



The State of New Hampshire
Department of Environmental Services



Clark B. Freise, Assistant Commissioner

February 8, 2017

The Honorable Norman Major
Chair, House Ways and Means Committee
Legislative Office Building, Room 202
Concord, New Hampshire 03301

Re: House Bill 576-FN – An Act increasing the amount of inspection sticker fees to be transferred to the motor vehicle air pollution abatement fund

Dear Chair Major and Members of the Committee:

Thank you for the opportunity to testify on House Bill 576-FN. This bill would increase the amount of inspection sticker fees to be transferred to the motor vehicle air pollution abatement fund. The New Hampshire Department of Environmental Services (NHDES) supports this bill.

NHDES is the state agency responsible for ensuring that air pollution levels in the state meet federal National Ambient Air Quality Standards (NAAQS) for the protection of public health. In addition to implementing state clean air statutes, NHDES is delegated by the US Environmental Protection Agency (EPA) to implement the vast majority of federal Clean Air Act (CAA) programs. General responsibilities of NHDES include the permitting and inspection of industrial stationary sources of air pollution, overseeing programs to control emissions from mobile sources, monitoring of ambient air quality in the state, developing emission inventories of air pollution sources, and developing plans and programs to ensure that air quality meets the federal NAAQS. The impact of air pollution is not only a public health issue but also an economic issue for the state as poor air quality results in more stringent requirements on all emission sources.

The NHDES air quality programs are currently funded by the following major revenue sources; 55% fees paid by stationary sources, 30% by federal grants, 7% by miscellaneous sources, 5% fees paid by mobile sources and 3% General Funds. The fees paid by mobile sources of air pollution are collected in the form of a fee of \$0.25 per vehicle inspection sticker.

The purpose (RSA 125-S:1) of the motor vehicle air pollution abatement fund is as follows:

“The general court finds that emissions of air contaminants from motor vehicles represent a potential serious health problem to the citizens of New Hampshire and a threat to the air quality of the state. The purpose of this chapter is to establish a fund to be used for costs incurred by the department of environmental services in the prevention and abatement of emissions of air contaminants from motor vehicles registered for on-road use in the state of New Hampshire.”

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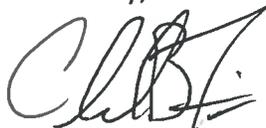
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Currently, mobile sources account for nearly 50% of the air pollution emitted in the state and yet they account for only 5% of the revenue used by NHDES for its air pollution control programs. Meanwhile, fees collected from stationary sources, as noted above, account for 55% of the revenue and have remained level funded since 2003. As stationary source emission inventories have decreased over time, DES has had to increase the fee rate just to maintain a base level of funding. A significant portion of emissions decrease is attributed to a reduction in our reliance on coal-fired power plants. As a result, the fee rate on stationary sources was \$85 per ton in 2003 and it has increased to \$292 per ton in 2015. NHDES projects that the fee rate will soon increase to over \$400 per ton. It is important to note that this fee rate increase does not generate any additional revenue but simply maintains a base level of funding for NHDES air related programs.

The proposed fee increase from \$ 0.25 to \$0.75 per vehicle inspection sticker would provide a more equitable level of funding for air pollution control programs, and will offset the need for future increases in stationary source fees. Costs incurred by NHDES related to motor vehicles have increased since RSA 125-S became effective (July 1, 2009). NHDES requested this bill in order to maintain its activities relative to the prevention and abatement of emissions of air contaminants from motor vehicles. Without an increase in motor vehicle fees, NHDES will need to continue to raise fees paid by stationary sources and may be forced to cut some program elements such as operation of ambient air monitoring stations that measure levels of ozone, sulfur dioxide, nitrogen dioxide, carbon monoxide, particulate matter, and a number of other pollutants in the outdoor (ambient) air. Attached for your reference are 4 graphs which provide additional background information including historical revenue sources for NHDES air programs, historical emission-based fee rate for stationary sources and emission trends for various source categories.

Thank you again for the opportunity to comment on HB 576-FN. Should you have further questions or need additional information, please feel free to contact either Craig Wright, Director of the Air Resources Division (271-1088, craig.wright@des.nh.gov or Rebecca Ohler, Administrator, Technical Services Bureau (271-6749, rebecca.ohler@des.nh.gov).

Sincerely,



Clark B. Freise
Assistant Commissioner

cc: Sponsor HB 576: Rep. Backus