

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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

April 2012

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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 AQMD 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 AQMD revenue 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 2.4 percent increase in fee rates (equivalent to the change in the California CPI from December 2010 to December 2011) will occur on July 1, 2012 unless the Governing Board decides to forego the increase.
Affected Facilities	Nearly all the facilities regulated by the AQMD 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 AQMD 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).</p>
Impact of CPI Increase	<p>The across-the-board 2.4 percent fee rate increase would bring an additional revenue of \$1.93 million to the AQMD, based on 2010 emissions and current equipment and activity profile of individual facilities. The petroleum and coal products manufacturing sector would experience the largest increase in fees (\$385,706 with about 90 facilities) among all of the sectors, followed by retail trade (\$239,698) with about 4,800 facilities), and utility (\$55,852 with about 710 facilities) sectors.</p> <p>Relative to the estimated fiscal year 2011-2012 revenue, the projected total revenue for the next fiscal year would increase by \$4 million which includes both the 2.4 percent fee rate increase and the impacts of other changes in revenue (increase or decrease).</p>

INTRODUCTION

The AQMD General Fund is comprised of revenues from a number of sources. The majority of AQMD 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) fees, 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) 2011-2012, and projected revenue for FY 2012-2013, by major fee category. Estimated revenue for FY 2011-2012 is calculated based on the general ledger as of February 28, 2012. Emission fees, annual operating fees, and permit processing fees together represented approximately 63 percent of the AQMD's actual total revenues.

Table 1: Actual and Estimated AQMD Revenue⁺

Revenue Category	FY 2009-2010 Actual*	FY 2010-2011 Actual*	FY 2011-2012 Estimated**	FY 2012-2013 Projected	% Change in Fee Rates	Changes in Revenue Between FY 2011-2012 & FY 2012-2013	
						\$	%
Emission Fees	\$19,663,671	\$19,246,061	\$19,653,855	\$20,401,917	2.40%	\$748,062	3.8%
Annual Operating Fees	\$41,191,933	\$41,342,340	\$41,640,875	\$43,446,195	2.40%	\$1,805,320	4.3%
Permit Processing Fees	\$16,316,076	\$16,007,058	\$15,953,049	\$16,746,850	2.40%	\$793,801	5.0%
Mobile Source/Clean Fuels	\$22,891,684	\$21,627,527	\$22,515,719	\$23,740,194	N/A	\$1,224,475	5.4%
Source Test & Lab Analysis	\$486,075	\$636,822	\$641,958	\$657,365	2.40%	\$15,407	2.4%
Hearing Board Fees	\$327,344	\$201,864	\$233,684	\$215,654	2.40%	(\$18,030)	-7.7%
Transportation Program Fees	\$836,557	\$885,263	\$882,180	\$921,600	2.40%	\$39,420	4.5%
Other Revenues***	\$26,421,355	\$25,463,105	\$21,839,342	\$21,269,476	N/A	(\$569,866)	-2.6%
Total	\$128,134,695	\$125,410,040	\$123,360,662	\$127,399,251		\$4,038,589	3.3%

+ Revised from Draft Socioeconomic Assessment posted on March 15, 2012.

* Audited Financial Statements, 2009-2010 and 2010-2011.

** February 2012 year-to-date General Ledger.

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

The number of permit applications processed by the AQMD is expected to increase slightly in FY 2012-2013 due to sustained increase in economic activities. Projected revenue for the Stationary Source Categories in FY 2012-2013 is slightly higher than the previous fiscal year mainly due to a 2.4 percent across-the-board increase in fee rates. Compared to the estimated revenue in FY 2011-2012, a net revenue increase of \$4.0 million is expected for FY 2012-2013 which is a combination of the 2.4 percent fee rate increase and other changes in revenue (increases or decreases). For example, despite a 2.4 percent increase in fee rates, there are fewer Hearing Board cases and more Orders

for Abatement. The last two columns in Table 1 show the revenue impact by fee category with the proposed 2.4 percent fee rate increase.

HISTORICAL REVENUE ANALYSIS

The following sub-sections examine the distribution of revenues from various fee categories among key industries. The AQMD 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 recently 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 17 percent of the AQMD's total revenue. 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 (\$19.8 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 2010 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 (2010) 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 \$14.8 million to emissions-based fees, representing 75 percent of the total emissions-based fee revenue. The petroleum and coal industry (NAICS 324) contributes \$12 million (81 percent of the emissions-based fees revenue from the entire manufacturing sector). The remaining manufacturing sectors contribute 19 percent of the emissions-based fee revenue from that sector.

The sectors with a high concentration of small businesses, such as the retail trade and service sectors have a much smaller proportion of emission-based fees than the sectors with a lower concentration of small businesses (e.g., manufacturing). For example, out of the total \$19.8 million in revenue from emissions-based fees, the share of the retail trade sector (which has many small businesses) is estimated to be only \$0.21 million relative to \$14.8 million from the entire manufacturing sector. Similarly, the estimated emission-based fee revenue from the services sector (NAICS 54-81) is \$1.73 million, approximately 9 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 AQMD 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 \$13.5 million from 6,787 facilities that applied for permits to construct or operate was invoiced from January 1, 2011 through December 31, 2011. It should be noted that a facility could apply for multiple permits. The manufacturing sector paid \$4.8 million, or 36 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 AQMD inspection and compliance activities and other permit related activities. There were a total of 26,348 facilities with operating permits as of February 20, 2012. The revenue from these facilities at the current fee rate is estimated to be \$41 million (Table 3). The manufacturing sector has the largest share of annual operating fees, totaling \$14.1 million or 34 percent of the total annual operating fees. The sectors of retail trade and services together would have paid \$15.9 million.

Table 2: Estimated Emission Fee Revenue by Industry

Industry	NAICS	Flat Fee			Emission-based Fees**			Total	
		MMS	%	# of Fac.**	MMS	%	# of Fac.	MMS	%
Agricul., Forestry, Fishing & Hunting	111	\$0.01	0.4%	93	\$0.26	1.3%	48	\$0.27	1.23%
Mining	21	\$0.03	1.1%	229	\$0.39	2.0%	73	\$0.41	1.86%
Oil & Gas Extraction	211	\$0.02	0.7%	159	\$0.29	1.5%	55	\$0.31	1.41%
Mining (except oil and gas)	212-213	\$0.01	0.3%	70	\$0.09	0.5%	18	\$0.10	0.45%
Construction	23	\$0.09	3.6%	772	\$0.13	0.7%	41	\$0.22	0.99%
Manufacturing	31-33	\$0.38	16.1%	3,434	\$14.77	74.7%	439	\$15.15	68.41%
Food Mfg.	311	\$0.02	0.9%	193	\$0.10	0.5%	35	\$0.12	0.56%
Wood Products Mfg.	321	\$0.01	0.4%	91	\$0.01	0.1%	8	\$0.02	0.11%
Petroleum & Coal Products Mfg.	324	\$0.01	0.3%	66	\$12.02	60.8%	20	\$12.03	54.32%
Chemical Mfg.	325	\$0.03	1.4%	307	\$0.61	3.1%	44	\$0.65	2.93%
Nonmetallic Mineral Product Mfg.	327	\$0.03	1.1%	235	\$0.15	0.8%	27	\$0.18	0.81%
Primary & Fabricated Metal Mfg.	331-332	\$0.09	3.6%	777	\$0.76	3.9%	117	\$0.85	3.83%
Machinery Mfg.	333	\$0.02	0.9%	194	\$0.01	0.1%	9	\$0.03	0.15%
Computer & Electronic Product Mfg.	334	\$0.03	1.3%	273	\$0.11	0.6%	22	\$0.14	0.65%
Electrical Equip. & Appliance Mfg.	335	\$0.01	0.6%	118	\$0.01	0.1%	10	\$0.03	0.12%
Motor Vehicle & Transp. Equip. Mfg.	336	\$0.02	1.0%	206	\$0.07	0.3%	25	\$0.09	0.41%
Other Manufacturing	312-339	\$0.11	4.6%	974	\$0.89	4.5%	122	\$1.00	4.52%
Utilities	22	\$0.07	3.2%	676	\$0.62	3.2%	65	\$0.70	3.16%
Transportation & Warehousing	48-49	\$0.05	2.2%	459	\$0.58	2.9%	37	\$0.63	2.85%
Information	51	\$0.10	4.1%	760	\$0.02	0.1%	13	\$0.12	0.54%
Publishing Industries, Except Internet	511	\$0.00	0.2%	38	\$0.02	0.1%	4	\$0.02	0.10%
Motion Picture & Sound Recording	512	\$0.01	0.3%	73	\$0.00	0.0%	5	\$0.01	0.04%
Internet Services	516,518	\$0.01	0.2%	46	\$0.00	0.0%	1	\$0.01	0.02%
Other Information	Other in 51	\$0.08	3.4%	603	\$0.00	0.0%	3	\$0.08	0.37%
Wholesale Trade	42	\$0.12	4.9%	1,048	\$0.21	1.1%	57	\$0.33	1.48%
Retail Trade	44-45	\$0.40	16.7%	3,566	\$0.21	1.1%	59	\$0.61	2.74%
Car & Parts Dealers	441	\$0.03	1.3%	277	\$0.00	0.0%	1	\$0.03	0.15%
Gas Stations	447	\$0.19	7.8%	1,677	\$0.04	0.2%	16	\$0.23	1.04%
Other Retail Trade	Other in 44-	\$0.18	7.6%	1,612	\$0.17	0.8%	42	\$0.35	1.56%
Finance & Insurance	52	\$0.03	1.3%	270	\$0.01	0.0%	2	\$0.04	0.16%
Real Estate and Rental Leasing	53	\$0.10	4.0%	861	\$0.34	1.7%	8	\$0.44	1.97%
Services	54-81	\$0.77	32.5%	6,915	\$1.73	8.7%	198	\$2.50	11.29%
Professional & Technical Services	54	\$0.07	2.8%	592	\$0.65	3.3%	21	\$0.71	3.22%
Accommodation	721	\$0.02	0.9%	181	\$0.00	0.0%	3	\$0.02	0.09%
Food Services & Drinking Places	722	\$0.01	0.5%	115	\$0.01	0.0%	4	\$0.02	0.09%
Automotive Repairs & Maintenance	8111	\$0.21	8.7%	1,840	\$0.00	0.0%	8	\$0.21	0.94%
Dry Cleaning & Laundry Services	8123	\$0.15	6.2%	1,322	\$0.00	0.0%	2	\$0.15	0.68%
Health Care & Social Services	62	\$0.07	2.8%	599	\$0.09	0.5%	45	\$0.16	0.71%
Other Services	Other in 54-	\$0.25	10.6%	2,266	\$0.98	4.9%	115	\$1.23	5.56%
Public Administration	92	\$0.12	5.3%	1,129	\$0.17	0.9%	33	\$0.30	1.35%
Unclassified*		\$0.11	4.5%	993	\$0.33	1.7%	31	\$0.43	1.96%
Totals		\$2.37	100%	21,205	\$19.78	100%	1,104	\$22.14	100%

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

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

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 2010-2011 was approximately \$1.9 million. The services sector's (NAICS 54-81) share of this total was 38 percent, followed by the retail trade (25 percent) and manufacturing sector (22 percent).

Source Testing Fees

The revenue from source testing fees is based on the invoiced source test fees from January 1 to December 31, 2011. During this period of time, the source test fee revenue from Rules 304 and 304.1 was \$491,378. The manufacturing and service sectors (NAICS 31-33 and 54-81) accounted for 61 percent of this revenue.

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 AQMD 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, 2011. A total of \$903,996 was collected from Rule 2202 fees for ECRP, ERS, and AQIP. The services sector accounted for approximately 36 percent (\$327,538) of the estimated Rule 2202 fee revenue. Only 14 percent of the revenue (\$126,436) 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.

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

Industry	NAICS	Permit Fees ¹			Annual Operating Fees ²		
		MM\$	%	# of Fac.	MM\$	%	# of Fac.
Agricul., Forestry ,Fishing & Hunting	111	\$0.07	0.5%	55	\$0.08	0.2%	123
Mining	21	\$0.30	2.2%	48	\$1.11	2.7%	286
Oil & Gas Extraction	211	\$0.18	1.4%	31	\$0.70	1.7%	207
Mining (except oil and gas)	212-213	\$0.11	0.8%	17	\$0.41	1.0%	79
Construction	23	\$0.43	3.2%	220	\$1.13	2.7%	917
Manufacturing	31-33	\$4.84	35.9%	928	\$14.12	34.4%	3,709
Food Mfg.	311	\$0.36	2.7%	96	\$0.99	2.4%	223
Wood Products Mfg.	321	\$0.05	0.4%	12	\$0.11	0.3%	95
Petroleum & Coal Products Mfg.	324	\$0.63	4.7%	49	\$3.19	7.8%	70
Chemical Mfg.	325	\$0.61	4.5%	121	\$1.67	4.1%	321
Nonmetallic Mineral Product Mfg.	327	\$0.30	2.2%	43	\$1.32	3.2%	242
Primary & Fabricated Metal Mfg.	331-332	\$1.10	8.2%	212	\$2.86	7.0%	847
Machinery Mfg.	333	\$0.13	0.9%	34	\$0.28	0.7%	213
Computer & Electronic Product Mfg.	334	\$0.42	3.1%	78	\$0.73	1.8%	294
Electrical Equip. & Appliance Mfg.	335	\$0.11	0.8%	24	\$0.31	0.7%	124
Motor Vehicle & Transp. Equip. Mfg.	336	\$0.27	2.0%	44	\$0.53	1.3%	231
Other Manufacturing	312-339	\$0.85	6.3%	215	\$2.13	5.2%	1,049
Utilities	22	\$0.43	3.2%	114	\$1.11	2.7%	701
Transportation & Warehousing	48-49	\$0.53	3.9%	155	\$1.33	3.2%	511
Information	51	\$0.12	0.9%	144	\$0.49	1.2%	803
Publishing Industries, Except Interent	511	\$0.02	0.1%	16	\$0.07	0.2%	42
Motion Pict. & Sound Recrd Indus.	512	\$0.02	0.1%	19	\$0.12	0.3%	87
Internet Services	516,518	\$0.02	0.1%	43	\$0.04	0.1%	48
Other Information	Other in 51	\$0.07	0.5%	66	\$0.26	0.6%	626
Wholesale Trade	42	\$0.68	5.1%	313	\$2.22	5.4%	1,187
Retail Trade	44-45	\$1.28	9.5%	1,600	\$7.44	18.1%	4,027
Car & Parts Dealers	441	\$0.14	1.0%	50	\$0.23	0.6%	311
Gas Stations	447	\$0.34	2.5%	256	\$4.90	11.9%	1,836
Other Retail Trade	Other in 44-45	\$0.80	6.0%	1,294	\$2.30	5.6%	1,877
Finance & Insurance	52	\$0.10	0.7%	97	\$0.27	0.7%	309
Real Estate and Rental Leasing	53	\$0.28	2.0%	246	\$0.75	1.8%	957
Services	54-81	\$2.86	21.2%	1,740	\$8.04	19.6%	1,0050
Professional & Technical Svcs.	54	\$0.52	3.8%	242	\$1.36	3.3%	717
Accommodation	721	\$0.05	0.4%	49	\$0.18	0.4%	231
Food Services & Drinking Places	722	\$0.05	0.4%	149	\$0.55	1.3%	2,353
Automotive Repairs & Maintenance	8111	\$0.37	2.8%	278	\$1.29	3.1%	2,059
Dry Cleaning & Laundry Services	8123	\$0.09	0.7%	140	\$0.52	1.3%	1,387
Health Care & Social Services	62	\$0.45	3.4%	233	\$0.91	2.2%	676
Other Services	Other in 54-81	\$1.33	9.9%	649	\$3.23	7.9%	2,627
Public Administration	92	\$0.47	3.5%	279	\$1.10	2.7%	1,198
Unclassified*		\$1.10	8.2%	848	\$1.91	4.6%	1,570
Totals		\$13.48	100.0%	6,787	\$41.08	100.0%	26,348

¹Based on permit applications in calendar year 2011.²Based on permits held on February 20, 2012.

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

Share of Major Revenue Sources by Industry

Approximately 61 percent of the AQMD's FY 2011-2012 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 District.¹ Collectively, revenue from these fees is estimated to amount to \$80 million, based on 2010 emissions, existing emission fee rates, and invoiced amounts for other fee categories.

As shown in Table 4, the amount of fees paid by each industrial sector 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 \$16 million in various fees, which represents eighth hundredths of one percent of the sector's output. Fees paid by the pipeline transportation sector represent fifteen hundredths of one percent of the total output. Fees for the utilities sector represent approximately one hundredths of one percent of its output. Overall, major AQMD 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 2010 to 2005 dollars (Retrieved February 20, 2012 http://www.dof.ca.gov/HTML/FS_DATA/LatestEconData/FS_Price.htm).

Table 4: Share of Major Revenue by Industry

Industry	NAICS	MM\$	% of Total Fees	% of Output
Farm	111-112	\$0.35	0.43%	0.01%
Forestry & Logging; Fish, Hunt, & Trapping	113-114	\$0.00	0.00%	0.00%
Agric. & Forestry support act., Other	115	\$0.07	0.09%	0.03%
Oil and gas extraction	211	\$1.20	1.50%	0.02%
Mining	212	\$0.18	0.23%	0.06%
Support Activities for Mining	213	\$0.46	0.58%	0.10%
Utilities	22	\$2.31	2.89%	0.01%
Construction	23	\$1.82	2.28%	0.00%
Wood Product Mfg.	321	\$0.20	0.25%	0.01%
Nonmetallic Mineral Prod. Mfg.	327	\$1.81	2.27%	0.05%
Primary Metal Mfg.	331	\$1.57	1.96%	0.03%
Fabricated Metal Product Mfg.	332	\$3.47	4.34%	0.02%
Machinery Mfg.	333	\$0.46	0.57%	0.00%
Computer & Electronic Product Mfg.	334	\$1.35	1.69%	0.00%
Electrical Equip. & Appliance Mfg.	335	\$0.47	0.59%	0.01%
Motor Vehicle Mfg.	3361-3363	\$0.24	0.30%	0.00%
Transp. Equip. Mfg.,Exc. Motor Vehicles	3364-3369	\$0.72	0.90%	0.00%
Furniture & Related Product Mfg.	337	\$0.35	0.44%	0.00%
Miscellaneous Manufacturing	339	\$0.57	0.72%	0.00%
Food Manufacturing	311	\$1.50	1.88%	0.01%
Beverage & Tobacco Product Mfg.	312	\$0.49	0.62%	0.01%
Textile Mills	313	\$0.22	0.28%	0.01%
Textile Product Mills	314	\$0.12	0.16%	0.02%
Apparel Manufacturing	315	\$0.05	0.06%	0.00%
Leather & Allied Product Mfg.	316	\$0.01	0.01%	0.00%
Paper Manufacturing	322	\$0.63	0.79%	0.01%
Printing & Related Support Activities	323	\$0.54	0.67%	0.01%
Petroleum & Coal Products Mfg.	324	\$15.96	19.96%	0.08%
Chemical Manufacturing	325	\$2.99	3.74%	0.01%
Plastics & Rubber Products Mfg.	326	\$1.15	1.44%	0.01%
Wholesale Trade	42	\$3.36	4.20%	0.00%
Retail Trade	44-45	\$9.92	12.41%	0.01%
Air Transportation	481	\$0.02	0.03%	0.00%
Rail Transportation	482	\$0.01	0.01%	0.00%
Water Transportation	483	\$0.01	0.02%	0.00%
Truck Transp;Postal Svcs.,Cours & Msgs	484,491-492	\$0.21	0.27%	0.00%
Transit & Ground Passenger Transp.	485	\$0.09	0.11%	0.00%
Pipeline Transportation	486	\$0.87	1.09%	0.15%
Scenic & Sightsng Transp.;Support Activities	487-488	\$0.57	0.72%	0.01%
Warehousing and Storage	493	\$0.78	0.97%	0.02%
Publishing Industries, Except Internet	511	\$0.12	0.15%	0.00%

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

Industry	NAICS	MM\$	% of Total Fees	% of Output
Motion Picture & Sound Recordng Indus.	512	\$0.16	0.21%	0.00%
Internet & Data Proc.;Other Info. Srvs.	516,518,519	\$0.08	0.10%	0.00%
Broadcasting, Exc. Internet; Telecomm.	515,517	\$0.42	0.52%	0.00%
Monetary Auth;Credit Intermed & Rel Act	521,522,525	\$0.19	0.23%	0.00%
Securities,Commodity Conctr., Invest.	523	\$0.18	0.23%	0.00%
Insurance Carriers & Related Actv.	524	\$0.10	0.12%	0.00%
Real Estate	531	\$1.25	1.57%	0.00%
Rental & Leasing Services	532,533	\$0.24	0.30%	0.00%
Professional & Technical Services	54	\$2.70	3.37%	0.00%
Mgmt. of Companies & Enterprises	55	\$0.05	0.07%	0.00%
Administrative & Support Services	561	\$1.70	2.13%	0.00%
Waste Mgmt. & Remediation Srvs.	562	\$1.27	1.59%	0.03%
Educational Services	61	\$0.94	1.18%	0.01%
Ambulatory Health Care Services	621	\$0.54	0.67%	0.00%
Hospitals	622	\$0.92	1.15%	0.00%
Nursing & Residential Care Facilities	623	\$0.12	0.16%	0.00%
Social Assistance	624	\$0.08	0.10%	0.00%
Performing Arts & Spectator Sports	711	\$0.09	0.11%	0.00%
Museums, Historical Sites, Zoos & Parks	712	\$0.04	0.05%	0.01%
Amusement, Gambling & Recreation	713	\$0.90	1.12%	0.02%
Accommodation	721	\$0.29	0.36%	0.00%
Food Services & Drinking Places	722	\$0.63	0.79%	0.00%
Repair & Maintenance	811	\$2.62	3.27%	0.02%
Personal & laundry Services	812	\$1.22	1.53%	0.01%
Membership Assoc. & Organizations	813	\$0.41	0.52%	0.01%
Private Households	814	\$0.00	0.00%	0.00%
Government	92	\$2.01	2.51%	0.00%
Unclassified	N/A	\$3.56	4.46%	N/A
TOTAL		\$79.98	100.00%	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 2.4 percent for the period of December 2010 to December 2011. Based on the 2010 emissions and current equipment and activity profile of individual facilities, the 2.4 percent fee rate increase is expected to increase AQMD revenue by approximately \$1.93 million compared to what would have been paid in the event that the 2.4 percent CPI increase is not implemented.² 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 (\$385,706 with about 90 facilities) among all of the sectors,

²The CPI increase does not apply to portable equipment. The calculation of \$1.91 million revenue impact herein includes portable equipment. However, exclusion of portable equipment would reduce the revenue impact only by \$7,200.

followed by retail trade (\$239,698 with about 4,600 facilities) and utility (\$55,852 with about 710 facilities) sectors.

Table 5
Revenue Impact of the Fee Rate Increase by Industry

Industry	NAICS	Revenue Change
Farm	111-112	\$8,381
Agric. & Forestry support act., Other	115	\$1,778
Oil and gas extraction	211	\$28,985
Mining	212	\$4,453
Support Activities for Mining	213	\$11,122
Utilities	22	\$55,852
Construction	23	\$44,090
Wood Product Mfg.	321	\$4,740
Nonmetallic Mineral Prod. Mfg.	327	\$43,839
Primary Metal Mfg.	331	\$37,949
Fabricated Metal Product Mfg.	332	\$83,769
Machinery Mfg.	333	\$11,081
Computer & Electronic Product Mfg.	334	\$32,580
Electrical Equip. & Appliance Mfg.	335	\$11,316
Motor Vehicle Mfg.	3361-3363	\$5,825
Transp. Equip. Mfg.,Exc. Motor Vehicles	3364-3369	\$17,304
Furniture & Related Product Mfg.	337	\$8,525
Miscellaneous Manufacturing	339	\$13,836
Food Manufacturing	311	\$36,265
Beverage & Tobacco Product Mfg.	312	\$11,906
Textile Mills	313	\$5,386
Textile Product Mills	314	\$3,006
Apparel Manufacturing	315	\$1,094
Leather & Allied Product Mfg.	316	\$209
Paper Manufacturing	322	\$15,222
Printing & Related Support Activities	323	\$13,017
Petroleum & Coal Products Mfg.	324	\$385,706
Chemical Manufacturing	325	\$72,308
Plastics & Rubber Products Mfg.	326	\$27,848
Wholesale Trade	42	\$81,198
Retail Trade	44-45	\$239,698
Air Transportation	481	\$483
Rail Transportation	482	\$234
Water Transportation	483	\$349
Truck Transp.;Postal Srvs.,Cours & Msgrs	484,491-492	\$5,145
Transit & Ground Passenger Transp.	485	\$2,057
Pipeline Transportation	486	\$21,054
Scenic & Sightsng Transp.;Support.	487-488	\$13,817

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

Industry	NAICS	Revenue Change
Warehousing and Storage	493	\$18,755
Publishing Industries, Except Internet	511	\$2,921
Motion Picture & Sound Recording Indus.	512	\$3,975
Internet & Data Proc.;Other Info. Srvs.	516,518,519	\$1,873
Broadcasting, Exc. Internet; Telecomm.	515,517	\$10,112
Monetary Auth;Credit Intermed & Rel Act	521,522,525	\$4,526
Securities,Commodity Contract., Invest.	523	\$4,461
Insurance Carriers & Related Actv.	524	\$2,405
Real Estate	531	\$30,303
Rental & Leasing Services	532,533	\$5,892
Professional & Technical Services	54	\$65,165
Mgmt. of Companies & Enterprises	55	\$1,307
Administrative & Support Services	561	\$41,085
Waste Mgmt. & Remediation Srvs.	562	\$30,712
Educational Services	61	\$22,831
Ambulatory Health Care Services	621	\$13,020
Hospitals	622	\$22,250
Nursing & Residential Care Facilities	623	\$3,003
Social Assistance	624	\$1,895
Performing Arts & Spectator Sports	711	\$2,063
Museums, Historical Sites, Zoos & Parks	712	\$939
Amusement, Gambling & Recreation	713	\$21,695
Accommodation	721	\$6,953
Food Services & Drinking Places	722	\$15,321
Repair & Maintenance	811	\$63,220
Personal & laundry Services	812	\$29,485
Membership Assoc. & Organizations	813	\$9,999
Government	92	\$48,579
Unclassified	NA	\$86,085
Total		\$1,932,260

SUMMARY

The above analysis provides background information on AQMD revenue and summarizes the economic impact of the automatic consumer price index (Rule 320) increase on facilities regulated by AQMD. The amount of AQMD fees paid by each industry is small relative to the industry's economic output. AQMD revenues are expected to increase by \$1.93 million resulting from the across-the-board 2.4 percent fee rate increase, compared to the \$80 million that would have been collected based on 2010 emissions data and the equipment and activity profile of individual facilities. Relative to the estimated FY 2011-2012 revenue, the projected revenue for FY 2012-2013 would increase by \$4 million.

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