



# Regulation III - Fees

---

## Public Consultation Meeting

March 18, 2025

10:00 a.m.

Zoom Meeting Link:

<https://scaqmd.zoom.us/j/94395548218>

Dial In: +1 (669) 900-6833

Meeting ID: 943 9554 8218



# Agenda



Introduction



Annual California Consumer Price Index (CPI) Based Fee Increase



Proposed Amendments with Fee Impacts



Proposed Amendments with Administrative Changes Only



Public Process



Open Discussion



# Proposed Amended Regulation III - Fees

---



## Introduction

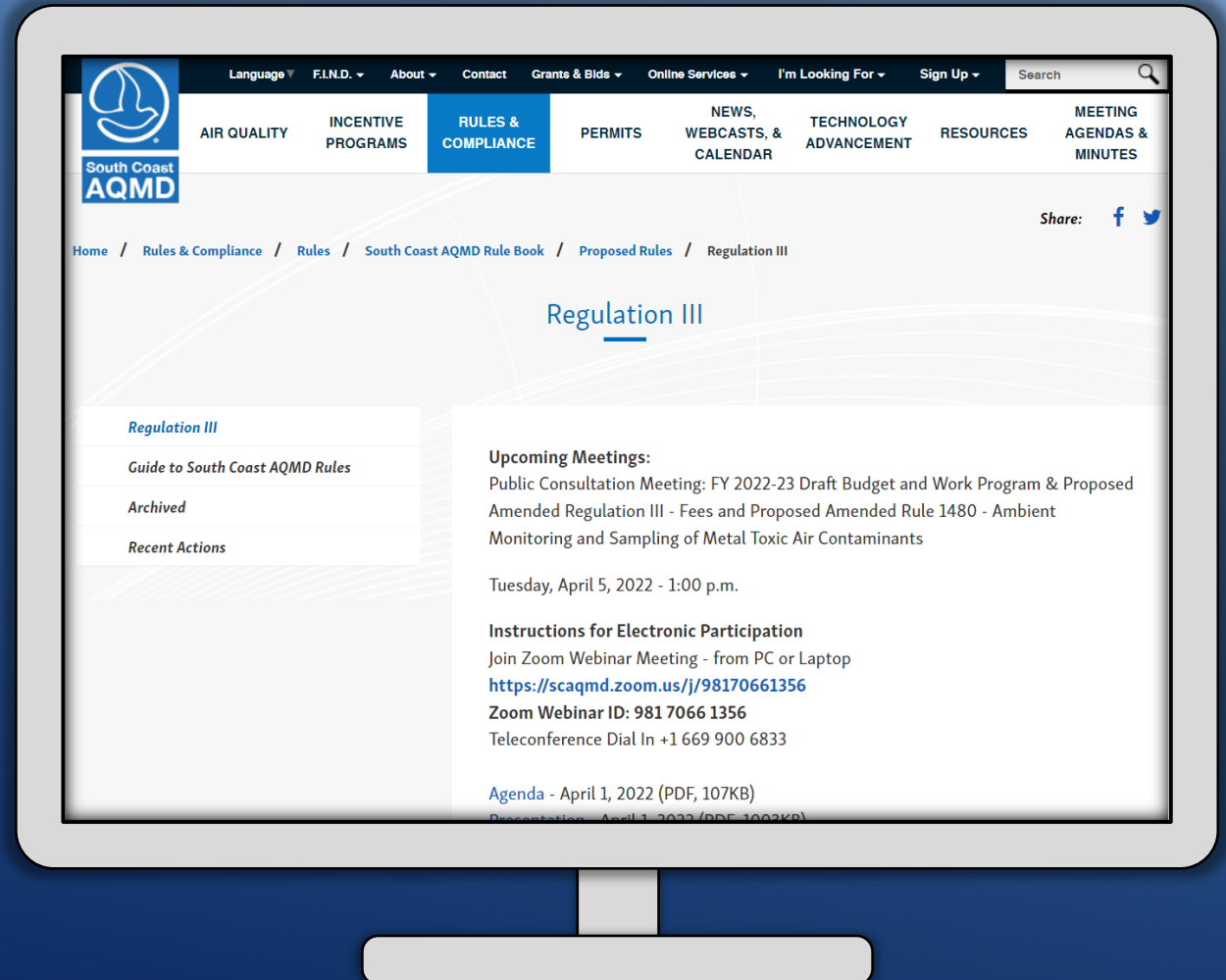


# Proposed Regulation III Materials

Materials are available on the  
Proposed Rules and Proposed Rule  
Amendments Website:

<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules/regulation-iii>

Point your smartphone  
camera here to be  
directed to the website







# South Coast AQMD

- Local air pollution control agency
  - Largest of the 35 local air agencies in CA and in the U.S.
  - 10,743 square miles
  - 17 million residents
- Responsibilities
  - Regulate emissions from stationary sources
  - Develop and implement plans to meet national air quality standards
  - Permit and inspect about 28,400 affected businesses
  - Administer over \$200 million of incentive funding annually





## Regulation III - Fees

- Regulation III includes a suite of rules with South Coast AQMD fee rates and fees for permitting, emissions, plans, monitoring and analysis, etc.
- Proposed amendments are routinely brought for South Coast AQMD Governing Board consideration with the annual budget
- Amendments typically include:
  1. Automatic annual consumer price index (CPI) fee increases
    - Governing Board may choose to forego annual CPI
  2. Fee adjustments to ensure costs are recovered appropriately
  3. Other administrative changes for clarifications to existing rule language



## Proposed Amended Regulation III - Fees

---



Annual California  
Consumer Price  
Index (CPI) Based  
Fee Increase



# CPI and South Coast AQMD

- South Coast AQMD Rule 320 – Automatic Adjustment Based on Consumer Price Index (CPI) for Regulation III Fees
  - Annual California CPI-Based fee increase to cover cost of inflation<sup>1</sup>
- Proposed CPI for 2025/2026: 3.0%

## South Coast AQMD Recent CPI Increases

Fiscal Year	% Increase in CA CPI
2017/2018	2.5
2018/2019	3.4
2019/2020	3.5
2020/2021	2.8
2021/2022	1.7
2022/2023	6.5
2023/2024	5.6
2024/2025	3.5
2025/2026	3.0

Proposed

1. <https://www.dir.ca.gov/oprl/capriceindex.htm>





# Annual CPI-Based Fee Increase (Rule 320)

- Fees updated to cover cost of inflation pursuant to Rule 320 –Automatic Adjustment Based on Consumer Price Index (CPI)
  - Upcoming automatic adjustment = 3.0%<sup>1</sup>
  - Applicable to most fee rates in Regulation III
    - Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, 316, and 316.2
- Some fees excluded from automatic CPI adjustment
  - Fee rates set by state law
    - Return check fees in various rules, Enforcement Inspection Fees for PERP Program [Rule 301 (w)], Maximum Fees for Small Businesses [Rule 307.1 (d)(2)(D)], and State-specific Facility Fees in Rule 307.1 Table 1
  - Rule 311 (c) Air Quality Investment Program Fees
  - Rule 1180 Community Air Monitoring System Annual O&M Fees (Rule 301 (aa)(2))

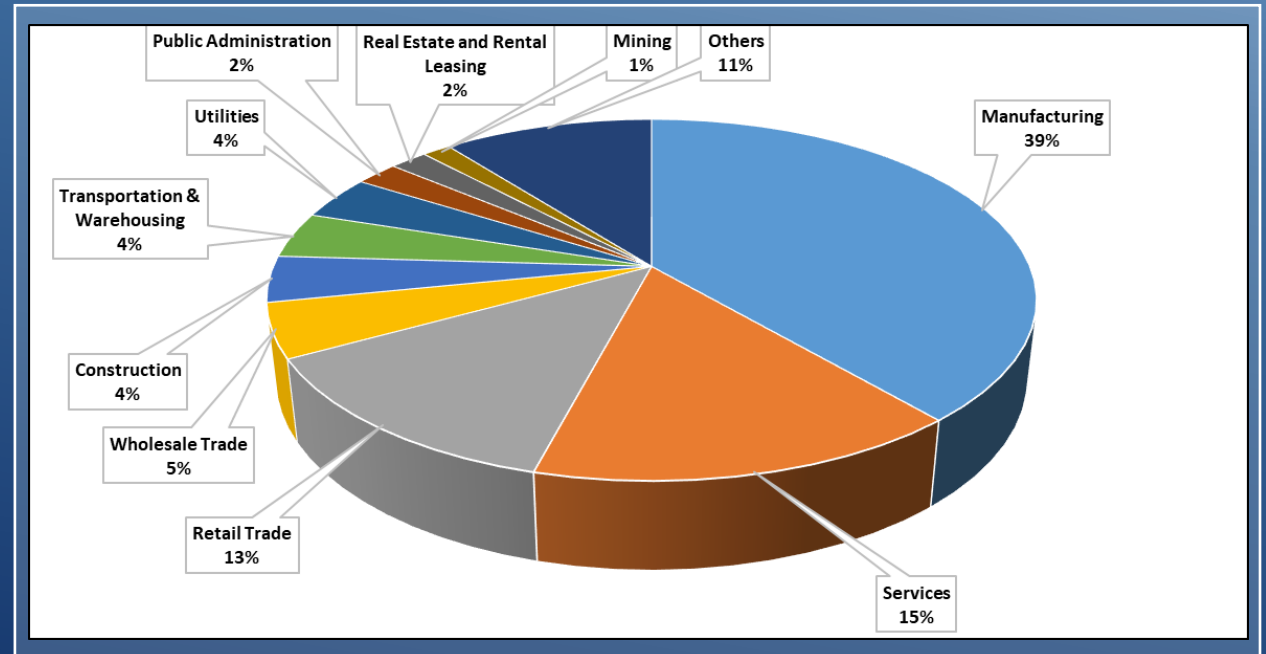
<sup>1</sup> <https://www.dir.ca.gov/oprl/capriceindex.htm>



# Socioeconomic Impacts of CPI Adjustment

- Potential impacts of the 3.0% fee increase are analyzed in the Draft Socioeconomic Report for Adjustment Based on CPI
  - Release by March 14, 2025
- FY 2023-24 fee revenue:
  - Total emission-based fees: \$20.5 million
  - Total permit processing fees and permit renewal fees: \$88.6 million
- Total fees paid by industry is small relative to these industries' regional economic output
  - $\leq 0.01\%$  overall
- CPI adjustment currently estimated to increase revenue by approximately \$3.64 million

FY 2023-2024 Share of All Major Fee Revenue by Sector





## Proposed Amended Regulation III - Fees

---



## Proposed Amendments with Fee Impacts



# Overview of Proposed Rule Amendments with Fee Impacts



**Proposal 1:**  
Amend Rule 301  
Refinery Community  
Air Monitoring System  
Annual Operating And  
Maintenance Fees



**Proposal 2:**  
Amend Rule 301  
Optional Rule 212(c)  
Public Notice  
Distribution Fee



**Proposal 3:**  
Amend Rule 316  
Post-Reporting Deadline  
Fee





# 1. Amend Rule 301

## Rule 1180 and 1180.1 Refinery Community Air Monitoring System Annual Operating And Maintenance Fees

- **Background**
  - Rule 1180 required seven major refineries in the Basin to fund Operating and Maintenance (O&M) cost of refinery-related community air monitoring stations through fees established as part of Rule 301
    - Fees to be re-assessed every three years (last assessment in FY 2022-23)







# 1. Amend Rule 301

## Rule 1180 and 1180.1 Refinery Community Air Monitoring System Annual Operating And Maintenance Fees (Cont'd)

- **Background**
- **January 2024 Rule 1180 amendment Changes**
  - New requirements for air toxics, metals, and PM monitoring
    - Monitoring is expected to commence in July 2025
  - Annual O&M fees for seven major refineries subject to Rule 1180 shall be increased to account for the additional work associated with addition of pollutants.
  - Requires the five new refinery-related facilities to share installation and ongoing O&M costs for two additional community air monitoring stations
- Rule 1180.1 also requires the three other refineries to fund ongoing O&M costs for three additional community air monitoring stations (one each)
- Rule 1180 and 1180.1 new air monitoring stations are expected to be commissioned by July 2026



# 1. Amend Rule 301

## Rule 1180 and 1180.1 Refinery Community Air Monitoring System Annual Operating And Maintenance Fees (Cont'd)

### ○ Key Proposed Changes

- Increase Rule 1180 ongoing and annual O&M fees for the seven major refineries to fund reasonable costs associated with:
  - Existing community air monitoring network
  - Monitoring air toxic metals, PM, and naphthalene at existing community air monitoring stations
- Establish ongoing O&M fees for facilities subject to Rule 1180 and 1180.1
  - Five refinery-related facilities newly subject to Rule 1180
  - Three other refineries subject to Rule 1180.1



## 2. Amend Rule 301

### Optional Rule 212(c) Public Notice Distribution Fee

- **Background**

- Prior to issuing a permit, Rule 212(c) requires that projects meeting specific criteria distribute public notices to addresses near a project and/or parents of children at schools near a project
- This process can be confusing and time-consuming to applicants, resulting in delays in permit approval and issuance
- A pilot program was launched to provide an option for permit applicants to use staff to conduct the distribution of Rule 212(c) public notices
- This amendment provides for cost recovery when applicants elect to use staff to distribute a Rule 212(c) public notice

- **Key Proposed Changes**

- Rule 301(j)(4) will allow applicants to pay a flat fee of \$761.75 plus actual postage costs for staff to distribute a Rule 212(c) public notice. Applicants retain the option to conduct the public notice distribution themselves or through the use of a third-party consultant



## 3. Amend Rule 316 Post-Reporting Deadline Fee

- **Background**
  - Rule 316 includes a table of fees related to implementation of Rule 2305 – Warehouse Indirect Source Rule, including Annual WAIRE Reports (AWR), Initial Site Information Reports (ISIR), and Warehouse Operations Notifications (WON)
  - Approximately 4,355 warehouses expected to file an AWR annually, 4,007 warehouses expected to file a WON, and 5,392 warehouses expected to file a one-time ISIR
- **Key Proposed Changes**
  - A new 'Post-Reporting Deadline' fee is proposed (in Rule 316) for each of these reports that will be in addition to the existing fee
  - If a facility submits a report after the reporting deadline in Rule 2305, the original fee and the post-reporting fee would both apply
  - If 90% of AWRs are submitted on time, about 436 warehouse operators would pay the post-reporting deadline fee every year
    - Subsequent WON and ISIR post-reporting deadline fees are expected to be negligible



## Proposed Amended Regulation III - Fees

---



Proposed  
Amendments with  
Administrative  
Changes Only





# Proposed Rule Amendments with No Fee Impacts and/or Administrative Changes



## **Proposal 1:**

Amend Rule 301  
Clarification of Criteria  
For Abbreviated  
Reporting Eligibility



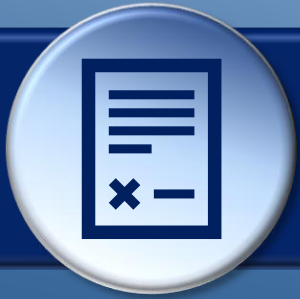
## **Proposal 2:**

Amend Rule 301  
Extension of 2026  
Annual Emission  
Reporting (AER)  
Submission Deadline



## **Proposal 3:**

Amend Rule 301  
Clarifications for Rule  
317.1 Clean Air Act  
Nonattainment Fee  
Requirements



# 1. Amend Rule 301

## Clarification of Criteria For Abbreviated Reporting Eligibility

- **Background**
  - CARB's recent Criteria and Toxics Reporting (CTR) Regulation requires annual reporting of criteria pollutant and air toxics emissions from most permitted facilities
  - Facilities reporting emissions data to comply with CTR are potentially subject to emissions fees levied by local air district
  - CARB allows certain facilities (industries) to comply by submitting a simpler "abbreviated report"
  - South Coast AQMD requires abbreviated reporting facilities to pay an abbreviated reporting flat filing fee in lieu of paying any applicable Toxic Air Contaminant (TAC) fees under Rule 301 (e)(7)



# 1. Amend Rule 301

## Clarification of Criteria For Abbreviated Reporting Eligibility (Cont'd)

- **Key proposed changes**
  - This amendment proposes to clarify that the following facility types are not eligible for abbreviated reporting:
    - Facilities emitting over four tons per year of any criteria pollutant
    - Facilities subject to Rule 317.1 – Clean Air Act Non-Attainment Fees for 8-Hour Ozone Standards
    - AB 2588, Air Toxics "Hot Spots" Program facilities
  - Replace the list of activities/operations eligible for abbreviated reporting with a reference to the CTR regulatory text
  - Anticipating no fee impacts results from this amendment



## 2. Amend Rule 301

# Extension of 2026 AER Submission Deadline

- **Background**
  - CARB's CTR regulation requires emissions reporting for thousands of facilities that will be new to the AER program
  - Second phase of CTR reporting occurs in 2025
  - Third phase of CTR reporting occurs for 2025 emissions due in 2026
- **Key proposed changes**
  - This amendment proposes to extend the 2025 AER deadline for submitting annual emissions reports (and payments) to **May 1, 2026**
    - Deadline is currently mid-March (75<sup>th</sup> day of the year)
    - Extended deadline would only be applicable for reports and payments due in 2025
  - This amendment also proposes to eliminate unnecessary/outdated language related to the phase in of previously adopted TAC Fees
- Proposed amendment is an administrative change and does not affect fees



### 3. Amend Rule 301

#### Clarifications of Rule 317.1 Clean Air Act Nonattainment Fee Requirements

- **Background**
  - Section 185 of the Clean Air Act (CAA) requires each major stationary source of VOC and/or NO<sub>x</sub>, that is in a “severe” or “extreme” ozone nonattainment area to either reduce their emissions by 20% from a baseline amount or pay a fee
  - Rule 317.1 – Clean Air Act Nonattainment Fees for 8 Hour Ozone Standard establishes the regulatory pathway to comply with Section 185 of the CAA
  - Rule 317.1 requires applicable facilities to report emissions to AER
- **Key Proposed Changes**
  - Rule 301 (e)(2) specifies that Rule 317 facilities are subject to emission reporting requirements. This paragraph also cites “other rule(s) implementing section 185 of the federal Clean Air Act”. This proposed amendment includes Rule 317.1 facilities explicitly to avoid any ambiguity
  - Anticipating no fee impacts results from this amendment





# Proposed Amended Regulation III - Fees

---



## Public Process



# Next Steps



**Public Hearing**  
- May 2, 2025



**Administrative Committee Governing Board  
Budget Study Session** - April 11, 2025



**Public Consultation #2 on Proposed Budget and  
Work Program and PAR III** - April 8, 2025



**Written Comments Due**  
- April 4, 2025



**Budget Advisory Committee Meeting**  
- April 2, 2025





# Stay Informed

Sign up to Receive Newsletter Updates via <http://www.aqmd.gov/sign-up>

## Sign Up

The SCAQMD offers periodic newsletter updates via Email on a variety of topics . Click on the Manage Subscriptions link at the bottom of the form to update your subscriptions (unsubscribe from lists, subscribe to additional lists, or change your Email address).

If you wish to receive daily pollution forecasts or alerts for specific pollution levels in your area, sign up for [Air Alerts](#).

For printed copies of AQMD publications that mailed to you, please visit [Subscription Services](#) (charges may apply).

### Enter the following information:

Email Address:

Re-Enter Email Address:

First Name (optional):

Last Name (optional):

Subscribe by checking the box adjacent to the EMail List(s) you are interested in and then CLICK on the Subscribe button below:

#### General Notifications:

☐ SCAQMD News

Brief updates highlighting what is current at SCAQMD, such as conferences, equipment exchanges, advisories, etc.

☐ SCAQMD Advisor

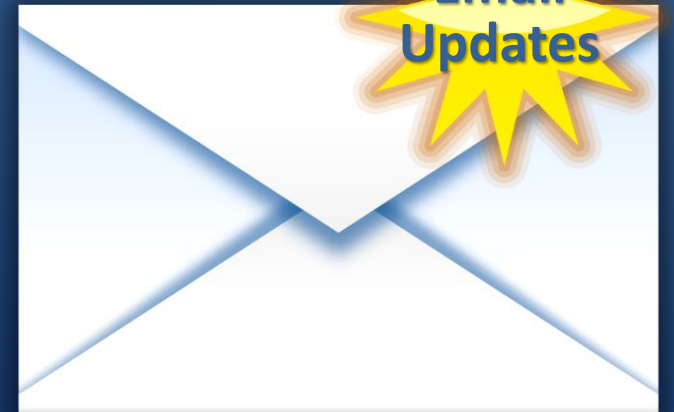
SCAQMD's comprehensive bi-monthly newsletter containing the latest news, including rule

Subscribe to:



Regulation III

Email  
Updates





# Regulation III Staff Contacts

Please contact staff with any questions or comments

## Rule Development:

**Albert Ochoa**

☎ (909) 396-3497

✉ [aochoa@aqmd.gov](mailto:aochoa@aqmd.gov)

**Mojtaba Moghani, Ph.D.**

☎ (909) 396-2527

✉ [mmoghani@aqmd.gov](mailto:mmoghani@aqmd.gov)

**Kalam Cheung, Ph.D.**

☎ (909) 396-3281

✉ [kcheung@aqmd.gov](mailto:kcheung@aqmd.gov)

**Michael Krause**

☎ (909) 396-2706

✉ [mkrause@aqmd.gov](mailto:mkrause@aqmd.gov)

## Socioeconomic:

**Tony Tian, Ph.D.**

☎ (909) 396-2323

✉ [ttian@aqmd.gov](mailto:ttian@aqmd.gov)

**Barbara Radlein**

☎ (909) 396-2716

✉ [bradlein@aqmd.gov](mailto:bradlein@aqmd.gov)

**Michael Krause**

☎ (909) 396-2706

✉ [mkrause@aqmd.gov](mailto:mkrause@aqmd.gov)

To receive email notifications, sign up via the:  
[South Coast AQMD Newsletter Sign Up Website](#)

Additional information is located on the:  
[South Coast AQMD Proposed Rules and Proposed Rule Amendments Website](#)



# Proposed Amended Regulation III - Fees

---









Open  
Discussion





# Open Discussion

- Please use the “raise hand” feature to request to speak:
  -  Click on the  button
  -  Dial \*9
- When it is your turn to speak, your name will be announced
  - If you are a panelist, use the “unmute” feature to speak:
    -  Click on the  button
    -  Dial \*6
  - If you are not a panelist, the meeting host will unmute you