

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 10, 2007
POSITION: Oppose

BILL NUMBER: SB 509
AUTHOR: J. Simitian

BILL SUMMARY: Air Pollution: Formaldehyde

This bill would prohibit the manufacturing, selling, or distributing for use in the state composite wood products containing formaldehyde that exceed specified emission limits. The bill would require products to meet an emission limit of 0.08 parts per million (ppm) by January 1, 2009, an emission limit of 0.05 ppm by January 1, 2011, and an unspecified emission limit by January 1, 2013. The bill would allow the Air Board's Executive Officer to authorize a two-year relaxation of the 2009 or 2011 limits under specified conditions.

FISCAL SUMMARY

The Air Board estimates a cost in 2007-08 of \$560,000 and four positions to develop the required formaldehyde emission regulation and to begin to develop test methods to verify emission levels from these products. The Air Board estimates an additional one-time cost in 2008-09 of \$260,000 to complete development of the test methods. The Air Board also estimates ongoing costs at \$1.5 million annually beginning in 2008-09 along with two positions to provide for enforcement of the regulations. The regulations will need to be enforced both within California and for manufacturing sites located outside the state according to the bill's provisions. The bill does not contain an appropriation.

COMMENTS

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

- The bill is unnecessary. The Air Board is currently in the process of proposing an airborne toxic control measure (ATCM) to limit formaldehyde emissions from composite wood products. The Air Board's proposed ATCM would limit formaldehyde emissions to between 0.08 and 0.21 ppm depending on board type in 2009, and limit formaldehyde concentrations to between 0.05 and 0.13 ppm depending on board type by 2012. These standards are projected to achieve about a 75 percent reduction relative to current levels.
The bill contains significant costs to the Air Board, but does not contain an appropriation to fund these costs.

Formaldehyde is designated as a toxic air contaminant (TAC) in California with no safe level of exposure. State law requires the Air Board to take action to reduce human exposure to TACs. Formaldehyde is emitted from composite wood products into the air from new home construction; remodeling construction; truck, rail, and ship transportation; lumberyards; and through windows, doors, and ventilation systems in homes and other buildings.

Total statewide formaldehyde emissions from composite wood products are about 900 tons per year. The major portion comes from new hardwood plywood, particleboard, and medium density fiberboard panels. The Air Board's proposed regulatory measure would reduce statewide formaldehyde emissions by approximately 680 tons per year upon full implementation.

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Analyst/Principal Date Program Budget Manager Date
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Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2006-2007	FC	2007-2008	FC	2008-2009	
3900/Air Res Bd	SO	No		--	C	\$560	C	\$1,760	0001