



The State of New Hampshire
Department of Environmental Services

HPR29'22 AM 10:36 RCUD



JAVM

Robert R. Scott, Commissioner

April 25, 2022

72

The Honorable Karen Umberger, Chairman
 Fiscal Committee of the General Court
 State House
 Concord, NH

His Excellency, Governor Christopher T. Sununu
 and the Honorable Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a. VI, authorize the Department of Environmental Services (NHDES) to accept and expend \$1,616,127 in federal funds from the American Rescue Plan Act of 2021 (ARPA) to provide support for the Air Permit Program, effective upon Fiscal Committee and Governor & Council approval through June 30, 2023. Funding is 100% Federal Funds. This is an allowable use of ARP FRF funds under Section 602 (c)(1)(C) for the provision of government services to the extent of the reduction in revenue.

NHDES is requesting funding to be budgeted as follows:

ARPA DES LOANS¹
 03-44-44-440010-2476
 Fiscal Year 2022

Class	Budget Category	Current Budget	Requested Action	Revised Budget
Income				
000-400338	Federal Funds	(\$150,002,478)	(\$1,616,127)	(\$151,618,605)
Expenditures				
18-500106	Overtime	\$40,000	0	\$40,000
20-500200	Current Expense	\$24,937	0	\$24,937
22-500255	Building Rent-Other than State	\$3,700	0	\$3,700
24-500225	Maint Other than Bldg/Grnds	\$3,000	0	\$3,000
27-582703	Transfers to OIT	\$88,740	0	\$88,740

¹ All direct program costs will be accounted for using activity 00FRF602WB4401A, 00FRF602WB4401B and activity 00FRF602WB4401Z for administrative and indirect costs. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

28-582814	Transfers to General Services	\$63,396	0	\$63,396
30-500321	Equipment	\$28,171	0	\$28,171
37-500174	Technology-Hardware	\$19,380	0	\$19,380
38-500175	Technology Software	\$12,360	0	\$12,360
39-500188	Telecommunications	\$17,549	0	\$17,549
40-500800	Indirect Costs	\$155,870	0	\$155,870
41-500801	Audit Set-Aside	\$150,000	\$1,616	\$151,616
42-500620	Additional Fringe Benefits	\$84,515	0	\$84,515
46-500463	Consultants	\$300,000	0	\$300,000
50-500109	Part Time Personnel	\$591,004	0	\$591,004
59-500117	Full Time Temporary	\$918,531	0	\$918,531
60-500601	Benefits	\$829,132	0	\$829,132
66-500544	Employee Training	\$6,800	0	\$6,800
70-500705	In-State Travel	\$9,500	0	\$9,500
72-500574	Grants – Federal	\$142,740,754	0	\$142,740,754
80-500710	Out of State Travel	\$3,500	0	\$3,500
85-5885xx	Inter Agcy Xfr Out of Federal Funds	\$2,211,639	\$1,614,511	\$3,826,150
102-500731	Contracts for Program Services	\$1,700,000	0	\$1,700,000
	Total	\$150,002,478	\$1,616,127	\$151,618,605

EXPLANATION

The American Rescue Plan Act (ARPA) of 2021, is a \$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Biden on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the resultant recession. The Act defines eligible uses of the state and local funding, including responding to public health emergency, responding to workers performing essential work during the COVID -19 emergency, providing revenue relief to states and making investments in water, sewer, and broadband infrastructure.

The Department of Environmental Services (NHDES) State Air Permit Program ensures that stationary sources (power plants, industrial and commercial facilities) of air pollution are operated in compliance with the Federal Clean Air Act and NH RSA 125-C. The program is a major component of the State's plan to ensure that air quality in the state meets federal health based National Ambient Air Quality Standards (NAAQS). Failure to meet the NAAQS is not only a public health threat but also requires that the State adopt more stringent air pollution control regulations which could impact businesses. The NHDES program is fully approved by the US Environmental Protection Agency which enables sources that need air permits to seek all federal and state air permits from the NHDES. The State's Air Permit Program is almost solely funded with emission-based fees paid by regulated entities. The fee rate charged per ton of emissions by

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court and
His Excellency, Governor Christopher T. Sununu
and The Honorable Council

Page 3 of 3

NHDES in any given year is based on a formula that sets the fee rate in accordance with emissions from a previous calendar year. For example, the fee rate for calendar year 2021 (fees due to be paid in May 2022) is based on the emissions inventory for 2020. The fee rate for last year was \$286/ton and the fee rate for this year is estimated to be \$408/ton or a 42% increase. The increased fee rate does not increase the annual revenue NHDES receives but rather it simply maintains level funding for the air permit program. NHDES strongly believes that emissions in calendar year 2020 were significantly impacted by the Covid-19 pandemic due to worker shortages, supply line disruptions and other factors. A random check on 14 NH industrial facilities shows a 4 to 46% drop in cumulative air pollution emissions between 2019 and 2020. Although these reduced emissions had a positive impact on air pollution levels it has resulted in the need to significantly increase the air permit fee rate in-order to maintain staff resources. Such a fee rate could have significant impacts to the regulated community when they are already struggling. The use of these funds would offset the predicted fee rate increase for FY 22/23 while allowing NHDES to maintain its current level of service to the regulated community.

NHDES is requesting to budget these additional funds as shown below:

- Class 41 To cover the cost of audit set-aside charges related to the federal program.
- Class 85 To cover funding for infrastructure projects for other state agencies.

We respectfully request your approval of this item.



Robert R. Scott, Commissioner
NH Department of Environmental Services