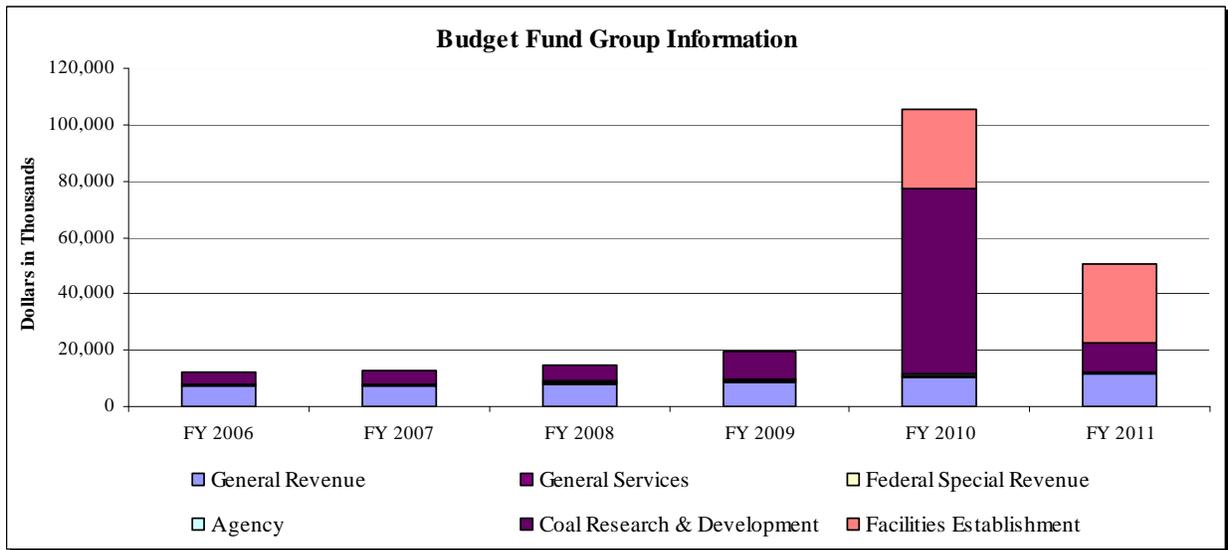


Role and Overview

The Ohio Air Quality Development Authority helps conserve air as a natural resource, prevents or abates air pollution, assists in the financing of air quality facilities for industry, commerce, and research, and encourages the development and deployment of advanced energy technologies to create jobs and protect the environment.

The authority is governed by a seven-member board. Five of the members are public members appointed by the Governor. The other two members are the directors of the Ohio Department of Health and the Ohio Environmental Protection Agency. The day-to-day functions of the authority are performed by a staff of ten. The authority assists businesses in meeting environmental mandates by financing the purchase, construction, or installation of air quality improvement facilities, including advanced energy technologies. These activities are funded through administrative fees charged to the beneficiaries of its bond issues. The authority operates the Ohio Clean Air Ombudsman for the Small Business Program, which is funded by revenue generated by permit fees collected pursuant to Title V of the federal Clean Air Act Amendments of 1990. The authority also operates the Ohio Coal Development Office, whose mission is to encourage research, development, and deployment of clean coal technologies; this program is funded by a combination of general revenue funds and coal research bond proceeds. Finally, the authority supports the Office of the Governor’s Energy Advisor including implementation of the advanced energy job stimulus program. These activities are funded by a combination of assessments on other agencies and bond proceeds. Additional information regarding the Ohio Air Quality Development Authority is available at <http://www.ohioairquality.org/>.

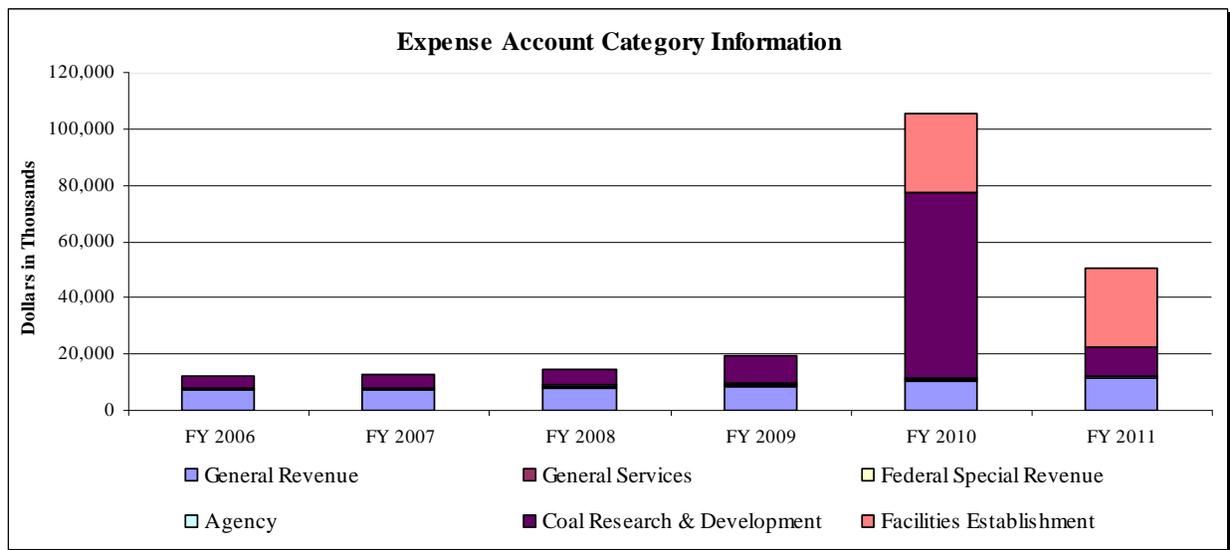
Summary of Budget History and Recommendations



- The Air Quality Development Authority saw a substantial increase in funding due to Amended Substitute House Bill 554. The bill allocated increased authority for Coal Research & Development funding in fiscal year 2010 as well as increased authority for Advanced Energy Research & Development in fiscal years 2010 and 2011.
- Advanced Energy Research and Development funding seen in fiscal years 2010 and 2011 is appropriated under the Facilities Establishment fund group, which allows the disbursement and repayment of loans and grants.

State of Ohio
Air Quality Development Authority

(In Thousands) BUDGET FUND GROUP	ACTUAL			EST.	%	RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	%	FY 2011	%
General Revenue	7,596	7,431	8,172	8,723	6.7	10,393	19.1	11,371	9.4
General Services	0	0	121	307	154.3	307	0.0	307	0.0
Federal Special Revenue	0	38	417	0	-100.0	0	0.0	0	0.0
Agency	444	497	451	629	39.5	629	0.0	629	0.0
Coal Research & Development	4,182	4,588	5,700	10,000	75.4	66,000	560.0	10,000	-84.8
Facilities Establishment	0	0	0	0	0.0	28,000	100.0	28,000	0.0
TOTAL	12,222	12,553	14,862	19,659	32.3	105,329	435.8	50,308	-52.2



- Due to changes in the method of coding transactions in the state accounting system, the Transfers & Non-Expense category and Debt Service category expenditures have been aggregated and reported as the Judgments, Settlements and Bonds category in fiscal years 2006 and 2007 and as the Transfers & Non-Expense category in 2008.

(In Thousands) EXPENSE ACCOUNT CATEGORY	ACTUAL			EST.	%	RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	%	FY 2011	%
Personal Services	666	687	722	905	25.2	949	4.9	959	1.1
Purchased Personal Services	73	105	79	108	37.4	95	-12.0	115	21.1
Supplies & Maintenance	252	218	-10	359	3,838.4	246	-31.6	215	-12.4
Equipment	1	0	0	0	0.0	0	0.0	0	0.0
Subsidies & Shared Revenue	4,195	4,603	7,114	10,095	41.9	94,071	831.9	38,071	-59.5
Judgments, Settlements, & Bonds	7,035	6,940	0	0	0.0	0	0.0	0	0.0
Debt Service	0	0	0	8,193	100.0	9,968	21.7	10,947	9.8
Transfers & Non-Expense	0	0	6,956	0	-100.0	0	0.0	0	0.0
TOTAL	12,222	12,553	14,862	19,659	32.3	105,329	435.8	50,308	-52.2

- In fiscal year 2008 the Air Quality Development Authority was reimbursed for previous expenses falling into the Supplies & Maintenance category. As a result the report reflects a negative spending total. As the accounting period is now closed the figure cannot be revised for reporting purposes.

Air Quality Development Authority

PROGRAM SERIES 01: Air Quality Development Authority

This program series combines financing, technical assistance, and research and development support to encourage investment resulting in better air quality. The effort makes environmental protection and economic development mutually compatible and beneficial.

Program 01.01: Project Development and Financing

Through the issuance of bonds, the program assists public and private entities in financing air quality improvements, including deployment and manufacture of advanced energy technologies. It oversees administration of those bond issues and educates various constituencies on air quality issues.

The Executive Recommendation will fund the following objectives:

- Provide support for the administration and management of \$1.7 billion in outstanding debt;
- Educate potential client base about the program;
- Assist in developing eligible projects and coordinating the application process; and
- Oversee issuance of new project revenue bonds.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
AGY	5700	898601	Operating Expenses	264,000	264,000
TOTAL FOR PROGRAM				264,000	264,000

Program 01.02: Clean Air Resource Center

This program fulfills the federal requirement to provide specific assistance to small businesses which must comply with the Clean Air Act. It provides technical and financing assistance, and fills the role of the Small Business Ombudsman for Clean Air.

The Executive Recommendation will fund the following objectives:

- Educate small businesses about the requirements of the Clean Air Act;
- Provide technical advice on rules, regulations, and compliance options such as new technologies and pollution prevention;
- Analyze the financing needs of small businesses as they meet regulatory challenges; and
- Provide financing assistance for small business investment necessary to comply with the Clean Air Act, ranging from new management systems to process changes to new or modified equipment.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
AGY	4Z90	898602	Small Business Ombudsman	294,290	294,290
AGY	5A00	898603	Small Business Assistance	71,087	71,087
TOTAL FOR PROGRAM				365,377	365,377

Program 01.03: Ohio Coal Development Office (OCDO)

This program encourages research, development, and deployment of clean coal technologies through awarding grants and loans. Since coal is a prominent Ohio energy source, research is geared toward economic development, environmentally sound coal usage, and sustainability of coal use as a clean energy source. OCDO also supports the Ohio Coal Research Consortium, a network of Ohio universities conducting research in the clean coal technology arena. It implements and administers the coal portion of the Advanced Energy Job Stimulus program.

The Executive Recommendation will fund the following objectives:

- Award and administer grants and loans to assist the development and deployment of technologies which will make coal, particularly Ohio coal, an economically and environmentally responsible energy source;
- Provide technical, administrative, and management assistance to grantees;
- Monitor technological advances in the field and strategic policies developed by federal agencies and corporations;
- Work with the Technical Advisory Committee to determine program direction, identify R&D priorities, develop program solicitations, review proposals, and award grants; and
- Support the Ohio Coal Research Consortium.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	898402	Coal Development Office	424,146	424,146
GRF	GRF	898901	Coal R&D Gen Obligation Debt Service	9,968,400	10,947,000
046	7046	898604	Coal Research & Development Fund	66,000,000	10,000,000
TOTAL FOR PROGRAM				76,392,546	21,371,146

Program 01.04: Energy Strategy Development

This program supports the work of the Governor’s Energy Advisor at a general policy level. It also oversees overall implementation and administration of the Advanced Energy Job Stimulus program, designed to create new Ohio jobs by investing in technologies ranging from energy efficiency to renewable energy to new generation nuclear. It specifically administers the non-coal portion of that program. The program also works with delegated personnel from each state agency to identify, categorize, and coordinate all programs that have an impact on state energy policy and works with the delegates to achieve targeted reductions.

The Executive Recommendation will fund the following objectives:

- Award and administer grants and loans to assist the deployment and manufacture of advanced energy technologies to create jobs and a globally competitive advanced energy industry in Ohio;
- Provide technical, administrative, and management assistance to recipients;
- Work with stakeholders across the state to guarantee that all interests are understood and considered;
- Develop a comprehensive state energy strategy;
- Coordinate multiagency economic development efforts in advanced energy;
- Identify all programs with an impact on energy issues, and then to coordinate and target implementation of those programs to accomplish established energy policy objectives and implement a common measurement tool to ensure that all state agencies compute and track energy consumption in a consistent manner that allows “apple to apples” comparisons in both owned and leased properties;
- Guide agencies in the use of that tool to achieve an aggregate 15 percent reduction in energy consumption within three state fiscal years and to explore options to economically expand the use of alternative fuel vehicles in the state fleet;
- Build partnerships with Ohio universities, research institutions, utilities and businesses to expand “green energy” opportunities;
- Work with colleges and universities to design and implement the Governor’s Higher Education Energy Challenge using teams of staff, faculty, students, and administrators to design innovative strategies for campus energy efficiency and conservation; and
- Continually refine the program to meet new challenges and a changing energy environment.

State of Ohio
Air Quality Development Authority

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GSF	5EG0	898608	Energy Strategy Development	307,000	307,000
	7004	C89800	Advanced Energy R&D Taxable	9,000,000	9,000,000
	7005	C89801	Advanced Energy R&D	19,000,000	19,000,000
TOTAL FOR PROGRAM				28,307,000	28,307,000

LINE ITEM SUMMARY - Air Quality Development Authority

FUND	ALI	ALI NAME	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 RECOMMENDED	% CHANGE	FY 2011 RECOMMENDED	% CHANGE
GRF	898401	Future Gen Assistance	0	0	1,000,000	0	0	.0	0	.0
GRF	898402	Coal Development Office	560,032	490,260	216,236	530,183	424,146	-20.0	424,146	0.0
GRF	898901	Coal R&D Gen Obligation Debt Service	7,035,492	6,940,271	6,956,136	8,192,500	9,968,400	21.7	10,947,000	9.8
TOTAL General Revenue			7,595,524	7,430,531	8,172,372	8,722,683	10,392,546	19.1	11,371,146	9.4
5EG0	898608	Energy Strategy Development	0	0	120,734	307,000	307,000	0.0	307,000	0.0
TOTAL General Services			0	0	120,734	307,000	307,000	0.0	307,000	0.0
3BM0	898607	Air Quality Dvlp-Fed/Oxy Fuel	0	37,557	417,458	0	0	.0	0	.0
TOTAL Federal Special Revenue			0	37,557	417,458	0	0	.0	0	.0
7004	C89800	Advanced Energy R&D Taxable	0	0	0	0	9,000,000	.0	9,000,000	0.0
7005	C89801	Advanced Energy R&D	0	0	0	0	19,000,000	.0	19,000,000	0.0
TOTAL Advanced Energy			0	0	0	0	28,000,000	.0	28,000,000	0.0
4Z90	898602	Small Business Ombudsman	200,216	238,610	196,042	294,290	294,290	0.0	294,290	0.0
5700	898601	Operating Expenses	231,145	253,807	252,874	264,000	264,000	0.0	264,000	0.0
5A00	898603	Small Business Assistance	12,568	4,586	2,240	71,087	71,087	0.0	71,087	0.0
TOTAL Agency			443,928	497,002	451,156	629,377	629,377	0.0	629,377	0.0
7046	898604	Coal Research & Development Fund	4,182,174	4,588,316	5,700,184	10,000,000	66,000,000	560.0	10,000,000	-84.8
TOTAL COAL RESEARCH & DEVELOPMENT			4,182,174	4,588,316	5,700,184	10,000,000	66,000,000	560.0	10,000,000	-84.8
TOTAL Air Quality Development Authority			12,221,626	12,553,406	14,861,904	19,659,060	105,328,923	435.8	50,307,523	-52.2