

Local Air Rules Impact on Business Operations Growing

Summary

Background

Although statewide environmental initiatives often grab headlines due to their broad business impacts, a variety of forthcoming local government rules, while more limited in scope, should not be overlooked.

A likely impetus for new environmental rules at the local level in 2011 will be the expiration of air quality deadlines set forth 20 years ago in the federal Clean Air Act. In 1990, the U.S. Environmental Protection Agency (EPA) set deadlines for cities and regions across the country to reach certain ozone standards. Several major regions in California were given until November 2010 to reach their ozone targets.

Current

Even though a combination of federal, state and local rules and programs have made significant progress toward reducing toxic emissions from regions throughout California, several areas have failed to achieve the strict standards required by the Clean Air Act. As a result, local air districts will likely be ramping up their air quality measures in an effort to achieve compliance with the national standards.

In addition, environmental advocacy groups have begun filing petitions against the EPA for not enforcing its policies or punishing the various industries that contribute to total emissions in the region.

Impact on Business/Consumers

The San Joaquin Valley, Los Angeles and Orange County are examples of regions that historically have struggled to meet the federal air quality standards. As a result, these regions' air districts likely will be required to revise their plans to attain the strict federal standards, which will mean new rules, and fees against businesses and consumers.

For example, industrial facilities in the Los Angeles area will face new sulfur pollution regulations under a new rule adopted by the South Coast Air Quality Management District (SCAQMD). Numerous oil refineries and industrial plants will be required to reduce sulfur pollution by more than 2,000 tons a year under the rule, which in effect cuts in half the amount of airborne sulfur allowed to be emitted in the district. The district includes Orange County, and major portions of Los Angeles, San Bernardino and Riverside counties.

A new rule coming out of the San Joaquin Valley Air Pollution Control District requires a new \$10 car registration fee to be used to help fight air pollution. The fee would be imposed on automobile drivers because cars are large sources of regional air pollution. The region plans on using the additional funding to develop better pollution control, such as buying green school buses and cleaner farm equipment. With the passage of Proposition 26 by California voters in 2010, however, fee increases like these may be labeled a tax and thus require a two-thirds supermajority vote by the local governing body in order to be implemented.

Another air quality measure being pursued in Southern California would require lead-acid battery recycling facilities to reduce direct emissions from lead-acid battery recycling operations, as well as lead dust at the facilities. This would include adding more emission control devices, increasing public notifications, and enhancing source testing and air monitoring efforts.

Also of significance, the SCAQMD is in the process of implementing its 2010 Clean Communities Plan, which includes 23 new measures that represent a strategy to address cumulative impacts from air pollution, including air toxics. The measures include a variety of approaches, from community participation to additional agency coordination, and enhanced monitoring and compliance programs.

Varying greatly in subject matter and compliance obligations, these measures provide a snapshot of the patchwork of new rules likely to begin appearing around the state in the coming years.

CalChamber Position

As California takes further action to protect the environment in the near future, businesses need to be cognizant of new rules and regulations that will appear at the local level. It is likely that these rules will be increasing in number and stringency as California continues to struggle to meet federal air quality standards.

Environmental protection is an integral component of doing business in today's world. Policy makers at the state and local level, however, need to view the added costs of new environmental regulations not in isolation, but in their cumulative regulatory effect on regulated entities. The future prosperity of the state's economy depends on leadership that uses these laws to protect the environment while leaving California's businesses the flexibility to implement innovative, cost-effective solutions that help ensure a healthy business climate.

**Reasons for
Position**

- The U.S. EPA has proposed to disapprove California's plan for reducing pollution, saying it fails to achieve adequate emissions reductions.
- To achieve compliance, local governments will likely be pursuing new fees or air pollution reduction measures.
- Businesses must remain vigilant of new rules and regulations that will appear at the local level in 2011.

**Staff
Contact**

Robert Callahan

Policy Advocate

robert.callahan@calchamber.com

California Chamber of Commerce

P.O. Box 1736, Sacramento, CA 95812-1736

(916) 444-6670

www.calchamber.com

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