPA guidance.
Fees changes for minor facilities:
- 44% increase for all service fees
- GP registration fee increase to $820 (from $410)

The total cost impact for minor facilities is small, an average increase of $50 per facility per year (or about $620 per permit action).

Fees changes for major facilities:
- 44% increase for significant modifications
- GOP registration fee increase to $820 (from $410)
- A new flat fee of $50,000 for complex modifications (PSD/Sub18).

Total fees charged to major facilities would increase about 19%, based on $0.9 million additional service fees added to the FY2014 fees of $4.7 million (emission and service).
AIR FEES RULE PROPOSAL

PROGRAM FEE REVENUE AND COST TRENDS

MINOR FACILITY PROGRAM

- FY15 Cost: $11 million
- FY15 Revenue: $6 million (without increase)
- Fee Shortfall: $5 million
- FY16 New Fee: $4.5 million (90% of Shortfall)
- New Shortfall: $0.9 million (5% of total Cost)

Projected FY2016 Deficit: $0.5 Million (5% of total cost)

MAJOR FACILITY PROGRAM

- FY15 Cost: $10.9 million
- FY15 Revenue: $4.7 million (without increase)
- Fee Shortfall: $6.2 million
- FY16 New Fee: $0.9 million (15% of Shortfall)
- New Shortfall: $5.3 million (49% of total Cost)

Projected FY2016 Deficit: $5.3 Million (49% of total cost)
## PROPOSED FEE CHANGES SUMMARY

<table>
<thead>
<tr>
<th>FY15 Estimated Cost</th>
<th>FY15 Estimated Revenue</th>
<th>FY15 Projected Fee shortfall</th>
<th>FY15 Proposed Increased Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor Facilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$11 million</td>
<td>$6 million</td>
<td>$5 million</td>
<td>$4.5 million</td>
</tr>
<tr>
<td>(5% over FY13)</td>
<td>(without increase)</td>
<td></td>
<td>(90% of Shortfall)</td>
</tr>
<tr>
<td>Major Facilities:</td>
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<td></td>
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</tr>
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<td>$10.9 million</td>
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<tr>
<td>(5% over FY13)</td>
<td>(without increase)</td>
<td></td>
<td>(15% of Shortfall)</td>
</tr>
</tbody>
</table>

- Minor facility program would be approximately 95% funded by service fees.
- Major facility program would be approximately 50% funded by emission and service fees.
Proposal does not completely close shortfalls; major facility shortfall likely to continue.

Currently, New Jersey taxpayers bear the difference between program cost and fee amounts.

If New Jersey does not address the fee shortfall, the major facilities program may become subject to Federal oversight and sanctions (consistent with 40 CFR 70.10).

Room left for further streamlining in both major and minor facility programs.

Permit applicants have frequently expressed to the Department their willingness to pay higher fees for expeditious permit reviews, citing much higher costs for project delay than for permit fees.
Questions / Comments
Questions / Comments
## PROGRAM COST, REVENUE, AND SHORTFALL

### PROGRAM COST AND REVENUE - HISTORICAL TREND

<table>
<thead>
<tr>
<th>Year</th>
<th>Program Cost</th>
<th>Revenue</th>
<th>Shortfall</th>
</tr>
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<tbody>
<tr>
<td>FY2008</td>
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<td>FY2009</td>
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<td>FY2010</td>
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<td>FY2011</td>
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<td>FY2012</td>
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<td>FY2013</td>
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-19% -24% -26% -46% -40% -49%

### PROGRAM COST SAVINGS THROUGH STREAMLINING

<table>
<thead>
<tr>
<th>Year</th>
<th>Program Cost</th>
<th>Compared to FY2008</th>
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<tr>
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<td>FY2013</td>
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