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May 22, 2023

Honorable Ms. Randolph
Chair of the California Resource Board
Honorable Senator Stern
Honorable Assemlenember Garcla

Regarding: Stranded Business Asset due to Hex Chrome Ban

Dear Chair Randolph, Senator Stein, Assemblymember Garcla:

My name is Bill Felts and I own and work a small plating shop M J B Chrome Plating & Polishing in Rialto, California. I purchased my business in May 1972 from another small business owner Ron Chaffin. Like all small business owners, I worked alongside of my employees to produce products and services that are valued by our customers while creating good middle class living wages for all of our families. My business specializes in hex chrome plating parts for automotive, household, boats, bikes, airplanes and production. We thrive in the challenge of making ordinary parts shine and giving them the protective finish to serve their purpose. On average, I employed 12 people.

I do not believe you or the board members fully appreciate small business owners build value in their business as a major part of their retirement plan. After 50 years, I had a confirmed sale for my business last year. When I heard CARB was planning to impose either very stringent regulation including a possible ban on the hex chrome which is the key process in my plating company, of course, I was ethically bound to advise the buyer of CARB's intent.

Small business owners have a mindset to overcome challenges; it's one of our "jack of all trade" skill sets. Small business fill the supply gaps, a market segment the larger businesses do not participate in because of size and cost. Small business for the most part sell their business to other small business owners or individuals who want to run their own business. The value is based on an on-going business.

A process ban, however, creates such uncertainty that it has devalued my business to the point it has no value. As you heard in testimony from the new technology suppliers, the finish does not meet specifications at this time. Yes they are hopefully given more time the new technology will evolve to be equal in specifications to hex chrome. Even the seasoned large companies are concerned. Honestly, the biggest concern is customer acceptance. Without a retail ban, there is no guarantee of any material market acceptance from the buying consumer. As Vice Chair Berg stated in her comments, CARB needs a market leader, someone to champion the new technology and educate the consumer. She challenged CARB staff to reach out to major manufacturers who need plated parts in their products to lead the way. This too will take time IF CARB is even willing to do so. Customer acceptance plus the cost of transitioning to the new technology is overwhelming, if not financially infeasible for small businesses and time is not on the side of those of us who built our companies as part of our retirement plan. I could not guarantee the new buyer would qualify and receive the proposed incentive funding or that my customers would adopt the replacement technology. As a result, my buyer understandably backed out.

CARB Letter Stranded Assets Plating Regulation
May 22, 2023
Page 2

This sale made it possible for me to retire as I was personally financing the sale with a down payment by the buyer and the monthly payments over a 10 year period. This almost doubled my social security for the next 10 years. 50 years of diligent work, building value has disappeared overnight.


I do not believe you have considered this real and heartbreaking financial consequence in your deliberations. My business will close, it mostly depends on how long I can physically work. I hear talk about just transitions, especially retraining workers but what about those of us who are self-employed and the value of our business has been stripped away?

I believe there is a solution that accelerates the closure and helps people like me to retire. I am requesting you put words into to action and create a just transition for all by including a provision to the incentive funds where a small business owner had a confirmed documentable sale prior to the adoption of the rule can apply and qualify for the maximum incentive of \$300,000 to immediate and permanently close their business. This payment would represents a fraction of the sale for all small business owners, in my case one third of what my sale would have given me so the state isn't over paying and it does make a difference. Plus it is an immediate closure and according to your staff an immediate benefit to the community health.

There is so much to share about our 50 year history, it's a multi-family story and one I understand you don't have time to read. I'm not going to debate the merits of this ban. Time will tell if our community's health improves and if consumers adopt the new plating technology or if plating moves out of state like other finishing and manufacturing operations. What I am asking is CARB champion solution for the small business owner, like me, who has worked 50 years, participated in the economic success of this great state and had a confirmed sale for my business which will be taken away with this new regulation. I am happy to participate with specific sale information and what documentation you may consider. My contact information is at the top of this letter.

For those of us who have worked decades, this is not about running out of energy to rise up to a new challenge. We have run out of time. Please consider a just transition in your final deliberations.

Sincerely,



Bill Felts

cc: Evan Kersner for the Honorable Board Members