**PROPOSED CHANGES: A.R.S. § 49-410. Arizona emissions bank; program termination**

A. The department of environmental qualityshall establish and administer an Arizona emissions bank. The department shall make information on credits deposited in the Arizona emissions bank easily accessible to the Arizona commerce authority and to the public.

B. After the effective date of rules adopted pursuant to subsection E ~~D~~ of this section, a permitted source that reduces emissions of particulate matter, sulfur dioxide, carbon monoxide, ~~nitrogen dioxide~~, OXIDES OF NITROGEN or volatile organic compounds by an amount greater than that required by applicable law, rule, permit or order shall be granted credit in an amount AS CERTIFIED ~~to be determined~~ by the department of environmental quality. The credit shall be deposited into the Arizona emissions bank. To be creditable for deposit in the Arizona emissions bank, the reduction in emissions shall be REAL, SURPLUS, permanent, quantifiable and otherwise enforceable and shall occur after August 6, 1999. This section does not prohibit a source from receiving credit by means other than the Arizona emissions bank for emissions reductions that occurred before August 6, 1999.

C. THE DEPARTMENT OF ENVIRONMENTAL QUALITY SHALL CERTIFY AND BANK CREDITS FOR REDUCTIONS IN EMISSIONS OF PARTICULATE MATTER, SULFUR DIOXIDE, CARBON MONOXIDE, OXIDES OF NITROGEN, OR VOLATILE ORGANIC COMPOUNDS FROM UNPERMITTED SOURCES. THE DEPARTMENT, POLITICAL SUBDIVISIONS, AND SOURCES MAY GENERATE AND DEPOSIT THESE EMISSIONS INTO THE BANK. THE DEPARTMENT AND THOSE POLITICAL SUBDIVISIONS OF THIS STATE WITH DELEGATED AUTHORITY MAY ADOPT RULES REGARDING THE GENERATION, DEPOSIT, AND USE OF EMISSIONS CREDITS FROM UNPERMITTED SOURCES.

D. ~~C~~. The department of environmental quality shall register, certify or otherwise approve the amount of the credit before the credit is banked and used to offset future increases in the emissions of air pollutants. CREDITS TO THE BANK SHALL REFLECT THE FULL CERTIFIED AMOUNT OF THE CREDIT AND THE DEPARTMENT MAY NOT DISCOUNT CREDITS. The credit may be used, traded, sold or otherwise expended within the same nonattainment area, maintenance area or modeling domain in which the emissions reduction occurred, only if there will be no adverse impact on air quality. Pursuant to title 41, chapter 6, article 8, the department may delegate certification of emissions credits to a county or multi-county air quality control region, but shall retain authority to register credits and administer the Arizona emissions bank.

E. ~~D.~~ ~~On or before January 1, 2002,~~ The department of environmental quality shall adopt rules for the implementation and administration of the Arizona emissions bank, and establish the criteria the department will use to determine the amount of the emissions credit. The department shall establish by rule a fee system to administer the Arizona emissions bank. A county that has been delegated authority to certify emissions credits pursuant to subsection C of this section shall establish a fee system to cover the reasonable costs of certification in accordance with section 49-112, subsection B. In setting the fee, the director and a county shall consider the likely economic value of the credits and shall set a fee that does not discourage the banking of emissions credit.

~~E. The program established by this section ends on July 1, 2019.~~