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## A bill to be entitled

An act relating to establishment of a performance-based environmental permitting system; creating s. 403.0874, F.S.; providing an act name; providing legislative findings; providing purposes; providing definitions; providing compliance incentives for certain environmental permitting activities; providing requirements and limitations; requiring the Department of Environmental Protection to adopt certain rules; providing for consequences for certain noncompliance with certain permitting decisions; providing for agency consideration of an applicant's compliance history for certain purposes; providing limitations; providing for consideration of civil or criminal violations; providing for permit application denials under certain circumstances; providing for limited application approval under certain circumstances; providing for limited permit approvals; providing for reporting forms; providing form information and structure requirements; providing rulemaking authority for the department; requiring agency notification of formal enforcement actions; providing notice requirements; providing construction relating to existing agency authority; specifying nonapplication to certain general permits; amending ss. 403.087, 403.0872, 403.088, and 403.707, F.S.; revising criteria for department permit issuance to conform; amending s. 403.703, F.S.; correcting a cross reference; amending ss. 373.413 and 161.041, F.S.; specifying application of Performance-based Permitting Program provisions; providing an effective date.

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Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 403.0874, Florida Statutes, is created to read:

403.0874 Performance-based Permitting Program. --

- (1) SECTION NAME.--This section is named the "Florida Performance-based Permitting Act."
  - (2) LEGISLATIVE FINDINGS; PUBLIC PURPOSE. --
- (a) The Legislature finds and declares that a permit applicant's history of compliance or noncompliance with environmental laws and permit conditions is a factor that should be considered by the department when the department determines whether to issue or reissue a permit to an applicant.
- (b) Permit applicants with a history of compliance with the environmental laws and permit conditions should be eligible for longer permits, expedited permit reviews, short-form permit renewals, and other incentives to reward and encourage such applicants.
- (c) Permit applicants with a history of noncompliance with the environmental laws and permit conditions should be subject to more stringent requirements and, in some cases, such applicants should be denied permits for a period of time until their good standing can be reestablished.
- (d) It is therefore declared to be the purpose of this act to provide the department with clear and specific authority to consider the compliance history of permit applicants and, in some cases, those who control the applicants when evaluating whether the applicant has provided reasonable assurance that the applicant can and will comply with applicable laws, rules, and permit conditions applicable to the regulated activity.



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- (3) DEFINITIONS. -- For purposes of this section:
- (a) "Applicant" means the proposed permittee or transferee, owner, or operator of a regulated activity seeking an agency permit. If an applicant has not held an agency permit during at least 4 of the 5 years preceding submittal of the permit application, the term also includes any person who has the legal or actual authority to control the proposed permittee, transferee, owner, or operator.
- (b) "Agency" means the Department of Environmental Protection.
- (c) "Agency laws" means chapter 161, part IV of chapter 373, and chapter 403.
- (d) "Environmental laws" means any state or federal law that regulates activities for the purpose of protecting the environment, or for the purpose of protecting the public health from pollution or contaminants, but does not include any law that regulates activities only for the purpose of zoning, growth management, or land use.
- (e) "Formal enforcement action" means that the agency fully and finally adjudicated a civil action. The term also includes criminal charges filed against the applicant, including those officers, directors, trustees, partners, or employees of the applicant who have legal or actual operational control over a department-regulated activity, for an environmental offense that the applicant has been convicted of or pled guilty or nolo contendere to, regardless of whether adjudication is withheld.
- (f) "Knowing" means awareness of the nature of a person's acts, not awareness that such acts violate the law. The term does not include conduct that is the result of an act of God, mechanical failure, events beyond the control of the applicant,

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an accident or a mistake of fact. Knowing violations by an applicant include, but are not limited to, violations knowingly committed by those officers, directors, trustees, partners, or employees of the applicant who have legal or actual operational control over department-regulated activity.

- (g) "Reasonable assurance" means the existence of a substantial likelihood, although not an absolute guarantee, that the proposed activity and applicant will comply with agency rules, laws, orders, and permit conditions.
- (h) "Regulated activity" means any activity, including, but not limited to, the construction or operation of a facility, installation, system, or project, for which a permit or certification is required under an agency law.
- (i) "Site" means a single parcel, or multiple contiguous or adjacent parcels, of land on which the applicant proposes to conduct, or has conducted, a regulated activity. A site is a new site if the applicant has not held an agency permit for a regulated activity at that location for at least 4 of the 5 years preceding submission of an application.
- (4) COMPLIANCE INCENTIVES. -- In order to obtain a compliance incentive, the applicant must affirmatively request it as part of the permit application. Unless otherwise prohibited by state or federal law, agency rule, or federal regulation, and provided the applicant meets all other applicable criteria for the issuance of a permit, any applicant who meets the criteria set forth in this subsection is entitled to the following incentives:
  - (a) Tier 1.--
- 1. An applicant shall be entitled to incentives pursuant to this paragraph at a site if the applicant conducted the



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regulated activity for at least 4 of the 5 years preceding submittal of the permit application or, if the activity is a new regulated activity, the applicant conducted a similar regulated activity under an agency permit for at least 4 of the 5 years at a different site in this state preceding submittal of the permit application. However, an applicant shall not be entitled to incentives under this paragraph if the applicant has a relevant compliance history at the subject site that includes any of the following violations that resulted in formal enforcement action:

- a. A knowing violation of any agency law, rule, consent order, final order, or final judgment;
  - b. An environmental crime; or
- c. Two or more knowing violations of the permit occurring on two or more separate occasions and resulting in two or more formal enforcement actions,

- <u>in which the violation resulted in significant harm to human</u>
  <u>health or the environment.</u>
  - 2. Tier 1 incentives may include:
- a. Automatic renewal of permit. A renewal of an operation or closure permit shall be issued for a period of 5 years and shall, after notice and an opportunity for public comment, be automatically renewed for one additional 5-year term without agency action unless the agency determines, based on information submitted by the applicant or resulting from the public comments or its own records, that the applicant has committed violations or crimes during the relevant review period that disqualify the applicant from receiving the requested extension.
- b. Expedited permit review. The processing time following receipt of a completed application shall be 45 days for the



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issuance of the agency action.

- c. Short-form renewals. Renewals of operation or closure permits not involving substantial construction or expansion may be made upon a shortened application form specifying only the changes in the regulated activity or a certification by the applicant that no changes in the regulated activity are proposed if that is the case. Applicants for short-form renewals shall complete and submit the prescribed compliance form with the application and shall remain subject to the compliance history review of this section. All other procedural requirements for renewal applications remain unchanged. This provision shall supplement any expedited review processes found in agency rules.
- (b) Tier 2.--An applicant shall be entitled to incentives pursuant to this paragraph if the applicant meets the requirements for Tier 1 and the applicant takes other actions not otherwise required by law that significantly reduce threats or impacts to the environment or public health. Such actions may include reductions in actual or permitted discharges or emissions, reductions in the impacts of regulated activities on public lands or natural resources, waste reduction or reuse, implementation of a voluntary environmental management system, or other similar actions as determined by department rule. Tier 2 incentives may include all Tier 1 incentives and may also include:
- 1. Ten-year permits, provided the applicant has conducted a regulated activity at the site for at least 5 years.
- 2. Fewer routine inspections than other regulated activities similarly situated.
  - 3. Expedited review of requests for permit modifications.

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- 4. Agency recognition, program-specific incentives, or certifications in lieu of renewal permits.
  - 5. No more than two requests for additional information.
- (c) Within 6 months after the effective date of this act, the department shall initiate rulemaking to implement Tier 2 incentives. The rule shall specify what incentives will be made available, how applicants may qualify for incentives, how extended permits may be transferred and the limitations on transfer, and how incentives may be removed or revoked if the applicant's compliance history changes. Until an implementing rule is adopted, Tier 2 incentives shall not be available to permit applicants under this act.
- (5) CONSEQUENCES OF NONCOMPLIANCE ON AGENCY PERMITTING DECISIONS.—The agency shall consider the applicant's relevant compliance history, as described in this subsection, when determining whether a permit applicant has provided reasonable assurance of future compliance with applicable agency laws, rules, and conditions of the requested permit. Nothing in this subsection is intended to conflict with any requirement of any federally delegated or approved program.
- (a) The applicant's relevant compliance history shall consist of the applicant's knowing civil and criminal violations of environmental laws, rules, consent orders, final orders, or final judgments, with the following limitations:
- 1. Each criminal violation must have occurred during the 5 years preceding submission of the permit application to the agency.
- 2. Each knowing civil violation must have resulted in formal enforcement action during the 3 years preceding the submission of the permit application to the agency.

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3. If the application is for the renewal of an agency permit, except for a permit for a relocatable facility, source, or activity or a permit at any site other than a new site, the agency shall only consider the applicant's knowing violations at that site and the applicant's environmental felony offenses at any site in the country.

- 4. If the application is for a new permit at a new site or any permit for a relocatable facility or source, the agency shall consider the applicant's knowing violations at any site conducting the same activity regulated by the department in this state and the applicant's environmental felony offenses at any site in the country.
- (b) The agency may consider any full and finally adjudicated civil violations as authorized in this subsection.
- (c) If the applicant's relevant compliance history does include knowing civil or criminal violations as specified in paragraph (a), the agency shall consider and weigh the following factors in order to evaluate such violations in the context of the applicant's overall compliance history and to determine whether the applicant has provided, on balance, reasonable assurance of future compliance with agency laws, rules, and the proposed permit:
- 1. The number of knowing violations and the seriousness of such violations in relation to the industry norm and history for the activity regulated by the department.
- 2. The number of other similar facilities controlled by the applicant.
- 3. The number and complexity of any permits held by the applicant and the statistical potential for violations to occur.
  - 4. Whether the knowing violations involved regulatory



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programs that are the same as, or similar to, the regulatory program from which the permit is being requested.

- 5. Whether the knowing violations involved activities that are the same as, similar to, or related to the regulated activity for which a permit is being requested.
- 6. Whether the knowing violations resulted in harm to human health or the environment and the extent of such harm.
- 7. Whether the applicant has implemented an approach or remedial measures that are effectively designed to prevent a recurrence of the knowing violations or crimes.
- 8. Whether the facility for which a permit is being requested provides or proposes to provide utility services to the public or serves a similar public purpose.
- 9. What effect denying a permit application would have on the applicant and the public at large.
- includes one or more of the knowing violations or offenses

  described in this paragraph, the agency may determine, subject

  to the notification requirements in subsection (8), that the

  applicant has not provided reasonable assurance and may deny the

  permit application and the applicant shall not be entitled to

  apply for a permit for that regulated activity for a period of 1

  year from the time a final order denying the permit has been

  entered:
- 1. A felony criminal violation of any environmental law in the United States;
- 2. A knowing violation of an agency law, rule, consent order, final order, or final judgment that would constitute a felony if prosecuted as a crime;
  - 3. A knowing violation of an agency law, rule, consent



HB 1525 2003 order, final order, or final judgment that would constitute a

- misdemeanor if prosecuted as a crime;
  - 4. A violation involving the intentional circumvention of pollution control equipment required by agency rules, laws, orders, or permit conditions;
  - 5. A violation involving the knowing failure to install, maintain, or operate any monitoring device or method required to be maintained by agency rules, laws, orders, or permit conditions;
  - 6. A violation involving the knowing submittal of any false statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained by agency rules, laws, orders, or permit conditions; or
  - 7. A violation involving falsifying, tampering with, or knowingly rendering inaccurate any monitoring device or method required to be maintained by agency rules, laws, orders, or permit conditions.
  - (e) If the applicant's relevant compliance history demonstrates a pattern of noncompliance, the agency may, in its discretion, issue a permit, not to exceed 1 year in duration, if the applicant satisfies all other reasonable assurance requirements. A pattern of noncompliance exists when the applicant is responsible for two or more environmental crimes, knowing civil violations, or a combination thereof, occurring on two or more separate occasions and resulting in two or more formal enforcement actions in which the violation resulted in a significant harm to human health or the environment within a 5-year period. Any civil violation specifically identified in the Environmental Litigation Reform Act, as set forth in s. 403.121,



HB 1525 2003 shall not be considered, unless the violation was also a knowing violation.

- 1. The agency shall include a statement in the formal enforcement action that the agency has determined that the applicant has a pattern of noncompliance and that this determination has formed the basis for issuing subsequent permits for a period not to exceed 1 year. This probationary and limited duration permit shall cease and a standard duration permit issued upon a demonstration that the applicant has implemented an approach, program, or remedial measures that is effectively designed to prevent a recurrence of the non-compliance. The agency shall also include a notification in its notice of intended agency action following a determination of a pattern of noncompliance that the permit could be revoked or an application to renew the permit could be denied if the pattern of noncompliance continues.
- 2. If, at the time of permit renewal following notice of a determination of a pattern of noncompliance, the agency determines that the applicant committed one or more relevant violations enumerated in this paragraph resulting in a continuing pattern of noncompliance, the agency shall deny the permit application, and the applicant shall not be entitled to apply for a permit for that regulated activity for a period of 6 months from the time a final order denying the permit has been entered. This probationary and limited duration permit shall cease and a standard duration permit issued upon a demonstration that the applicant has implemented an approach, program, or remedial measures that is effectively designed to prevent a recurrence of the noncompliance.
  - (f) If the agency denies a permit application in



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accordance with this subsection for a permit that includes closure, post-closure, or corrective action requirements, the agency may deny that portion of the permit authorizing operation and may issue a permit that contains only the closure, post-closure, or corrective action requirements and conditions.

- (6) REPORTING FORM. -- The department shall establish a form, by rule, to be used for the purpose of implementing this section. Every permit application subject to this section that is submitted to the agency shall be accompanied by this completed form in order to be considered complete. During the permit review process, the information on the form shall be updated by the applicant to reflect any changes until such time as the agency takes final action on the application. The form shall include the following:
- (a) A section requiring every applicant to report the relevant criminal history of the applicant, including the nature of the offense, the date of the offense, the court having jurisdiction in the case, the date of conviction or other disposition, and the disposition of the offense.
- (b) A section requiring every applicant which is a business entity and which has not held an agency permit during 4 of the 5 years preceding submittal of the permit application to identify those persons having legal or actual authority to control the owner, operator, or permittee. The form may specify categories of persons having such authority and other relevant information that must be reported. The form may not require an applicant to report violations or offenses that are not part of the relevant compliance history specified in paragraph (4)(a).
- (7) RULEMAKING.--In addition to the rulemaking necessary to adopt the form identified in subsection (6), and to implement



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the Tier 2 incentives of subsection (4), the department is authorized, but not required, to adopt such other rules as are necessary to implement this section, including rules providing for appropriate public notice and comment.

- (8) NOTIFICATION. -- The agency is encouraged to work with permittees and permit applicants prior to taking any of the actions authorized under this section in order to encourage compliance and avoid overly burdensome consequences of noncompliance. In each case in which the agency initiates a formal enforcement action and prior to implementing the sanctions outlined in this section, the agency shall clearly and specifically:
- (a) Inform the alleged violator if the provisions of this section have been triggered.
- (b) Put the alleged violator on notice of the consequences of the violations and the potential consequences of continuing noncompliance.
- (9) EXISTING AUTHORITY.--Nothing in this section shall be construed to limit the agency's existing authority to consider factors other than an applicant's compliance history, such as the technical merits of the proposed project or the applicant's financial and human resources, when determining whether the applicant has provided the reasonable assurance necessary to receive the requested permit.
- (10) INAPPLICABLE TO GENERAL PERMITS.--This section shall not apply to general permits issued in accordance with s.

  403.814. However, the agency may continue to use its existing authority to consider the compliance history of those wishing to use general permits.



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Section 2. Subsection (5) of section 403.087, Florida Statutes, is amended to read:

403.087 Permits; general issuance; denial; revocation; prohibition; penalty.--

The department shall issue permits to construct, operate, maintain, expand, or modify an installation which may reasonably be expected to be a source of pollution only if the applicant affirmatively provides the department with reasonable assurance that the proposed activity and applicant will comply with department rules, laws, orders, and permit conditions when it determines that the installation is provided or equipped with pollution control facilities that will abate or prevent pollution to the degree that will comply with the standards or rules adopted by the department, except as provided in s. 403.088 or s. 403.0872. The compliance history of the applicant shall be one factor that the department shall consider in determining whether the applicant has provided such reasonable assurance. However, separate construction permits shall not be required for installations permitted under s. 403.0885, except that the department may require an owner or operator proposing to construct, expand, or modify such an installation to submit for department review, as part of application for permit or permit modification, engineering plans, preliminary design reports, or other information 90 days prior to commencing construction. The department may also require the engineer of record or another registered professional engineer, within 30 days after construction is complete, to certify that the construction was completed in accordance with the plans submitted to the department, noting minor deviations which were necessary because of site-specific conditions.



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Section 3. Subsection (2) of section 403.0872, Florida Statutes, is amended to read:

403.0872 Operation permits for major sources of air pollution; annual operation license fee. -- Provided that program approval pursuant to 42 U.S.C. s. 7661a has been received from the United States Environmental Protection Agency, beginning January 2, 1995, each major source of air pollution, including electrical power plants certified under s. 403.511, must obtain from the department an operation permit for a major source of air pollution under this section. This operation permit is the only department operation permit for a major source of air pollution required for such source; provided, at the applicant's request, the department shall issue a separate acid rain permit for a major source of air pollution that is an affected source within the meaning of 42 U.S.C. s. 7651a(1). Operation permits for major sources of air pollution, except general permits issued pursuant to s. 403.814, must be issued in accordance with the procedures contained in this section and in accordance with chapter 120; however, to the extent that chapter 120 is inconsistent with the provisions of this section, the procedures contained in this section prevail.

(2) An application for an operation permit for a major source of air pollution must be submitted in accordance with rules of the department governing permit applications. The department shall adopt rules defining the timing, content, and distribution of an application for a permit under this section. A permit application processing fee is not required. The department may issue an operation permit for a major source of air pollution only if the applicant affirmatively provides the department with reasonable assurance that the proposed activity



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and applicant are in compliance with and will continue to comply with department rules, laws, orders, and permit conditions when it has reasonable assurance that the source applies pollution control technology, including fuel or raw material selection, necessary to enable it to comply with the standards or rules adopted by the department or the permit contains an approved compliance plan that provides such reasonable assurance for that source. The compliance history of the applicant shall be one factor that the department shall consider in determining whether the applicant has provided such reasonable assurance. If two or more major air pollution sources that belong to the same Major Group as described in the Standard Industrial Classification Manual, 1987, are operated at a single site, the owner may elect to receive a single operation permit covering all such sources at the site.

- (a) An application for a permit under this section is timely and complete if it is submitted in accordance with department rules governing the timing of applications and substantially addresses the information specified in completeness criteria determined by department rule in accordance with applicable regulations of the United States Environmental Protection Agency governing the contents of applications for permits under 42 U.S.C. s. 7661b(d). Unless the department requests additional information or otherwise notifies the applicant of incompleteness within 60 days after receipt of an application, the application is complete.
- (b) Any permitted air pollution source that submits a timely and complete application for a permit under this section is entitled to operate in compliance with its existing air permit pending the conclusion of proceedings associated with its



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application. Notwithstanding the timing requirements of paragraph (c) and subsection (3), the department may process applications received during the first year of permit processing under this section, in a manner consistent with 42 U.S.C. s. 7661b(c).

- (c) The department may request additional information necessary to process a permit application subsequent to a determination of completeness in accordance with s. 403.0876(1).
- Section 4. Paragraph (b) of subsection (2) of section 403.088, Florida Statutes, is amended to read:
  - 403.088 Water pollution operation permits; conditions.-- (2)
- (b) The department may issue a permit only if the applicant affirmatively provides the department with reasonable assurance that the proposed activity and applicant will comply with department rules, laws, orders, and permit conditions. The compliance history of the applicant shall be one factor that the department shall consider in determining whether the applicant has provided such reasonable assurance. If the department finds that the proposed discharge will reduce the quality of the receiving waters below the classification established for them, it shall deny the application and refuse to issue a permit. If the department finds that the proposed discharge will not reduce the quality of the receiving waters below the classification established for them, it may issue an operation permit if it finds that such degradation is necessary or desirable under federal standards and under circumstances which are clearly in the public interest.
- Section 5. Paragraph (b) of subsection (17) of section 403.703, Florida Statutes, is amended to read:



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403.703 Definitions.--As used in this act, unless the context clearly indicates otherwise, the term:

- materials generally considered to be not water-soluble and nonhazardous in nature, including, but not limited to, steel, glass, brick, concrete, asphalt roofing material, pipe, gypsum wallboard, and lumber, from the construction or destruction of a structure as part of a construction or demolition project or from the renovation of a structure, and including rocks, soils, tree remains, trees, and other vegetative matter that normally results from land clearing or land development operations for a construction project, including such debris from construction of structures at a site remote from the construction or demolition project site. Mixing of construction and demolition debris with other types of solid waste will cause it to be classified as other than construction and demolition debris. The term also includes:
- (b) Except as provided in s. 403.707(11)(12)(j), unpainted, nontreated wood scraps from facilities manufacturing materials used for construction of structures or their components and unpainted, nontreated wood pallets provided the wood scraps and pallets are separated from other solid waste where generated and the generator of such wood scraps or pallets implements reasonable practices of the generating industry to minimize the commingling of wood scraps or pallets with other solid waste; and
- Section 6. Subsection (8) of section 403.707, Florida Statutes, is amended, and subsections (9)-(16) are renumbered as subsections (8)-(15), respectively, to read:

403.707 Permits.--



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(8) The department may refuse to issue a permit to an applicant who by past conduct in this state has repeatedly violated pertinent statutes, rules, or orders or permit terms or conditions relating to any solid waste management facility and who is deemed to be irresponsible as defined by department rule. For the purposes of this subsection, an applicant includes the owner or operator of the facility, or if the owner or operator is a business entity, a parent of a subsidiary corporation, a partner, a corporate officer or director, or a stockholder holding more than 50 percent of the stock of the corporation.

Section 7. Subsection (6) is added to section 373 413

- Section 7. Subsection (6) is added to section 373.413, Florida Statutes, to read:
  - 373.413 Permits for construction or alteration.--
- (6) The provisions of s. 403.0874, the Performance-based Permitting Program, shall apply to individual and conceptual permits issued under this part.
  - Section 8. Subsection (5) is added to section 161.041, Florida Statutes, to read:
    - 161.041 Permits required.--
  - (5) The provisions of s. 403.0874, the Performance-based Permitting Program, shall apply to all permits issued under this chapter.
    - Section 9. This act shall take effect January 1, 2004.

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