

Air Resources Board Public Workshop

*Proposed Fees on Nonvehicular
Sources, Consumer Products, and
Architectural Coatings*

June 24, 2003

Presentation Outline

- Background on 2003-04 Budget
- Statutory authority
- AB 10X billing threshold and affected sources
- Responses to comments from May 1, 2003 workshop
- Nexus discussion for stationary source program
- Regulatory timeframe
- Comments and questions

Background on 2003-04 Budget

- ARB's Stationary Source Program budget is \$40 million
- California's 2003-04 fiscal year budget cuts \$12 million from ARB's Stationary Source Program
- ARB authorized to recover this loss through increased fees
 - Have cut \$2 million from its budget
 - Propose to collect remaining \$10 million through fees

Statutory Authority

- AB 10X, Oropeza
- Signed by Governor on March 18, 2003
- ARB to assess and collect fees, unless districts request to collect from facilities
- CCAA Nonvehicular Source Fee Program has existed since 1989 with a threshold of 500 or more tons per year

AB10X Billing Threshold

- Facilities
 - 250 and greater tons per year of pollutants
- Consumer Products
 - Statewide sales of 250 and greater tons per year of VOCs
- Architectural Coatings
 - Statewide sales of 250 and greater tons per year of VOCs
- Emissions based on 2001 inventory year

Affected Sources

- Facilities
 - 95 facilities with billable emissions of 140,000 tpy
- Consumer Products and Aerosol Coatings
 - 54 companies with billable emissions of 57,600 tpy
- Architectural Coatings
 - 24 companies with billable emissions of 37,400 tpy

Responses to Comments from May 1, 2003 Workshop

- Changes made to proposed regulation
 - Clarified limitations on fee usage
 - Added language precluding districts from collecting fees for consumer products and architectural coatings
 - Added language clarifying effective date of regulation
- Changes not made
 - Postponement of hearing pending effective date of legislation
 - Year other than 2001 should be used as basis for fees

Nexus Discussion

- Sources for which significant ARB resources allocated for controlling emissions
19 categories, 773,000 tons per year in 2001
 - 87% of these emissions are from facilities, consumer products, and architectural coatings
 - 235,000 tons per year are “billable” emissions
 - Remaining 13% of emissions are from other areawide sources

Nexus Discussion (cont'd)

- Sources for which few or no ARB resources allocated
 - 8 categories, 748,000 tons per year in 2001
 - Includes road dust, windblown dust, fireplaces, construction dust, farm dust, livestock waste, pesticides, cooking, paving, and auto and structural fires

Nexus Discussion (cont'd)

- Based on their emission inventory contribution-- facilities, consumer products, and architectural coatings could support \$34.5 million, or 87% of ARB's 2001 Stationary Source Program Budget
 - Consumer products and architectural coatings contribute 19%, equivalent to \$7.6 million
 - Facilities contribute 68%, equivalent to \$27 million.

Stationary Source Program

ACTIVITIES	FY 2003-04	
	PYs	Dollars (millions)
Enforcement	28	4.1
Monitoring & Laboratory	75	7.9
Research	22	4.3
Technical Support & Planning	72	9.6
Rule Development & District Oversight	113	13.7
Total	310	39.6

Uniform Fees Structure

- Proposal would apply uniform fees to all affected facilities, and manufacturers of consumer products and architectural coatings
 - Facilities would pay \$8 to \$10.7 million (with three percent adjustment)
 - Manufacturers of consumer products and architectural coatings would pay \$5.4 to \$7.2 million (with three percent adjustment)

Fee Summary

- Fees based on the formula:

$$\text{Fee per ton} = \frac{R+A-C}{E}$$

where R = Revenues needed

A= 3% adjustment

C= Carry-over balance

E= Total emissions subject to fees

- Estimated 2003-04 fiscal year fee rate:
 - \$13 - 17.4 million in fees collected
 - 235,000 total billable tons
 - \$57 - \$76 per billable ton

Regulatory Timeframe

- Public Workshop May 1, 2003
- 45-day Notice to Public June 9, 2003
- 2nd Public Workshop June 24, 2003
- Public Agenda Available July 13, 2003
- Board Meeting July 25, 2003
- 15-day Changes to Public ~early Sept. 2003
- End 15-day Comment Period ~mid-Sept. 2003
- Effective Date of Regulation Late 2003

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