

Air Quality Development Authority

- The OAQDA uses no GRF moneys.
- The Authority generates its own funding through fees charged to those it assists.
- Bonds issued by the Authority do not contribute to overall state debt.

OVERVIEW

The Ohio Air Quality Development Authority (OAQDA) was established in 1970 in response to environmental mandates handed down by the federal government in the first Clean Air Act. A seven-member board governs the Authority. The Governor appoints five of the members. The remaining two members are the directors of the Ohio Department of Health and the Ohio Environmental Protection Agency. The Authority assists Ohio businesses in complying with air quality regulations by providing financing assistance, operating the Clean Air Resource Center, and providing opportunities for customer education.

Recommended funding for FY 2002 is \$658,436. This amount is \$37,357 greater than FY 2001, a 6.0 percent increase. Recommended funding for FY 2003 is \$689,328. This amount is \$30,892 greater than FY 2002, a 4.7 percent increase.

Financing Assistance

The OAQDA assists Ohio businesses in complying with environmental standards by financing the purchase, construction, or installation of air pollution control equipment. To date in the current biennium, the authority has issued over \$255 million in bonds and currently manages outstanding bonds or refinanced debt totaling more than \$1.8 billion. The bonds issued by the OAQDA are air quality revenue bonds. The repayment stream and funding for the Authority come from rentals and lease payments paid by the business, agency, or utility for which the bonds were issued. Because state revenues are not used, these bonds do not contribute to overall state debt.

Clean Air Resource Center

Officially entitled the “Office of Ombudsman for the Small Business Stationary Source Technical and Environmental Compliance Assistance Program,” the Clean Air Resource Center assists small businesses as they face the challenges of new and sometimes stringent air regulations. The Authority operates the Ohio Clean Air Ombudsman for Small Business program and the Small Business Assistance program.

The Ohio Clean Air Ombudsman for Small Business serves not only as a repository of complaints, but also as a source of education and assistance. The ombudsman educates small businesses about the requirements of Clean Air regulations at the state and federal levels; provides access to expert technical

advice on rules, regulations, and compliance options; and provides financing advice and assistance to small businesses. This program is funded by revenue generated by permit fees collected pursuant to Title V of the Clean Air Amendments of 1990.

The Small Business Assistance program enables small businesses to attain the benefits of OAQDA financing without incurring all the costs normally associated with bond finance. The initial focus for this financial assistance program was the development of an assistance mechanism that would provide assistance to the most businesses possible using limited resources. A careful consideration of options lead to the adoption of a small grant program that helps small businesses meet the initial costs of clean air compliance financing. Projects as small as \$25,000 have been approved under this program.

Customer Education

The Authority reaches out to its clients, through both the Clean Air Resource Center and traditional OAQDA financing programs, using three major vehicles: close cooperation with other state agencies, cooperative efforts with trade associations, and independent outreach programs.

Cooperation with other state agencies enables the OAQDA to leverage its resources to assist its clients. The Clean Air Resource Center relies on the Ohio EPA Small Business Assistance Program for technical information about state interpretation and implementation of air quality regulations. The Center has also worked with the OEPA's Office of Pollution Prevention to provide technical and financial information to businesses. The Authority works with the Department of Development on a project basis. OAQDA has been involved in an energy conservation program with the Department of Administrative Services, helping to reduce the cost to the state of such investments.

The Authority works with various statewide trade associations to provide information to Ohio businesses. Examples include committee briefings, membership mailings, and training efforts. A significant project was with the Printing Industry of Ohio. This sector, composed of mostly small businesses, faced a significant regulatory burden under the Clean Air Act. The Authority was actively involved in the project Enviroprint Ohio. Other associations worked with include Ohio Cast Metals Association, Ohio Chemical Council, Ohio Small Business Council, and the National Federation of Independent Businesses-Ohio.

The Authority reaches out to its clients independently by attending various conferences, making presentations and speeches, distributing literature, and by responding to inquiries. Although resources limitations have lead to less reliance on this method of outreach, OAQDA hopes to give more emphasis to this method in the future.

ANALYSIS OF EXECUTIVE PROPOSAL

AIR QUALITY DEVELOPMENT AUTHORITY

Purpose The Air Quality Development Authority assists Ohio businesses in complying with air quality regulations.

The following table shows the line items that are used to fund this agency, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
570	898-601	Operating Expenses	\$243,070	\$258,383
4Z9	898-602	Small Business Ombudsman	\$222,719	\$233,482
5A0	898-603	Small Business Assistance	\$192,647	\$197,463
Total funding: AIR QUALITY DEVELOPMENT AUTHORITY			\$658,436	\$689,328

Specific programs within the Air Quality Development Authority that this analysis will focus on include:

- **Operating Expenses**
- **Small Business Ombudsman**
- **Small Business Assistance**

Operating Expenses *Program Description:* The Air Quality Development Authority was created in 1970 and operates under the authority of ORC Chapter 3706. It serves business, industry, and the general public of Ohio. The mission of the Authority is to help conserve air as a natural resource, to prevent or abate the pollution of the air, and to assist in the financing of air quality facilities for industry, commerce, and research.

Funding Source: revenues generated by the issuance of bonds

Line Items: 898-601

Implication of Recommendation: Recommended funding for FY 2002 is \$243,070. This amount is \$20,070 greater than in FY 2001, a 9.0 percent increase. Recommended funding for FY 2003 is \$258,383. This amount is \$15,313 greater than in FY 2002, a 6.3 percent increase.

Small Business Ombudsman *Program Description:* The Clean Air Ombudsman for Small Business is mandated by the federal Clean Air Act Amendments of 1990. The ombudsman serves as both a repository of complaints and a source of education and assistance. The program educates small businesses about the requirements of Clean Air regulations at the state and federal levels; provides access to technical advice on rules, regulations, and compliance options; and provides financing advice and assistance to small businesses.

Funding Source: Title V permit fees

Line Items: 898-602

Implication of Recommendation: Recommended funding for FY 2002 is \$222,719. This amount is \$13,140 greater than in FY 2001, a 6.3 percent increase. Recommended funding for FY 2003 is \$233,482. This amount is \$10,763 greater than in FY 2002, a 4.8 percent increase.

**Small Business
Assistance**

Program Description: The Small Business Assistance program enables small businesses to attain the benefits of OAQDA financing without incurring all the costs normally associated with bond finance. A small grant program helps small businesses meet the initial costs of clean air compliance financing.

Funding Source: revenues generated by the issuance of bonds; Title V permit fees

Line Items: 898-603

Implication of Recommendation: Recommended funding for FY 2002 is \$192,647. This amount is \$4,147 greater than in FY 2001, a 2.2 percent increase. Recommended funding for FY 2003 is \$197,463. This amount is \$4,816 greater than in FY 2002, a 2.5 percent increase.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

There are no permanent or temporary law provisions with fiscal effects on this agency.

REQUESTS NOT FUNDED

This agency's request was fully funded.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	Revised Estimated 2001	As Introduced 2002	House Sub Bill 2002	% Change Est. 2001 to House 2002	As Introduced 2003	House Sub Bill 2003	% Change House 2002 to House 2003
<i>AIR Air Quality Development Authority</i>									
4Z9	898-602	Small Business Ombudsman	\$209,579	\$ 222,719	\$ 222,719	6.3%	\$ 233,482	\$ 233,482	4.8%
570	898-601	Operating Expenses	\$223,000	\$ 243,070	\$ 243,070	9.0%	\$ 258,383	\$ 258,383	6.3%
5A0	898-603	Small Business Assistance	\$188,500	\$ 192,647	\$ 192,647	2.2%	\$ 197,463	\$ 197,463	2.5%
Agency Fund Group Total			\$ 621,079	\$ 658,436	\$ 658,436	6.0%	\$ 689,328	\$ 689,328	4.7%
<i>Total All Budget Fund Groups</i>			\$ 621,079	\$ 658,436	\$ 658,436	6.0%	\$ 689,328	\$ 689,328	4.7%

Agency Fund Group

4Z9 898-602 Small Business Ombudsman

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$142,271	\$182,280	\$122,799	\$209,579	\$222,719	\$233,482
	28.1%	-32.6%	70.7%	6.3%	4.8%

Source: AGY: Title V permit fees

Legal Basis: mandated by Federal Clean Air Act Amendments of 1990

Purpose: The Clean Air Ombudsman for Small Business educates small businesses about requirements of Clean Air regulations at the state and federal levels; provides access to expert technical advice on rules, regulations, and compliance options; and provides financing advice and assistance to small businesses.

570 898-601 Operating Expenses

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$156,857	\$166,202	\$192,738	\$223,000	\$243,070	\$258,383
	6.0%	16.0%	15.7%	9.0%	6.3%

Source: AGY: fees and charges paid by firms for which the OAQDA issues tax-exempt bonds

Legal Basis: established by Controlling Board in 1972

Purpose: This line item contains funds for personal services for the OAQDA. These funds are used to compensate the authority's board members and employees. Funds are transferred from the authority's general trust fund to this line item solely to cover payroll costs through the state personnel system.

5A0 898-603 Small Business Assistance

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$0	\$4,311	\$4,655	\$188,500	\$192,647	\$197,463
	N/A	8.0%	3949.4%	2.2%	2.5%

Source: AGY: Title V permit fees

Legal Basis: mandated by Federal Clean Air Act Amendments of 1990

Purpose: This line item provides funds which are used to enable small businesses to attain the benefits of OAQDA financing without incurring all the costs normally associated with bond finance.