



Florida Department of Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

July 26, 2010

Ms. Jamie Vendola, TPP Coordinator.
Nassau County Property Appraiser's Office
Post Office Box 870
Fernandina Beach, Florida 32035-0870

Re: Smurfit Pollution Control Devices

Dear Ms. Vendola:

In accordance with §193.621, Florida Statutes, if it becomes necessary for a manufacturing or industrial plant or installation "to install or construct a facility in order to eliminate or reduce industrial air or water pollution, those facilities shall be deemed to have value, for purposes of assessment for ad valorem property taxes, no greater than their market value as salvage". Only those facilities installed to eliminate or reduce air or water pollution are eligible for this type of assessment.

I have reviewed the material attached to your letter dated May 21, 2010 concerning pollution control devices at Smurfit-Stone Container Enterprises, Inc. (Smurfit) located in Fernandina Beach and I have the following comments:

- Some of the items on the property list attached to your May 21st letter are clearly not pollution control equipment. For example, cooling towers are considered process equipment.
- Dewatering equipment is an integral part of the production process at most facilities and is not typically eligible for assessment as pollution control. However, in 2007, Logan Contracting Group submitted supporting information to the Department to confirm that this type of equipment does indeed appear to be used for the reduction and mitigation of pollution. In 2009, the Department determined that dewatering equipment owned by Logan Contracting Group and located at Smurfit-Stone, are eligible for assessment as pollution control devices pursuant to §193.621, Florida Statutes. If the currently listed equipment associated with the sludge press and/or dewatering is a part of the Logan Contracting Group equipment that was confirmed to be used for reduction and mitigation of pollution in 2009, then it follows that the items listed in the current Smurfit submittal are eligible for assessment as pollution control devices. I recommend asking Smurfit to more clearly identify those pieces of equipment (if any) that fall into this category.
- The lime kiln is an integral part of the Kraft process and is not primarily for the purpose of pollution control. However, in the Department's 2007 assessment of Smurfit's pollution control equipment, it was noted that the lime kiln provides a means to incinerate noncondensable gases (including TRS). Consistent with the 2007 assessment, I recommend that you consider allowing a percentage (I suggest perhaps 30 to 40 percent) of the value of

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the listed equipment associated with the Lime Kiln Process as eligible for assessment as pollution control. Additionally, ducting, etc. installed for the purpose of redirecting the noncondensable gases (that would otherwise vent to the atmosphere) to the kiln are eligible for full assessment. I recommend asking Smurfit to more clearly identify those pieces of equipment that fall into this category.

- For many of the remaining items the Asset Descriptions are not specific enough for me to make a determination. For example, I am unable to identify many of the items with an Asset Description beginning with "C-Rule" and "MACT -1". Efforts to contact Smurfit personnel directly have been unsuccessful. I recommend that you require Smurfit to submit a more detailed list that clearly identifies the role of each of these and any other remaining items on the list.

Additionally, certification from the reviewing Professional Engineer is not included. In accordance with DEP Rule chapter 62-8, Florida Administrative Code, a current evaluation of equipment by a registered Professional Engineer in the State of Florida must be submitted.

If there are any questions on this determination, please contact Cindy Mulkey at (850) 245-2175 or me at (850) 245-2002.

Sincerely,

A handwritten signature in blue ink that reads "Michael P. Halpin, P.E.".

Michael P. Halpin, P.E.
Administrator, Siting Office