

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Draft Socioeconomic Assessment for Automatic Consumer Price Index (CPI) Increase

March 2013

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EXECUTIVE SUMMARY

Rule 320 (Automatic Adjustment Based on Consumer Price Index for Regulation III Fees) allows adjustments of most fee rates in Regulation III (Fees) by the California Consumer Price Index (CPI) annually. The October 29, 2010 SCAQMD Governing Board Resolution requires, by March 15, an assessment of the increase in fee rates based on the previous year's CPI. A socioeconomic analysis was conducted to assess the impacts of such adjustment. Furthermore, the analysis provides background information, historical trends of SCAQMD revenues from various fees and sectoral distributions of these fees. A summary of the analysis and findings is presented below.

Automatic Consumer Price Index Increase	Pursuant to Rule 320, an across-the-board two-percent increase in fee rates (equivalent to the change in the California CPI from December 2011 to December 2012) will occur on July 1, 2013 unless the Governing Board decides to forego the two-percent increase.
Affected Facilities	Nearly all the facilities regulated by the SCAQMD would be affected by the proposed CPI increase. These facilities belong to every sector of the economy.
Approach and Findings	<p>The analysis herein examines the impact of the existing Regulation III fees on various industries. These fees are emissions fees, permit fees, annual operating fees, toxic hot spot fees, source testing fees, and Rule 2202 (Mobile Source Emissions Mitigation Programs) fees. The existing fee rates together with the most recent equipment and activity profiles of individual facilities were used to generate facility level fee estimates. These estimates were then aggregated to the industry level.</p> <p>The manufacturing sector is the largest contributor to the SCAQMD emission fees, permit fees, and annual operating fees. The costs of complying with the current Regulation III rates are very small relative to the industry output (less than 0.01 percent overall).</p>
Impact of CPI Increase	<p>The across-the-board two-percent fee rate increase would bring an additional revenue of \$1.59 million to the SCAQMD, based on 2011 emissions and current equipment and activity profile of individual facilities. The petroleum and coal products manufacturing sector would experience the largest increase in fees (\$295,159 with about 90 facilities) among all of the sectors, followed by retail trade (\$175,525 with about 4,500 facilities), and utility (\$89,256 with about 900 facilities) sectors.</p> <p>Relative to the estimated fiscal year 2012-2013 revenue, the projected total revenue for the next fiscal year would increase by \$0.6 million which includes both the two-percent fee rate increase and the impacts of other changes in revenue (increase or decrease).</p>

INTRODUCTION

The SCAQMD General Fund is comprised of revenues from a number of sources. The majority of SCAQMD revenues are derived from emission fees, annual operating fees, permit processing fees, and a portion of vehicle registration fees collected by the state (mobile sources/clean fuels). Other sources of revenues include Hearing Board fees, source test/analysis fees, transportation program fees, reimbursement for work associated with the AB 2588 program (toxic air contaminants), civil penalties/settlements, and others.

REVENUE TREND

Table 1 lists historical revenue for two prior fiscal years, estimated revenue for the current fiscal year (FY) 2012-2013, and projected revenue for FY 2013-2014, by major fee category. Estimated revenue for FY 2012-2013 is calculated based on the general ledger as of January 31, 2013. Emission fees, annual operating fees, and permit processing fees together represented approximately 63 percent of the SCAQMD's actual total revenues.

Table 1: Actual and Estimated SCAQMD Revenue

Revenue Category	FY 2010-2011 Actual*	FY 2011-2012 Actual	FY 2012-2013 Estimated**	FY 2013-2014 Projected	% Change in Fee Rates	Changes in Revenue	
						(from FY 12-13 Estimated)	
						\$	%
Emission Fees	\$19,246,061	\$19,714,882	\$20,401,917	\$20,381,603	2.0%	-\$20,314	<-0.1%
Annual Operating Fees	\$41,342,340	\$42,189,557	\$43,004,446	\$43,823,472	2.0%	\$819,026	1.9%
Permit Processing Fees	\$16,007,058	\$15,658,916	\$16,746,850	\$18,199,082	2.0%	\$1,452,232	8.7%
Mobile Source/Clean Fuels	\$21,627,527	\$20,300,981	\$23,470,194	\$22,481,157	N/A	-\$989,037	-4.2%
Source Test & Lab Analysis	\$636,822	\$759,784	\$657,365	\$709,150	2.0%	\$51,785	7.9%
Hearing Board Fees	\$201,864	\$221,709	\$215,654	\$217,337	2.0%	\$1,683	<0.8%
Transportation Program Fees	\$885,263	\$848,829	\$921,600	\$954,037	2.0%	\$32,437	3.5%
Other Revenues***	\$25,463,105	\$24,485,331	\$23,206,361	\$22,494,366	N/A	-\$711,995	-3.1%
Total	\$125,410,040	\$124,179,989	\$128,624,387	\$129,260,204		\$635,817	<0.5%

* Audited Financial Statements from Comprehensive Annual Financial Report (2011 & 2012).

** January 2013 year-to-date General Ledger.

*** Includes revenues from CARB subvention, EPA grants, lease income, penalties/settlements, subscriptions, AB 2588 reimbursement, miscellaneous fees, and area sources.

The steady increase in annual operating fees from 2011 to 2014 reflects an improved economic environment after the Great Recession. Permit processing revenue is projected to increase due to additional applications expected to be submitted to comply with Phase I control for existing above ground storage tank/dispensing permits, as well as an increase in asbestos notification fees. Compared to the estimated revenue in FY 2012-2013, a net total revenue increase of \$0.6 million is expected for FY 2013-2014 which is a combination of the two-percent fee rate increase and other changes in revenue (increases or decreases). The last two columns in Table 1 show the revenue impact by fee category with the proposed two-percent fee rate increase.

HISTORICAL REVENUE ANALYSIS

The following sub-sections examine the distribution of revenues from various fee categories among key industries. The SCAQMD is required to undertake socioeconomic analyses by H&SC Sections 40440.8(a) and (b) for proposed rules and rule amendments that "*will significantly affect air quality or emissions limitations.*" The proposed adjustment for Consumer Price index (CPI) does not satisfy this criterion, so the analysis herein is presented for informational purposes only. It should be noted that this analysis has used the most recent available emission data with existing fee rates and the most recent invoiced amounts to arrive at an estimated picture of current fee revenue by industry. Thus, the figures below may differ slightly from Table 1 because data sources reflect different time periods.

Emission Fees

Emission fees account for approximately 16 percent of the SCAQMD's FY2012-2013 estimated total revenue (Table 1). In May 2001, an emissions flat fee was introduced on all facilities with at least one operating permit (excluding equipment in Rule 222—Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II). The flat fee implemented recommendations by the California State Auditor in 1998, the Revenue Committee established by the Executive Officer in 2000, and the independent consultant for the Fee Structure Study—Thompson, Cobb, Bazilio & Associates, PC (March 1999).

Table 2 shows the estimated revenue for flat emission fees (\$2.4 million) and emissions-based fees (\$17.1 million) by industry. The former contributes approximately 11 percent of total emission fees collected.

The estimated revenue from emissions-based fees in Table 2 reflects what a facility should have paid based on the existing Rule 301 fee rates and 2011 emissions. These emissions include permitted and non-permitted emissions from the pollutants NO_x, SO_x, VOC, TSP, CO, and specific organic gasses (SPOG) as well as toxic air contaminants listed in Table IV of Rule 301 for facilities required to report their actual emissions each year. Also included were clean fuels fees on stationary sources. The most recent historical emissions (2011) were used because future emissions cannot be accurately projected at the industry level.

The services sector that is made of a large number of facilities shows the highest share of the flat emission fee. The manufacturing sector (NAICS 31-33) contributes approximately \$12.8 million to emissions-based fees, representing 75 percent of the total emissions-based fee revenue. The petroleum and coal industry (NAICS 324) contributes \$10 million (79 percent of the emissions-based fees revenue from the entire manufacturing sector). The remaining manufacturing sectors contribute 21 percent of the emissions-based fee revenue from that sector.

Table 2: Estimated Emission Fee Revenue by Industry

Industry	NAICS	Flat Fee			Emissions-based Fees			Total	
		MMS	%	# of Fac.**	MMS	%	# of Fac.**	MMS	%
Agricul.,Forestry,Fishing & Hunting	111	\$0.01	0.5%	97	\$0.28	1.6%	57	\$0.29	1.5%
Mining	21	\$0.03	1.3%	283	\$0.60	3.5%	92	\$0.63	3.2%
Oil & Gas Extraction	211	\$0.02	0.9%	189	\$0.38	2.2%	64	\$0.40	2.1%
Mining(except oil and gas)	212-213	\$0.01	0.4%	94	\$0.22	1.3%	28	\$0.23	1.2%
Construction	23	\$0.09	3.6%	763	\$0.03	0.2%	18	\$0.12	0.6%
Manufacturing	31-33	\$0.40	16.7%	3,534	\$12.80	74.9%	500	\$13.20	67.8%
Food Manufacturing	311	\$0.02	1.0%	211	\$0.16	1.0%	42	\$0.19	1.0%
Wood Products Manufacturing	321	\$0.01	0.4%	86	\$0.01	0.0%	7	\$0.02	0.1%
Petroleum and Coal Products Mfg.	324	\$0.01	0.4%	80	\$10.11	59.1%	37	\$10.12	51.9%
Chemical Manufacturing	325	\$0.04	1.5%	319	\$0.50	2.9%	43	\$0.53	2.7%
Nonmetallic Mineral Product Mfg.	327	\$0.03	1.1%	226	\$0.18	1.0%	23	\$0.20	1.0%
Primary & Fabricated Metal Mfg.	331-332	\$0.09	3.9%	825	\$0.58	3.4%	137	\$0.67	3.5%
Machinery Manufacturing	333	\$0.02	0.9%	196	\$0.01	0.1%	8	\$0.03	0.2%
Computer and Electronic Product Mfg.	334	\$0.03	1.2%	258	\$0.03	0.2%	20	\$0.06	0.3%
Electrical Equipment & Appliance Mfg.	335	\$0.01	0.5%	112	\$0.02	0.1%	10	\$0.03	0.2%
Motor Vehicle & Trans. Equipment Mfg.	336	\$0.03	1.1%	223	\$0.13	0.8%	33	\$0.16	0.8%
Other Manufacturing	312-339	\$0.11	4.7%	998	\$1.07	6.3%	140	\$1.18	6.1%
Utilities	22	\$0.10	4.0%	853	\$1.24	7.2%	114	\$1.33	6.8%
Transportation & Warehousing	48-49	\$0.05	2.2%	461	\$0.54	3.2%	28	\$0.60	3.1%
Information	51	\$0.10	4.1%	762	\$0.02	0.1%	14	\$0.12	0.6%
Publishing Industries, Except Internet	511	\$0.00	0.2%	39	\$0.00	0.0%	4	\$0.01	0.0%
Motion Picture & Sound Recording	512	\$0.01	0.3%	66	\$0.01	0.1%	9	\$0.02	0.1%
Internet Services	516,518	\$0.00	0.2%	44	\$0.00	0.0%	0	\$0.00	0.0%
Other Information	Other in 51	\$0.08	3.4%	613	\$0.00	0.0%	1	\$0.09	0.4%
Wholesale Trade	42	\$0.10	4.4%	929	\$0.34	2.0%	54	\$0.45	2.3%
Retail Trade	44-45	\$0.39	16.2%	3,409	\$0.05	0.3%	21	\$0.43	2.2%
Car & Parts Dealers	441	\$0.03	1.3%	276	\$0.01	0.0%	3	\$0.04	0.2%
Gas Stations	447	\$0.19	7.8%	1,649	\$0.01	0.1%	9	\$0.20	1.0%
Other Retail Trade	Other in 44-45	\$0.17	7.1%	1,484	\$0.03	0.2%	9	\$0.20	1.0%
Finance and Insurance	52	\$0.03	1.2%	263	\$0.00	0.0%	5	\$0.03	0.2%
Real Estate and Rental Leasing	53	\$0.10	4.3%	909	\$0.00	0.0%	8	\$0.11	0.5%
Services	54-81	\$0.77	32.3%	6,822	\$1.02	6.0%	152	\$1.79	9.2%
Professional and Technical Services	54	\$0.06	2.4%	497	\$0.01	0.1%	8	\$0.07	0.4%
Accommodation	721	\$0.02	0.9%	182	\$0.00	0.0%	1	\$0.02	0.1%
Food Services & Drinking Places	722	\$0.01	0.5%	105	\$0.01	0.0%	4	\$0.02	0.1%
Automotive Repairs & Maintenance	8111	\$0.22	9.2%	1,951	\$0.00	0.0%	0	\$0.22	1.1%
Dry Cleaning & Laundry Services	8123	\$0.16	6.5%	1,378	\$0.00	0.0%	3	\$0.16	0.8%
Health Care & Social Assistance	62	\$0.07	3.0%	639	\$0.12	0.7%	53	\$0.20	1.0%
Other Services	Other in 54-81	\$0.23	9.8%	2,070	\$0.87	5.1%	83	\$1.11	5.7%
Public Administration	92	\$0.14	6.1%	1,290	\$0.10	0.6%	24	\$0.25	1.3%
Unclassified*		\$0.07	3.1%	662	\$0.07	0.4%	13	\$0.14	0.7%
Totals		\$2.39	100%	21,037	\$17.09	100%	1,100	\$19.47	100%

* Facilities with no NAICS codes assigned are categorized as "unclassified."

**Almost all facilities paying emission-based fees also pay the flat fee.

The sectors with a high concentration of small businesses, such as the retail trade and service sectors have a much smaller proportion of emissions-based fees than the sectors with a lower concentration of small businesses (e.g., manufacturing). For example, out of the total \$17.1 million in revenue from emissions-based fees, the share of the retail trade sector (which has many small businesses) is estimated to be only \$0.05 million relative to \$12.8 million from the entire manufacturing sector. Similarly, the estimated emission-based fee revenue from the services sector (NAICS 54-81) is \$1.02 million, approximately six-percent of the emissions-based fee revenue.

Permit Fees and Annual Operating Fees

Permit and annual operating fees by industry are shown in Table 3. Applicants for permits to construct/operate equipment listed in Rule 301 pay a permit processing fee which varies by equipment type. Permit fees also include other charges based on additional time and materials billed for SCAQMD staff time (if specified by the applicable rule), and other fees as required (modeling, Title V fees, CEQA analysis fees, etc.) The fee is paid at the beginning of the permit application process.

As Table 3 indicates, an estimated total of \$14.8 million from 6,847 facilities that applied for permits to construct or operate was invoiced from January 1, 2012 through December 31, 2012. It should be noted that a facility could apply for multiple permits. The manufacturing sector paid \$5.9 million, or 40 percent of the total permit fee revenue invoiced, followed by the services sector at 21 percent. As with emission fees, for those facilities classified with NAICS codes, the majority of the permit processing fee revenue came from the manufacturing sector.

Operating permits must be renewed annually. An annual fee is assessed on the renewed permits to support continuing SCAQMD inspection and compliance activities and other permit related activities. There were a total of 26,337 facilities with operating permits as of February 12, 2013. The revenue from these facilities at the current fee rate is estimated to be \$42 million (Table 3). The manufacturing sector has the largest share of annual operating fees, totaling \$15.3 million or 37 percent of the total annual operating fee revenue. The sectors of retail trade and services together would have paid \$14.5 million.

Toxic Hot Spots Fees

AB 2588 toxic hot spots fees were calculated based on risks and priority scores. The most recent invoiced revenue for the FY 2011-2012 was approximately \$1.9 million. The services sector's (NAICS 54-81) share of this total was 31 percent, followed by the manufacturing sector (18 percent) and retail trade (17 percent).

Source Testing Fees

The revenue from source testing fees is based on the invoiced source test fees from January 1 to December 31, 2012. During this period of time, the source test fee revenue from Rules 304 and 304.1 was \$655,106. The manufacturing and service sectors (NAICS 31-33 and 54-81) accounted for 62 percent of this revenue.

Table 3: Estimated Permit & Annual Operating Fee Revenue by Industry at Current Fee Rates

Industry	NAICS	Permit Fees ¹			Annual Operating Fees ²		
		MM\$	%	# of Fac.	MM\$	%	# of Fac.
Agricul.,Forestry,Fishing & Hunting	111	\$0.06	0.4%	48	\$0.08	0.2%	134
Mining	21	\$0.39	2.6%	75	\$1.23	2.9%	364
Oil & Gas Extraction	211	\$0.28	1.9%	50	\$0.85	2.0%	252
Mining(except oil and gas)	212-213	\$0.11	0.7%	25	\$0.38	0.9%	112
Construction	23	\$0.31	2.1%	233	\$1.01	2.4%	913
Manufacturing	31-33	\$5.92	40.1%	946	\$15.26	36.5%	3,819
Food Manufacturing	311	\$0.62	4.2%	97	\$1.25	3.0%	236
Wood Products Manufacturing	321	\$0.03	0.2%	19	\$0.08	0.2%	95
Petroleum and Coal Products Mfg.	324	\$1.07	7.2%	37	\$3.43	8.2%	83
Chemical Manufacturing	325	\$0.84	5.7%	114	\$1.82	4.4%	349
Nonmetallic Mineral Product Mfg.	327	\$0.19	1.3%	40	\$1.27	3.0%	237
Primary & Fabricated Metal Mfg.	331-332	\$1.13	7.7%	191	\$3.06	7.3%	883
Machinery Manufacturing	333	\$0.12	0.8%	44	\$0.33	0.8%	209
Computer and Electronic Product Mfg.	334	\$0.38	2.6%	79	\$0.62	1.5%	277
Electrical Equipment & Appliance Mfg.	335	\$0.16	1.1%	30	\$0.33	0.8%	122
Motor Vehicle & Trans. Equipment Mfg.	336	\$0.39	2.6%	56	\$0.80	1.9%	245
Other Manufacturing	312-339	\$0.99	6.7%	239	\$2.26	5.4%	1,083
Utilities	22	\$1.10	7.5%	164	\$1.81	4.3%	888
Transportation & Warehousing	48-49	\$0.39	2.7%	141	\$0.99	2.4%	536
Information	51	\$0.22	1.5%	270	\$0.48	1.1%	814
Publishing Industries, Except Internet	511	\$0.02	0.1%	9	\$0.06	0.1%	41
Motion Picture & Sound Recording	512	\$0.05	0.4%	19	\$0.13	0.3%	80
Internet Services	516,518	\$0.03	0.2%	29	\$0.03	0.1%	48
Other Information	Other in 51	\$0.12	0.8%	213	\$0.26	0.6%	645
Wholesale Trade	42	\$0.69	4.7%	262	\$2.73	6.5%	1,085
Retail Trade	44-45	\$0.99	6.7%	1,552	\$6.89	16.5%	3,877
Car & Parts Dealers	441	\$0.07	0.5%	50	\$0.20	0.5%	317
Gas Stations	447	\$0.29	1.9%	274	\$4.81	11.5%	1,826
Other Retail Trade	Other in 44-45	\$0.63	4.3%	1,228	\$1.88	4.5%	1,734
Finance and Insurance	52	\$0.08	0.5%	109	\$0.24	0.6%	313
Real Estate and Rental Leasing	53	\$0.26	1.7%	274	\$0.73	1.8%	1,017
Services	54-81	\$3.04	20.6%	1,921	\$7.64	18.3%	10,110
Professional and Technical Services	54	\$0.55	3.7%	253	\$0.90	2.1%	639
Accommodation	721	\$0.07	0.5%	59	\$0.18	0.4%	253
Food Services & Drinking Places	722	\$0.04	0.3%	136	\$0.54	1.3%	2,319
Automotive Repairs & Maintenance	8111	\$0.41	2.8%	313	\$1.35	3.2%	2,196
Dry Cleaning & Laundry Services	8123	\$0.09	0.6%	100	\$0.54	1.3%	1,429
Health Care & Social Assistance	62	\$0.53	3.6%	223	\$0.99	2.4%	727
Other Services	Other in 54-81	\$1.34	9.1%	837	\$3.14	7.5%	2,547
Public Administration	92	\$0.41	2.8%	248	\$0.91	2.2%	1,390
Unclassified*		\$0.90	6.1%	604	\$1.83	4.4%	1,077
Totals		\$14.76	100.0%	6,847	\$41.83	100.0%	26,337

¹Based on permit applications in calendar year 2012.

²Based on permits held on February 12, 2012.

*Facilities with no NAICS codes assigned are categorized as "unclassified."

Rule 2202 Fees

Rule 2202—On-Road Motor Vehicle Mitigation Options—provides employers with three compliance options: (1) the Employee Commute Reduction Program (ECRP); (2) emission reduction strategies (ERS) such as the use of clean fuel vehicles, re-powering of diesel engine marine vessels, and vehicle scrapping; and (3) the Air Quality Investment Program (AQIP). Employers choosing the ECRP option pay a plan review fee to the SCAQMD at the time they file their ECRP Plan. Employers choosing an ERS pay a registration fee. Employers choosing to invest in AQIP pay a registration fee and an investment fee as their AQIP contribution. The latter goes to an escrow account which is not part of the General Fund.

The revenue from Rule 2202 fees herein is based on the invoiced Rule 2202 fees from January 1 through December, 2012. A total of \$1,271,709 was collected from Rule 2202 fees for ECRP, ERS, and AQIP. The services sector accounted for approximately 34 percent (\$427,435) of the estimated Rule 2202 fee revenue. Only 10 percent of the revenue (\$128,976) came from the manufacturing sector. This reflects that the majority of employment in the four-county economy is in the more labor-intensive services sector.

Share of Major Revenue Sources by Industry

Approximately 64 percent of the SCAQMD's FY 2012-2013 estimated revenue comes from the following major revenue categories: emission fees, annual operating fees, permit processing fees, toxic hot spot fees, source test fees, and a portion of Rule 2202 fees. Table 4 shows the percentage of fees from these categories in each industry's total output, a surrogate of affordability for the industries in the SCAQMD.¹ Collectively, revenue from these fees is estimated to amount to \$79 million, based on 2011 emissions, existing emission fee rates, and invoiced amounts for other fee categories.

As shown in Table 4, the amount of fees paid by each industry is relatively small compared to that industry's regional output. This is especially the case with industries which are predominantly comprised of small businesses, such as retail trade (NAICS 44-45), and automotive and repair (NAICS 811). This is also the case for industries predominately comprised of large businesses, such as refineries (NAICS 324) and utilities (NAICS 22).

The petroleum product sector, mainly refineries, paid \$14.8 million in various fees, which represents five hundredths of one percent of the sector's output. Fees paid by the pipeline transportation sector represent thirty-one hundredths of one percent of the total output. Fees for the utilities sector represent approximately three hundredths of one percent of its output. Overall, major SCAQMD fee revenue, as a whole, represents one-hundredth of one percent of the four county output.

¹The year 2010 output in 2005 dollars was used. The Consumer Price Index from the California Department of Industrial Relations was used to convert revenue by industry from 2012 to 2005 dollars (Retrieved February 14, 2013 http://www.dof.ca.gov/HTML/FS_DATA/LatestEconData/FS_Price.htm).

Table 4: Share of Major Revenue by Industry

Industry Sector	NAICS	MM\$	% of Total Fees	% of Total Output
Farm (agricultural products)	111-112	\$0.37	0.47%	0.01%
Agriculture & Forestry support activities	115	\$0.07	0.09%	0.03%
Oil & Gas Extraction	211	\$1.56	1.96%	0.02%
Mining(except oil and gas)	212	\$0.51	0.64%	0.12%
Support activities for mining	213	\$0.22	0.28%	0.03%
Utilities	22	\$4.46	5.62%	0.03%
Construction	23	\$1.49	1.87%	0.00%
Wood Products Mfg.	321	\$0.13	0.17%	0.01%
Nonmetallic Mineral Product Mfg.	327	\$1.66	2.09%	0.05%
Primary Metal Mfg.	331	\$1.70	2.14%	0.03%
Fabricated Metal Product Mfg.	332	\$3.40	4.28%	0.02%
Machinery Manufacturing	333	\$0.50	0.63%	0.01%
Computer & Electronic Product Mfg.	334	\$1.11	1.39%	0.00%
Electrical Equipment & Appliance Mfg.	335	\$0.55	0.70%	0.01%
Motor Vehicle Mfg.	3361-3363	\$0.33	0.42%	0.00%
Transport Equip. Mfg. Excl. Motor Veh.	3364-3369	\$1.08	1.36%	0.00%
Furniture & Related Product Mfg.	337	\$0.36	0.45%	0.01%
Miscellaneous Mfg.	339	\$0.62	0.78%	0.00%
Food Mfg.	311	\$2.11	2.65%	0.01%
Beverage and Tobacco Product Mfg.	312	\$0.45	0.57%	0.01%
Textile Mills; Textile Product Mills	313	\$0.46	0.58%	0.02%
Apparel Mfg.; Leather & Allied Product Manufacturing	315	\$0.05	0.06%	0.00%
Paper Mfg.	322	\$0.54	0.69%	0.01%
Printing & Related Support Activities	323	\$0.63	0.79%	0.01%
Petroleum and Coal Products Mfg.	324	\$14.76	18.58%	0.05%
Chemical Mfg.	325	\$3.26	4.10%	0.02%
Plastics and Rubber Products Mfg.	326	\$1.47	1.85%	0.02%
Wholesale Trade	42	\$4.00	5.03%	0.00%
Retail Trade	44-45	\$8.78	11.05%	0.01%
Air Transportation	481	\$0.06	0.08%	0.00%
Rail Transportation	482	\$0.01	0.01%	0.00%
Water Transportation	483	\$0.01	0.01%	0.00%
Truck Transp., Couriers & Messengers	484,491-492	\$0.14	0.18%	0.00%
Transit & Ground passenger Transportation	485	\$0.11	0.13%	0.01%
Pipeline Transportation	486	\$1.00	1.26%	0.31%
Scenic & Sightseeing Transportation	487-488	\$0.48	0.60%	0.01%
Warehousing & Storage	493	\$0.27	0.34%	0.01%
Publishing Industries, Except Internet	511	\$0.09	0.11%	0.00%
Motion Picture & Sound Recording Industries	512	\$0.22	0.28%	0.00%
Internet Services & Data Processing	516,518,519	\$0.07	0.09%	0.00%
Broadcasting, Except Internet; Telecomm.	515,517	\$0.55	0.69%	0.00%
Monetary Authorities	521,522,525	\$0.18	0.23%	0.00%
Securities, Commodity Contracts, Investments	523	\$0.15	0.19%	0.00%
Insurance Carriers & Related Activities	524	\$0.10	0.13%	0.00%
Real Estate	531	\$0.93	1.17%	0.00%

Table 4: Share of Major Revenue by Industry (Continued)

Industry Sector	NAICS	MM\$	% of Total Fees	% of Total Output
Rental & Leasing Services	532,533	\$0.26	0.33%	0.00%
Professional and Technical Services	54	\$1.59	2.00%	0.00%
Management of Companies & Enterprises	55	\$0.03	0.04%	0.00%
Administrative & Support Services	561	\$1.20	1.51%	0.00%
Waste Management & Remediation Services	562	\$1.92	2.42%	0.05%
Education Services	61	\$1.20	1.51%	0.01%
Ambulatory Health Care Services	621	\$0.56	0.70%	0.00%
Hospitals	622	\$1.11	1.40%	0.00%
Nursing & Residential Care Facilities	623	\$0.15	0.19%	0.00%
Social Assistance	624	\$0.10	0.12%	0.00%
Performing Arts & Spectator Sports	711	\$0.08	0.10%	0.00%
Museums, Historical Sites, Zoos, and Parks	712	\$0.03	0.04%	0.00%
Amusement, Gambling, and Recreation	713	\$0.37	0.46%	0.01%
Accommodation	721	\$0.32	0.40%	0.00%
Food Services & Drinking Places	722	\$0.62	0.78%	0.00%
Repair & Maintenance	811	\$2.63	3.31%	0.03%
Personal & Laundry Services	812	\$1.23	1.54%	0.02%
Membership Associations and Organizations	813	\$0.30	0.38%	0.00%
Government	92	\$1.77	2.22%	0.00%
Unclassified	N/A	\$2.99	3.77%	
Total		\$79.44	100%	0.01%

REVENUE IMPACTS OF PROPOSED FEE RATE INCREASE BY INDUSTRY

Rule 320 allows annual adjustment of most fee rates in Regulation III by an amount equal to the change in CPI, which is two-percent for the period of December 2011 to December 2012. Based on the 2011 emissions and current equipment and activity profile of individual facilities, the two-percent fee rate increase is expected to increase SCAQMD revenue by approximately \$1.59 million compared to what would have been paid in the event that the two-percent CPI increase is not implemented. The distribution of these fee changes across affected industries is shown in Table 5.

The petroleum and coal products manufacturing sector (NAICS 324) would experience the largest increase in fees (\$295,159 with about 90 facilities) among all of the sectors, followed by retail trade (\$175,525 with about 4,500 facilities) and utility (\$89,256 with about 900 facilities) sectors.

Table 5
Revenue Impact of the Fee Rate Increase by Industry

Industry Sector	NAICS	Revenue Change
Farm (agricultural products)	111-112	\$7,438
Agriculture & Forestry support activities	115	\$1,419
Oil & Gas Extraction	211	\$31,166
Mining(except oil and gas)	212	\$10,111
Support activities for mining	213	\$4,432
Utilities	22	\$89,256
Construction	23	\$29,723
Wood Products Mfg.	321	\$2,695
Nonmetallic Mineral Product Mfg.	327	\$33,269
Primary Metal Mfg.	331	\$34,009
Fabricated Metal Product Mfg.	332	\$67,934
Machinery Manufacturing	333	\$9,996
Computer & Electronic Product Mfg.	334	\$22,143
Electrical Equipment & Appliance Mfg.	335	\$11,047
Motor Vehicle Mfg.	3361-3363	\$6,656
Transport Equip. Mfg. Excl. Motor Veh.	3364-3369	\$21,634
Furniture & Related Product Mfg.	337	\$7,184
Miscellaneous Mfg.	339	\$12,390
Food Mfg.	311	\$42,139
Beverage and Tobacco Product Mfg.	312	\$9,008
Textile Mills; Textile Product Mills	313	\$9,288
Apparel, Leather & Allied Product Manufacturing	315	\$926
Paper Mfg.	322	\$10,884
Printing & Related Support Activities	323	\$12,627
Petroleum and Coal Products Mfg.	324	\$295,159
Chemical Mfg.	325	\$65,129
Plastics and Rubber Products Mfg.	326	\$29,323
Wholesale Trade	42	\$79,990
Retail Trade	44-45	\$175,525
Air Transportation	481	\$1,219
Rail Transportation	482	\$168
Water Transportation	483	\$154
Truck Transp., Couriers & Messengers	484,491-492	\$2,900
Transit & Ground passenger Transportation	485	\$2,114
Pipeline Transportation	486	\$19,950
Scenic & Sightseeing Transportation	487-488	\$9,564

**Table 5 – Revenue Impact of the Fee Rate Increase by Industry
(Continued)**

Industry Sector	NAICS	Revenue Change
Warehousing & Storage	493	\$5,347
Publishing Industries, Except Internet	511	\$1,787
Motion Picture & Sound Recording Industries	512	\$4,442
Internet Services & Data Processing	516,518,519	\$1,471
Broadcasting, Except Internet; Telecomm.	515,517	\$10,977
Monetary Authorities	521,522,525	\$3,610
Securities, Commodity Contracts, Investments	523	\$3,021
Insurance Carriers & Related Activities	524	\$2,089
Real Estate	531	\$18,513
Rental & Leasing Services	532,533	\$5,194
Professional and Technical Services	54	\$31,742
Management of Companies & Enterprises	55	\$583
Administrative & Support Services	561	\$23,932
Waste Management & Remediation Services	562	\$38,385
Education Services	61	\$23,926
Ambulatory Health Care Services	621	\$11,170
Hospitals	622	\$22,234
Nursing & Residential Care Facilities	623	\$3,023
Social Assistance	624	\$1,971
Performing Arts & Spectator Sports	711	\$1,574
Museums, Historical Sites, Zoos, and Parks	712	\$688
Amusement, Gambling, and Recreation	713	\$7,386
Accommodation	721	\$6,320
Food Services & Drinking Places	722	\$12,382
Repair & Maintenance	811	\$52,566
Personal & Laundry Services	812	\$24,526
Membership Associations and Organizations	813	\$6,098
Government	92	\$35,325
Unclassified	N/A	\$59,887
Totals		\$1,588,739

SUMMARY

The above analysis provides background information on SCAQMD revenue and summarizes the economic impact of the automatic consumer price index (Rule 320) increase on facilities regulated by SCAQMD. The amount of SCAQMD fees paid by each industry is small relative to the industry's economic output. SCAQMD revenues are expected to increase by \$1.59 million resulting from the across-the-board two-percent fee rate increase, compared to the \$79 million that would have been collected based on 2011 emissions data and the equipment and activity profile of individual facilities. Relative to the estimated FY 2012-2013 revenue, the projected revenue for FY 2012-2013 would increase by \$0.6 million.

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