

ILLINOIS' AIR POLLUTION PERMIT PROGRAM IN TATTERS: CORPORATIONS SHOULD PAY THEIR FAIR SHARE

Under the federal Clean Air Act, Illinois EPA implements the federal operating permit program for 733 of the state's largest contributors to smog, soot, acid rain and toxic air pollution, including coal power plants, oil refineries, and factories. The agency is required to rely solely on operating permit fees to fund the program, but the fees are generating only about half of what is needed to issue new permits, update existing permits, inspect facilities, and to ensure appropriate public involvement.

Lax Permitting and Inspections Threaten Air Quality

Major polluters don't have permits: More than four years after the original deadline, 272 out of 733 major air polluters have yet to receive a Title V permit, including 67 in metropolitan Chicago and 24 in the E. St. Louis area where air quality fails to meet federal standards.

Compliance Inspections Infrequent: USEPA guidance recommends compliance inspections biannually, but most major sources in Illinois are inspected once every three or four years. Moreover, IEPA staff report insufficient staff power to review compliance reports.

IEPA may miss deadline. IEPA is under a December 31, 2003 deadline to issue the remaining Title V permits, which will be difficult without additional resources.

Updated permits stalled. 150 permit modifications and 53 permits renewals await processing, and the list is growing. These permits aren't being updated with stronger emission limits.

Fees, Staffing Insufficient

Fees never met need: In 1995, IEPA estimated it would need \$17.8 million annually and a staff of 228 to run the Title V program. However, fees have generated only about \$11 million per year with a staff of 99.

Fees lowest in Midwest. Illinois' maximum Title V permit fee is \$100,000/year compared to \$200,000/year in Indiana, \$541,000/year in Ohio, \$544,000/year in Michigan, \$663,800 in Wisconsin, and no upper limit in Minnesota.

No construction fee: Many states, including Indiana, Ohio, Minnesota and Wisconsin, charge fees for construction permits to cover related costs. Illinois does not.

Illinois spends less per polluter: IEPA spends less per major source of air pollution than any other state in the upper Midwest. IEPA reports that each of their permit writers handles 43 permit applications per year on average, while the next highest amount in the Midwest is 25 (Michigan).

Recommendation

The Illinois legislature should require businesses to pay their fair share and approve increases in operating permit fees that will generate \$23 million per year and adopt a new construction permit fee that would yield approximately \$1.8 million annually. The fee increases should be phased in over the next 18 months, and IEPA should identify ways to improve efficiencies.

Failure to fix this program could result in a federal take over of the program and the loss of all federal highway monies. Illinois can and must do better.