

Public Consultation Meeting for Proposed Amended Rules 1113 – Architectural Coatings and 314 – Fees for Architectural Coatings

June 20, 2013

Background

- 🔧 Rule 1113 Adopted on September 2, 1977
 - 2012 AQMP inventory (projected 2014 annual average) ≈ 15 TPD (including colorants)
 - Last amended June 3, 2011
 - Labeling provisions to small containers apply effective 1/1/2014
- 🔧 Rule 314 Adopted in June 6, 2008
 - Amended January 9, 2009 to exempt recycled coatings from fees and require big box reporting
 - Amended annually for CPI adjustments

Proposed Amendments Rule 1113

-  Exempt coatings sold in 2 ounce or smaller containers from labeling requirements (subparagraphs (d)(1), (2), & (3))
-  Define and clarify labeling for multi-component coatings
-  Include colorants in empty container requirement & Group II exempt compound prohibition (subparagraphs (c)(5) & (c)(8))
-  Clarify that Rules 1143 & 1171 apply
-  Remove outdated language

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Compliance Reminder Upcoming VOC Reductions

Category	Current Limit (g/L)	Effective Date 01/01/14
Concrete Surface Retarder	250	50
Default	250	50
Dry Fog Coatings	150	50
Faux Clear Topcoat	200	100
Faux Trowel Applied	150	50
Fire-Proofing Coatings	350	150
Form Release Compounds	250	100
Graphic Arts	500	150
Mastic Coatings	300	100
Metallic Pigmented Coatings	500	150
Colorants	N/A	50/600

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Rule 314 Background

-  Online reporting of Annual Quantity and Emissions began in 2010
-  Fees collected well below projections
 - No fee increases beyond CPI
-  Audits initiated in 2012
 - Under and over reporting
 - Other issues: Material vs Coating VOC, Grouping
-  Continue audits for anomalies in sales, VOC, categorizations as well as apparent self-reported violations

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Rule 314 Sales, Emissions & Revenue

Sales, Emissions and Fees by Year					
Year	Total Sales	Water-borne	Solvent Based	Emissions ¹ (tpd)	Fees Collected by Fiscal Year
2008	39,435,801	35,817,785	2,343,326	18.5	\$1,226,651
2009	34,166,695	31,338,195	1,606,233	15.0	\$1,445,715
2010	34,494,772	31,586,806	1,668,599	14.9	\$2,503,791
2011	38,084,334	34,656,353	2,019,224	15.7	\$2,808,927
2012 ²	35,105,489	32,239,536	1,589,770	13.6	\$2,104,360

1. Colorant emissions of 3 tpd included
2. Year to date, not all manufacturers reported or paid at time the data was queried (June 6, 2013).

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Proposed Amendments Rule 314

-  Include private labelers in Applicability
-  Add definitions from Rule 1113 & 1107:
Architectural Coatings, Manufacturer , Multi-Component Coating, Recycled Coating, and Stationary Structure.
-  Add 4 New Definitions:
Authorized Representative, Concentrate, Private Labeler, Toll Manufacturer

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Proposed Amendments Rule 314 (cont)

AUTHORIZED REPRESENTATIVE for a corporation is a corporate officer or an authorized representative so delegated by a corporate officer. The authorized representative is the person authorized to prepare and submit the Annual Quantity and Emissions Report.

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Proposed Amendments Rule 314 (cont)

CONCENTRATE is a coating that is supplied in a form that must be diluted with water or an exempt compound according to the manufacturer's application instructions in order to yield the desired film properties.

Specify how to report multi-component coatings and concentrates in subdivision (e)

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Proposed Amendments Rule 314 (cont)

PRIVATE LABELER is not the manufacturer of the coatings but the person, company, firm, or establishment listed on the product's label. If the label lists two or more different persons, companies, firms, or establishments, they may mutually designate in writing the responsible party for compliance with this rule. That writing shall be filed with the District's Executive Officer.

TOLL MANUFACTURER is an architectural coatings manufacturer who produces coatings for a private labeler.

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Proposed Amendments Rule 314 (cont)

-  Clarification on changes to Authorized Representative and Responsible Party
-  Add flags for:
 - Stains and lacquers sold above 4,000 feet
 - Multi-component coatings
 - Concentrates
-  Clarification for reporting requirements when there are 'no sales'

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Proposed Amendments Rule 314 (cont)

-  Remove grouping provision
-  Require 'big box' stores to also submit annual reports to the District
-  Remove outdated phased-in fee rate and specify that current fee rate applies for past sales and emissions
-  Specify that distributors list only needs to be submitted once, with changes reported annually

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Proposed Amendments Rule 314 (cont)

-  Amend fee exemption for recycled coatings and coatings containing less than 5 g/L material
-  Exempt coatings sold as a dry mix, containing no polymer content, that is solely mixed with water, e.g. stucco
-  Exempt small manufacturers

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Unaudited Rule 314 Data Based on the 2011 Calendar Year Sales

Total Fees for Quantity and Emissions: \$2,160,053

(does not include late fees or CPI adjustment)

Number of Manufacturers Reporting: 204

	Cumulative Fees	Percent of total
Top 5 Companies	\$1,203,408.71	56%
Top 10 Companies	\$1,618,732.74	75%
Top 20 Companies	\$1,848,884.33	86%
Top 30 Companies	\$1,940,562.90	90%
Bottom 30 Companies	\$810.60	0.04%
Bottom 20 Companies	\$194.00	0.009%
Bottom 10 Companies	\$49.40	0.002%
Bottom 5 Companies	\$5.66	0.0003%

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Unaudited Rule 314 Data Based on the 2011 Calendar Year Sales

Companies sold <100gallons	Number of Manufacturers	16
	Cumulative Fees	\$110.17
	Percent of Total	0.005%
	Highest Fee	\$36.97
	Maximum Emissions (tons)	0.14
Companies sold <500 gallons	Number of Manufacturers	38
	Cumulative Fees	\$1,152.73
	Percent of Total	0.053%
	Highest Fee	\$229.13
	Maximum Emissions (tons)	0.87
Companies sold <1,000 gallons	Number of Manufacturers	48
	Cumulative Fees	\$1,664.90
	Percent of Total	0.077%
	Highest Fee	\$236.51
	Maximum Emissions (tons)	0.87

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Questions ?

