

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 24, 2007
POSITION: Oppose

BILL NUMBER: SB 1028
AUTHOR: A. Padilla

BILL SUMMARY: Air Resources Board: Regulations: Air Quality Standards

This bill would require the Air Resources Board (Air Board) to adopt and enforce every feasible rule and regulation to achieve air quality standards required by the federal Clean Air Act (CAA). The rules would be required to ensure that all areas of the state meet and maintain these standards by the applicable attainment dates. The bill would specify that the rules and regulations be adopted notwithstanding any other provision of law, including provisions of existing law that require cost-effectiveness and technological feasibility be considered when adopting regulations.

FISCAL SUMMARY

The Air Board estimates that this bill would require it to revise rules and regulations it has adopted over the last 10 years. The Air Board, in its reconsideration, would not be allowed to consider a control measure's technological feasibility or cost-effectiveness. Based on 2005 staffing requirements, the Air Board would need three positions per year per measure to perform the rule reconsideration and potential revision. Using the bill's criteria, the Air Board would have to potentially revise over 25 consumer product, mobile source, and fuels measures at a cost of \$1.95 million and fifteen positions annually for five years. The Air Board estimates the total cost over that period at \$9.7 million.

For the rules and regulations covering mobile sources, the Air Board would require significant additional resources from the Motor Vehicle Account (MVA). For the rules and regulations covering stationary sources, the Air Board would either need General Fund resources or to increase fees on these sources to provide the required resources. (Note: The Air Board states that current fee revenue from these sources is fully subscribed to support the existing regulatory program.)

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- The bill would require that every "feasible" rule be adopted by the Air Board; however the term "feasible" is not defined. This lack of definition would likely lead to future litigation as to what control measures are "feasible".
The bill contains costs in the millions of dollars without an appropriation or other funding to support these costs.
It is unclear that the Air Board's existing regulatory process, in conjunction with increased efforts on the part of local air districts and the federal government, could not achieve the goal of the bill, attainment of federal CAA standards.

Under the federal CAA, the United States Environmental Protection Agency (U.S. EPA) is required to establish national ambient air quality standards for criteria air pollutants. State and local agencies are responsible for instituting emission reduction measures to attain the standards under the CAA through their State Implementation Plan (SIP).

(Continued)

Analyst/Principal Date Program Budget Manager Date
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Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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COMMENTS (continued)

Local air quality management districts are generally responsible for regulating stationary source emissions. The state is generally responsible for regulating mobile source emissions, consumer products, and fuels. State law granting the Air Board authority for these sources includes requirements for the Air Board to consider control measures that are technologically and economically feasible and achieve attainment of state standards at the earliest practicable date. The U.S. EPA will not approve a state's SIP if the technological and economic feasibility requirements required by the CAA for mobile sources are not met.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)									Fund Code
	SO	(Dollars in Thousands)								
	LA	CO	PROP	FC	2006-2007	FC	2007-2008	FC	2008-2009	
	RV	98								
3900/Air Res Bd	SO	No			-----	See Fiscal Summary	-----			0044
3900/Air Res Bd	SO	No			-----	See Fiscal Summary	-----			0115
3900/Air Res Bd	SO	No			-----	See Fiscal Summary	-----			0001
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
0044	Motor Vehicle Account, STF									
0115	Air Pollution Control Fund									