



Economic Impact Analysis Virginia Department of Planning and Budget

9 VAC 5-80– Permits for Stationary Sources
Department of Environmental Quality
October 30, 2013

Summary of the Proposed Amendments to Regulation

The State Air Pollution Control Board (Board) proposes to revise the definition of "nonroad engine" to be more consistent with a similar federal definition. The definition is expanded to include portable and temporary engines. Since nonroad engines are excluded from the definition of "stationary source," this amendment increases the number of engines that are not subject to minor new source review (NSR) permitting requirements.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Between 2002 and 2012 the definition of nonroad engine in these regulations was identical to the federal definition. In an action that became effective November 7, 2012, the definition of nonroad engine in these regulations was changed in such a way that some previous nonroad engines (portable and temporary engines) would have become subject to minor NSR permitting requirements. The Department of Environmental Quality (Department) issued a guidance document that allows a phase-in period for owners and operators of those engines to adjust to the new requirements. Specifically, the guidance document states that these owners and operators: 1) must submit a permit application by January 1, 2014, and 2) will not be considered out of compliance for failing to receive a permit prior to January, 1 2014.

The Board's current proposed action restores the conformity of the state definition to the current federal definition. Thus, if this action becomes effective prior to January 1, 2014, owners and operators of portable and temporary engines will at no point be required to obtain a minor

NSR permit. The Department expects that this action will become effective prior to January 1, 2014.

As a result of the proposed change to the definition of "nonroad engine," affected sources may avoid permit costs of \$800 - \$1200 per facility.¹ Due to existing federal requirements, beyond paperwork and fee paying the owners and operators of portable and temporary engines would not likely have had to alter their actions in order to become and remain permitted;² consequently there would not likely have been an impact on emissions and air quality. The proposed amendment to conform the definition of nonroad engine in these regulations to the current federal definition will enable the Department to reallocate some of its permitting resources to other permit actions that are more likely to reduce emissions and improve air quality. Thus the proposed amendment is likely to produce a net benefit.

Businesses and Entities Affected

Any business or other entity that owns or operates portable or temporary engines is potentially affected by the proposed amendment. There is no information available on the number of entities that may be affected by the proposed change to the definition of "nonroad engines" since portable and temporary engines have thus far not been required to apply for permits.

Localities Particularly Affected

No localities are disproportionately affected by the proposed amendment.

Projected Impact on Employment

The proposed amendment will not likely have a large impact on employment.

Effects on the Use and Value of Private Property

The proposed amendment will save private owners of portable or temporary engines approximately \$800 to \$1200 in permit costs per facility, plus the time involved in applying for and renewing permits.

¹ Source: Department of Environmental Quality

² Ibid

Small Businesses: Costs and Other Effects

The proposed amendment will reduce costs for small owners and operators of portable or temporary engines.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendment does not adversely affect small businesses.

Real Estate Development Costs

Real estate developers who use portable or temporary engines may save approximately \$800 to \$1200 in permit costs due to the proposed amendment.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.