



Economic Impact Analysis Virginia Department of Planning and Budget

9 VAC 5-10 – Regulations for the Control and Abatement of Air Pollution
Department of Environmental Quality
October 24, 2014

Summary of the Proposed Amendments to Regulation

The State Air Pollution Control Board (Board) proposes to revise the definition of volatile organic compounds (VOC) to include 2-amino-2-methyl-1-propanol (also called AMP) on the list of compounds that are *not* considered to be VOC.

Result of Analysis

Benefits likely exceed costs for this proposed change.

Estimated Economic Impact

The general definitions of 9 VAC 5-10 do not impose any regulatory requirement by themselves, but they do help to clarify regulatory requirements in other parts of this regulation. The U.S. Environmental Protection Agency (EPA) has revised the federal definition of VOC to add AMP to the federal list of compounds that are not considered to be VOC because AMP makes a negligible contribution to tropospheric ozone formation relative to ethane (for which it AMP may substitute in some manufacturing processes and products).

Dow Chemical Company, in its petition to the EPA that resulted in AMP being excluded as a VOC, reports that AMP may be used in a variety of applications including use in pigments in water-based coatings, as an additive in metalworking fluids, in food contact paper, as a neutralizer in personal care products and as an intermediate compound in chemical synthesis. Board staff reports that there are no known facilities in Virginia that currently use AMP but that some manufacturers/facilities may start using it if it turns out to be directly less costly for them (if AMP is cheaper than compounds for which it substitutes) and/or indirectly less costly for them (in that it may allow them to avoid some pollution permit fee costs).

Even though there are no known users of AMP in the state right now, it being listed as a non-VOC compound will benefit manufacturers that might have a use for it as they will have greater flexibility to lower their costs and possibly increase their profits. The general public may also benefit from this regulatory action as it gives manufacturers a less polluting compound that they can substitute for more polluting compounds in their manufacturing processes. To the extent that AMP is used instead of ethane or other, more polluting, substances, total pollution in the Commonwealth may be decreased.

Businesses and Entities Affected

Board staff reports that there are no known users of AMP in the state presently but that any entity that makes water-based coating, metalworking fluids or any of the other products in which AMP might potentially be used will be affected by this regulatory action.

Localities Particularly Affected

No localities will be particularly affected by this proposed regulatory change.

Projected Impact on Employment

This regulatory action will likely have little impact on employment in the Commonwealth.

Effects on the Use and Value of Private Property

This regulatory action will likely have no immediate effect on the use or value of private property in the Commonwealth but may lower either direct or indirect manufacturing costs for entities that choose to use AMP in the future. To the extent that any firms costs are lowered, the value of that firm will likely increase.

Small Businesses: Costs and Other Effects

No affected small business is likely to incur costs on account of this proposed regulatory change.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No affected small business is likely to incur costs on account of this proposed regulatory change.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

Legal Mandate

General: The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia and Executive Order Number 17 (2014). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

- the projected number of businesses or other entities to whom the proposed regulation would apply,
- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

Small Businesses: If the proposed regulation will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

AMH

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