



Virginia Department of Planning and Budget **Economic Impact Analysis**

9 VAC 5-40 Existing Stationary Sources
Department of Environmental Quality
Town Hall Action/Stage: 6317 / 10118
October 24, 2023

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 (Code) and Executive Order 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

Following a periodic review,² the Air Pollution Control Board (Board) proposes to repeal air quality regulatory requirements for petroleum refinery operations and large appliance coating application systems because there are no longer any affected facilities that are subject to these requirements.

Background

The regulatory requirements proposed for repeal apply primarily to certain emissions from two types of facilities. These are 1) particulate matter, sulfur dioxide, volatile organic compounds, and hydrogen sulfide from petroleum refineries and 2) volatile organic compounds from large appliance coating application systems.

During the periodic review of these regulations, the Department of Environmental Quality (DEQ) determined that there are no longer any facilities in Virginia that are subject to

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

² <https://townhall.virginia.gov/l/ViewPReview.cfm?PRid=2127>

these air quality standards. Furthermore, these requirements apply specifically to existing facilities. If, in the future, a petroleum refinery or a large appliance coating application systems facility starts up in Virginia, their emissions will be subject to the new source standards and regulations which are not being affected in this action. In other words, since there is no existing facility, and any new facility will be subject to requirements other than those being repealed in this action, there is and there will be no use for these regulatory requirements in practice.

Estimated Benefits and Costs

Since there is no current facility that these requirements apply to and any future facility will be subject to new source air quality requirements that are different and apart, no economic impact is expected from the proposed repeal of this essentially unneeded regulatory text other than shortening the length of Virginia Administrative Code.

Businesses and Other Entities Affected

DEQ reports that the last petroleum refinery closed in 2010. In addition, DEQ has no record that any business with large appliance coating application systems ever operated in Virginia.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.³ An adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined. As noted above, the proposal would repeal regulatory text that has no application currently or in the future. Thus, no adverse impact is indicated.

Small Businesses⁴ Affected:⁵

The proposed repeal does not adversely affect small businesses.

³ Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance. Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation.

⁴ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

⁵ If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) 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

Localities⁶ Affected⁷

The proposed repeal does not introduce costs for local governments nor disproportionately affect any locality.

Projected Impact on Employment

The proposed changes do not affect employment.

Effects on the Use and Value of Private Property

No impact on the use and value of private property nor real estate development costs is expected.

preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 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 shall be notified.

⁶ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁷ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.