

# Connecticut General Assembly



## OFFICE OF FISCAL ANALYSIS

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January 18, 2011

TO: Senator Andrew Roraback  
Representative Tim O'Brien  
Co-Chairs, Regulations Review Committee

FROM: Alan Calandro, Director 

SUBJECT: Review of Agenda Items for the January 25, 2011 Meeting

OFA has reviewed the state and municipal fiscal impact of the five items on the agenda (items 2010-053 through 2010-056 and 2011-002) for the above meeting.<sup>1</sup> The following table summarizes our review.

Reg. #	Agency	Is Agency Estimate of State Impact Reasonable?	Is Agency Estimate of Municipal Impact Reasonable?	Did Agency Submit a Small Business Impact Statement? <sup>2</sup>	Did Agency Submit a Regulatory Flexibility Analysis? <sup>3</sup>
2010-053	Public Health	Yes	Yes	NA	NA
2010-054	Insurance	Yes	Yes	Yes	No

<sup>1</sup> CGS Section 2-71c(c)(7) requires OFA to prepare "short analyses of the costs and long range projections of ... proposed agency regulations."

<sup>2</sup> PA 09-19 requires agencies to prepare a small business impact statement on all regulation submittals, effective October 1, 2009.

<sup>3</sup> CGS 4-168(a) requires agencies to prepare a regulatory flexibility analysis statement on all regulation submittals when there is an impact on small businesses.

<b>Reg. #</b>	<b>Agency</b>	<b>Is Agency Estimate of State Impact Reasonable?</b>	<b>Is Agency Estimate of Municipal Impact Reasonable?</b>	<b>Did Agency Submit a Small Business Impact Statement?<sup>2</sup></b>	<b>Did Agency Submit a Regulatory Flexibility Analysis?<sup>3</sup></b>
2010-055	DMV	Yes	Yes	Yes	No
2010-056	DPUC	Yes	Yes	Yes	No
2011-002	DEP	Yes	Yes	Yes	No

Please contact me if you have any questions or would like additional information.

AC: lmk  
 Regs-Jan25,11-concur  
 Office of Fiscal Analysis

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

AGENCY SUBMITTING REGULATION Department of Public Health DATE November 30, 2009

SUBJECT MATTER OF REGULATION Maternity Homes

REGULATION SECTION NO. 19a-506.1 through 19a-506.6

STATUTORY AUTHORITY CGS 19a-506

OTHER AGENCIES AFFECTED Department of Children and Families

EFFECTIVE DATE USED IN COST ESTIMATE 7-1-2009

ESTIMATE PREPARED BY Barbara Cass, PHSM TELEPHONE 509-7407

SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency Department of Public Health FUND AFFECTED None

	First Year 2009	Second Year 2010	Full Operation 2011
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost (Savings)	0	0	0
Estimated Revenue Gain (Loss)	0	0	0
Total Net State Cost (Savings)	0	0	0

EXPLANATION OF STATE IMPACT OF REGULATION:

None

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION:

None

**AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION**

Agency Submitting Regulation: Insurance Department Date: January 5, 2010

Subject Matter of Regulation: Rules of Practice – Petitions to be Designated a Party or Intervenor

Regulation Section No.: § 38a-8-49 Statutory Authority: Conn. Gen. Stat. § 4-167

Other Agencies Effected: None

Effective Date Used In Cost Estimate: January 5, 2010

Estimate Prepared By: Jon Arsenault Telephone No.: 860.297.3811

**ESTIMATE OF COST OR REVENUE IMPACT OF PROPOSED REGULATION**

Agency: INSURANCE DEPARTMENT

Fund Affected: NONE

	First Year	Second Year	Full Operation
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost or (Savings)	0	0	0
Estimated Revenue Gain or (Loss)	0	0	0
Total Net State Cost or (Savings)	0	0	0

Explanation of State Impact of Regulation: NO IMPACT

Explanation of Municipal Impact of Regulation: NO IMPACT

Explanation of Small Business Impact of Regulation: NO IMPACT

Is a regulatory flexibility analysis required pursuant to C.G.S. 4-168a? NO

## Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the effect of such action on small businesses as defined in C.G.S. Section 4-168a. When such regulatory action may have an adverse effect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: **INSURANCE DEPARTMENT**

Subject matter of Regulation: **Rules of Practice – Petitions to be Designated a Party or Intervenor**

In accordance with C.G.S. Section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

Check all appropriate boxes:

- The regulatory action will not have an effect on small businesses.
- The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses.
- The regulatory action may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
  - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
  - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

Has the State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations? **YES**

**STATE OF CONNECTICUT**  
**DEPARTMENT OF MOTOR VEHICLES**  
 60 State Street, Wethersfield, CT 06161  
<http://ct.gov/dmv>

*can or*  
 1/13/11

**AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION**

Agency Submitting Regulation: Department of Motor Vehicles Date: April 23, 2010

Subject Matter of Regulation: Special license endorsement for Fire Apparatus

Regulation Section No.: 14-36a-1 Statutory Authority: 14-36a

Other Agencies Effected: None

Effective Date Used In Cost Estimate: April 23, 2010

Estimate Prepared By: Allyson Bruce Telephone No.: 860-263-5021

**ESTIMATE OF COST OR REVENUE IMPACT OF PROPOSED REGULATION**

Agency: Motor Vehicles Fund Effected: Special Transportation

	First Year	Second Year	Full Operation
<b>Number of Positions</b>			
Personal Services			
Other Expenses			
Equipment			
Grants			
Total State Cost or (Savings)			
Estimated Revenue Gain or (Loss)			
Total Net State Cost or (Savings)			

Explanation of State Impact of Regulation: None

Explanation of Municipal Impact of Regulation: None

Explanation of Small Business Impact of Regulation: None

Is a regulatory flexibility analysis required pursuant to C.G.S. 4-168a? No

# STATE OF CONNECTICUT

## DEPARTMENT OF MOTOR VEHICLES

60 State Street, Wethersfield, CT 06161

<http://ct.gov/dmv>

### Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the effect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse effect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulation: DMV

Subject matter of regulation: Special license endorsement for Fire Apparatus

In accordance with C.G.S. Section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes):

- The regulatory action will not have an effect on small businesses.
- The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses.
- The regulatory action may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
  - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
  - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of the proposed regulation.

**EXHIBIT B**

**AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION**

AGENCY SUBMITTING REGULATION Department of Public Utility Control DATE 7/22/10  
 SUBJECT MATTER OF REGULATION Code of Conduct for affiliate transactions between natural gas distribution companies and their affiliates  
 REGULATION SECTION NO. 16-47a-1 to 16-47a-12 STATUTORY AUTHORITY 16-47a(h)  
 OTHER AGENCIES AFFECTED None  
 EFFECTIVE DATE USED IN COST ESTIMATE None  
 ESTIMATE PREPARED BY Cat Nguyen TELEPHONE 860-827-2643

**SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION**

AGENCY Department of Public Utility Control FUND AFFECTED N/A

	FIRST YEAR	SECOND YEAR	FULL OPERATION
NUMBER OF POSITIONS	0	0	0
PERSONAL SERVICES	0	0	0
OTHER EXPENSES	0	0	0
EQUIPMENT	0	0	0
GRANTS	0	0	0
TOTAL STATE COST (SAVINGS)	0	0	0
ESTIMATED REVENUE GAIN (LOSS)	0	0	0
TOTAL NET STATE COST (SAVINGS)	0	0	0

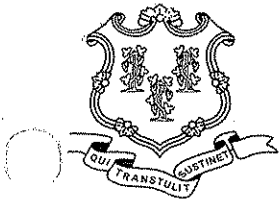
EXPLANATION OF STATE AND MUNICIPAL IMPACT OF REGULATION: None

EXPLANATION OF SMALL BUSINESS IMPACT OF REGULATION: Almost no impact for small businesses in state. None of the three natural gas distribution companies in this state qualifies as a "small business" as defined in C.G.S. §4-168a(a)(2).

There might be a marginal impact on small businesses located outside of Connecticut. Most gas company affiliates are located outside Connecticut, and most do not qualify as a "small business." These regulations mainly address fair conduct between a gas company and its affiliates, such as requiring arm's length transactions and nondiscrimination between the affiliates. Some additional records-keeping requirements will be mandated by these regulations. However, these requirements are modest and predominantly involve reporting on existing affiliate activities. No additional employees will be required, and only marginal additional administrative expenses, if any, may result.



**STATE OF CONNECTICUT  
DEPARTMENT OF ENVIRONMENTAL PROTECTION**



**EXHIBIT F**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION  
REVISED**

**FISCAL AND SMALL BUSINESS IMPACT STATEMENTS  
Amendment of RCSA Sections 22a-174-3a and 22a-174-33,  
Permit to Construct and Operate Stationary Sources and Title V Sources**

STATE/MUNICIPAL FISCAL IMPACT

**Agency Submitting Regulation:** Environmental Protection (DEP)    **Date:** November 10, 2010

**Subject Matter of Regulation:** Air quality permitting for emissions of greenhouse gases

**Regulation Section Nos.:** RCSA sections 22a-174-1, 22a-174-3a and 22a-174-33

**Statutory Authority:** CGS section 22a-174

**Other Agencies Effected:** None

**Effective Date Used In Cost Estimate:** March 1, 2011

**Estimate Prepared By:** Merrily A. Gere    **Telephone No.:** 860-424-3416

**Estimated Cost/Revenue Impact**

**Agency:** Environmental Protection

**Fund Effected:** None

	First Year 2011	Second Year 2012	Full Operation
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost or (Savings)	Negligible	Negligible	Negligible
Estimated Revenue Gain or (Loss)	Negligible	Negligible	Negligible
Total Net State Cost or (Savings)	Negligible	Negligible	Negligible

**Explanation of State Impact:** This amendment is proposed in response to the U.S. Environmental Protection Agency's (EPA's) *Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule* [75 FR 31514; June 3, 2010] [the Tailoring Rule]. The Tailoring Rule designates the applicability thresholds of stationary sources subject to the Title V and New Source Review Prevention of Significant Deterioration (NSR PSD) permitting programs. Title V and NSR PSD programs are federally approved air quality permitting programs for large stationary sources, such as large industrial and educational facilities, landfills and electric generating units. DEP's NSR PSD and Title V programs do not allow for the automatic regulation of greenhouse gas (GHG) sources. To avoid the transfer of permitting responsibility for these programs to EPA under a Federal Implementation Plan (FIP) and the delays and costs to Connecticut sources that such a transfer would cause, DEP proposes to amend its regulations consistent with the Tailoring Rule.

No significant cost or savings to the state is expected to result from adoption of the proposed amendment. DEP expects to implement these amendments with existing staff and other resources.

Specifically, DEP believes that, given current information, approximately 15-20 existing stationary sources will become newly subject to Title V permitting requirements due to GHG emissions as of July 1, 2011. Most of these sources will be able to address their new Title V obligations by registering for a General Permit to Limit Potential to Emit (GPLPE). The combination of issuing approvals under the GPLPE and issuing a few new Title V permits and modifications to NSR PSD permits may be accomplished with existing staff and while meeting permit issuance timing commitments under Public Act 10-158.

DEP does not expect any state facilities to be subject to new permitting obligations as a result of the proposed amendment. Sites that are expected to exceed the greenhouse gas emissions thresholds of the amendments include Central Connecticut State University and Southern Connecticut State University, both of which are now registered under the GPLPE and which will be able to satisfy the new obligations by registering under the renewed GPLPE, which will include a cap on greenhouse gas emissions.

The application fees for NSR PSD modifications and registration fees for the GPLPE will not be a significant source of income for the State given how few new sources will become subject to permitting under this amendment.

**Explanation of Municipal Impact:** Minimal impact on two municipalities. DEP estimates that two municipalities, the Town of Windsor and the City of Waterbury, will be subject to new permitting obligations as a result of the proposed amendment. The Town and the City each operate a landfill that is estimated to exceed the emissions thresholds set by EPA and included in the amendment. There are no Title V application or permit fees in Connecticut. NSR PSD application fees range from \$3250 to \$6250, plus a \$1750 fee for a best available control technology review, and the Town or City may incur some costs associated with preparing applications.

### SMALL BUSINESS IMPACT

Prior to adopting a new section or amendment, section 4-168a of the Connecticut General Statutes (CGS) requires that each state agency consider the effect of such action on small businesses as defined in CGS section 4-168a. When such regulatory action may have an adverse effect on small businesses, CGS section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency Submitting Proposed Amendment: Environmental Protection (DEP)

Subject of Regulation: Air quality permitting for emissions of greenhouse gases

In accordance with CGS section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

Check all appropriate boxes:

- The regulatory action will not have an effect on small businesses. **SEE EXPLANATION**
- The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses.
- The regulatory action may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
  - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
  - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment. **SEE EXPLANATION**
- The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

**Explanation:** DEP is proposing this amendment to implement the mandatory requirements of the U.S. Environmental Protection Agency's (EPA's) *Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule* [75 FR 31514; June 3, 2010] [the Tailoring Rule]. As EPA recently determined that greenhouse gases are a pollutant that endanger public health and welfare and are subject to regulation under the federal Clean Air Act, EPA promulgated the Tailoring Rule to define when air quality permits under the New Source Review Prevention of Significant Deterioration (NSR PSD) and Title V operating permit programs are required for greenhouse gas emissions from new and existing stationary sources, such as industrial facilities and power plants.

The amendment defines the sources that must apply for and obtain a NSR PSD or Title V permit under Connecticut's regulations, based on the level of greenhouse gas emissions. Because greenhouse gases have not historically been regulated or reported to EPA or DEP, there is uncertainty in EPA's estimates concerning the

number of new and existing sources that will become subject to permitting upon adoption of this amendment. As EPA has devised the threshold emission levels of the Tailoring Rule to include the largest emitting sources, many of the existing sources that will become subject to permitting regulations are not small businesses; many subject sources now operate under air quality permits issued to address emissions of other, traditional pollutants. Thus, for most subject sources, the amendment will not impose a significant impact.

DEP estimates that there will be 15-20 existing sources in Connecticut that will be subject to new NSR PSD or Title V obligations after adoption of the amendment. Of these 15-20 sources, about four may be small businesses. DEP is not able to state precisely whether or not some of the potentially regulated businesses are small businesses because they are privately held corporations and readily available business information is not sufficiently specific concerning the number of employees or gross annual sales.

For businesses of any size that become new Title V sources as a result of the amendment, DEP has provided a general permit as a compliance alternative to obtaining a Title V permit. The General Permit to Limit Potential to Emit (GPLPE) applies to a source with potential emissions of any regulated air pollutant equal to or greater than the Title V thresholds but having actual emissions below such thresholds. The general permit enables the owner or operator of the source to cap the potential and actual stationary source emissions at levels lower than the Title V thresholds, thereby eliminating the need to obtain a Title V permit. The GPLPE is scheduled to be reissued in November 2010, and DEP has included in the renewed GPLPE a cap on greenhouse gas emissions determined by the applicability thresholds set out in the amendment.

DEP is aware of 13 existing sources that will exceed the Title V greenhouse gas emissions thresholds of the amendment and which now operate, and will be able to continue to operate, under the GPLPE. Another identified source now operates under a Title V permit that may require modification after the adoption of the amendment. Yet another existing source now operates under a NSR PSD permit and will be able to include a federally enforceable cap on greenhouse gas emissions through a permit modification, and the cap will eliminate the need for the source to apply for a Title V permit.

In sum, DEP estimates that most existing sources subject to the amendment will be able to comply by registering under the GPLPE. The registration fee for the GPLPE scheduled to be reissued in November 2010 is \$2,760. For the one or two sources that may need to obtain or modify a Title V permit, there are no associated application or permit fees. For the one or two sources that may need to obtain or modify a NSR PSD permit, the fee is \$3250 to \$6250, plus a fee of \$1750 for a best available control technology review. Sources that need to obtain a new individual permit or modify an existing permit may also incur costs associated with preparing permit applications.

DEP estimates that there will be few to no additional costs for sources subject to the amendment beyond the cost of applying for and obtaining any necessary air quality permits. The amendment does not include greenhouse gas emissions standards or mandate specific control or monitoring equipment installation. EPA has not yet released guidance as to determined what constitutes best available control technology for greenhouse gases.