



## OFFICE OF AIR QUALITY PLANNING AND STANDARDS

RESEARCH TRIANGLE PARK, NC 27711

October 16, 2024

### **MEMORANDUM**

**SUBJECT:** Clean Air Act Section 185 Fee Rates Effective for Calendar Year 2024

**FROM:** Scott Mathias, Director  
Air Quality Policy Division

**TO:** Air Program Managers, Regions I-X

Enforcing attainment within Severe and Extreme ozone nonattainment areas requires owners/operators of major stationary sources of volatile organic compounds (VOC) and nitrogen oxides (NO<sub>x</sub>)<sup>1</sup> to pay a fee to the state as a penalty for failing to timely attain the ozone standard. The fee, established under Clean Air Act (CAA) section 185, shall be applied per ton of VOC and NO<sub>x</sub> emitted by the source when emissions per calendar year exceed 80 percent of the baseline emissions computed under CAA section 185(b)(2). Each year, the EPA's Office of Air Quality Planning and Standards (OAQPS) calculates the annual section 185 fee rate to be used by states to calculate each source's total annual fee for the calendar year. The fee rate for calendar year 2024 is \$12,476.67 per ton of VOC and NO<sub>x</sub> emissions, which was computed in accordance with the adjustment procedures for CAA part 70 (title V) permit fees, consistent with the approach used in prior years. For reference, the annual section 185 fee rates from the previous 5 calendar years are provided in Table 1.

The calculation of the annual section 185 fee rate is based on the 40 CFR part 70 permit program *Presumptive Minimum Fee Rate*. The part 70 fee rate is updated each year by OAQPS/AQPD to adjust for inflation using the Consumer Price Index (for "All Urban Consumers") as reported by the U.S. Bureau of Labor Statistics, and in accordance with CAA section 502(b)(3)(B)(v)(I). The fee for September 1, 2024, through August 31, 2025, is \$63.69.<sup>2</sup> Adjustment of fee rates to account for inflation is also applicable to the section 185 fee rate under CAA section 185(b)(3). Accordingly, the calculation of the section 185 fee rate begins by scaling the inflation-adjusted part 70 fee rate (\$/ton of pollutant) proportionally to section 185 using the ratio of fee rates initially established under section 185 (\$5,000 per ton) and part 70 (\$25 per ton), where  $5,000/25 = 200$ . Thus, the part 70 fee rate for each 12-month period from September 1

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<sup>1</sup> CAA section 185 references only VOC emissions, however, CAA section 182(f) provisions extend the section 185 requirements to include NO<sub>x</sub> emissions, unless the nonattainment area has an EPA-approved NO<sub>x</sub> waiver granted under the conditions specified in CAA section 182(f).

<sup>2</sup> Memorandum dated September 17, 2024, from Corey Sugerik, Operating Permits Group, AQPD, OAQPS to Operating Permits Contacts, Regions I-X.

to August 31 is first multiplied by 200. However, unlike the part 70 fee rates, section 185 fee rates are based on a calendar year—January through December. To reconcile the difference, the scaled section 185 fee rate for a given calendar year is adjusted to reflect two-thirds of a year at the old (*i.e.*, 2023-24) part 70 fee (scaled to \$12,346), and one-third at the current (*i.e.*, 2024-25) part 70 fee (scaled to \$12,738). Thus, the resulting CAA section 185 fee rate for calendar year 2024 is \$12,476.67. For questions regarding this memorandum or the table of fee rates, please contact Erin Lowder, at (919) 541-5421 or by email at [lowder.erin@epa.gov](mailto:lowder.erin@epa.gov).

**Table 1. CAA Section 185 Fee Rates by Calendar Year**

<b>Part 70 Fee Rates Effective Dates</b>	<b>Part 70 Permit Fee Rate <sup>a</sup></b>	<b>Scaled Section 185 Fee Rate <sup>b</sup></b>	<b>Annual CAA Section 185 Fee Rate <sup>c</sup></b>	
Sept. 1, 2018 – Aug. 31, 2019	\$51.06	\$10,212.00	\$10,276.67	2019
Sept. 1, 2019 – Aug. 31, 2020	\$52.03	\$10,406.00	\$10,456.67	2020
Sept. 1, 2020 – Aug. 31, 2021	\$52.79	\$10,558.00	\$10,663.33	2021
Sept. 1, 2021 – Aug. 31, 2022	\$54.37	\$10,874.00	\$11,152.67	2022
Sept. 1, 2022 – Aug. 31, 2023	\$58.55	\$11,710.00	\$11,922.00	2023
Sept. 1, 2023 – Aug. 31, 2024	\$61.73	\$12,346.00	<b>\$12,476.67</b>	<b>2024</b>
Sept. 1, 2024 – Aug. 31, 2025	\$63.69	\$12,738.00		

<sup>a</sup> Taken from the appropriate reference for the inflation-adjusted part 70 fee rate. For September 1, 2024, to August 31, 2025, this value comes from the memo cited in Footnote 2. Prior years are unchanged.

<sup>b</sup> Using the equation:  $(\text{part 70 permit fee}_t \times 200)$ , where  $t$  reflects the 12-month period from September 1 of the prior year to August 31 of the current year.

<sup>c</sup> Using the equation:  $[(2/3 \times \text{scaled section 185 fee}_t) + (1/3 \times \text{scaled section 185 fee}_{t+1})]$ , where  $t$  reflects the 12-month period from September 1 of the prior year to August 31 of the current year and  $t+1$  reflects the 12-month period from September 1 of the current year to August 31 of the upcoming year.