

Meeting Date: 7/25/2024
Report Type: PUBLIC HEARINGS
Report ID: 2024-0725-6.

Title: Amendments to Rule 442 - Architectural Coatings

Recommendation: Conduct a public hearing for the adoption of amendments to Rule 442 – Architectural Coatings, and: 1) determine that the adoption of amendments to Rule 442 is exempt from the California Environmental Quality Act (CEQA); 2) adopt a resolution approving amendments to Rule 442; and 3) direct staff to forward Rule 442 and all necessary supporting documents to the California Air Resources Board (CARB) for submittal to the U.S. Environmental Protection Agency (EPA) as a revision to the State Implementation Plan (SIP).

Rationale for Recommendation: The District is within the Sacramento Federal Nonattainment Area (SFNA), which is designated nonattainment for the 2008 and 2015 Ozone National Ambient Air Quality Standards (NAAQS). The Federal Clean Air Act (CAA) requires nonattainment areas to submit State Implementation Plans (SIPs) that include plans to achieve Reasonable Further Progress (RFP) milestones and attain the NAAQS by the applicable deadline.

The required plans must also include contingency measures that achieve emission reductions if the nonattainment area fails to meet an RFP milestone or fails to attain the NAAQS by the applicable deadline. These measures must trigger automatically, without any further rulemaking or other action. EPA will not approve plans that do not include contingency measures, and disapproval of plans starts a federal sanctions clock.

Staff is proposing to amend Rule 442 such that, if the contingency condition is triggered for either the 2008 or 2015 ozone NAAQS, the VOC content limits for some architectural coating categories will automatically be reduced to more stringent levels. The lower limits would be consistent with the California Air Resources Board's (CARB's) 2019 Suggested Control Measure (SCM) for Architectural Coatings. VOC emission reductions from this contingency measure, together with emission reductions from other contingency measures being considered for future adoption, will meet CAA contingency measure requirements.

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Presentation: Yes

ATTACHMENTS:

[Resolution - Rule 442 Architectural Coatings](#)
[Exhibit A - Proposed Rule 442](#)
[Attachment 1 - Proposed Rule 442, Underline/Strikeout Version](#)
[Attachment 2 - Statement of Reasons](#)
[Attachment 3 - Evidence of Public Notice](#)
[Presentation - Amendments to Rule 442 - Architectural Coatings](#)

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/18/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/18/2024

Discussion / Justification: The District is part of the SFNA, which is classified as a “severe” nonattainment area for the 2008 ozone NAAQS and as a “serious” nonattainment area for the 2015 ozone NAAQS. An EPA action is pending to reclassify the area as “severe” for the 2015 ozone NAAQS. As required by the CAA, the SFNA adopted plans to achieve RFP milestones and attain these standards by their applicable attainment deadlines: for the 2008 NAAQS, by 2024, and for the 2015 NAAQS, by 2032.

In June 2023, EPA partially disapproved the SFNA's 2008 ozone NAAQS plan because it did not include contingency measures required by CAA Sections 172(c)(9) and 182(c)(9). This action started a sanctions clock for the districts of the SFNA to adopt contingency measures which, in aggregate, would result in sufficient emission reductions if the SFNA fails to meet an RFP milestone or fails to attain the 2008 NAAQS by 2024. EPA has not yet acted on the SFNA's 2015 ozone NAAQS plan; however, this plan includes a specific commitment for the District to adopt a contingency measure for architectural coatings.

The proposed amendments to Rule 442 will reduce VOC emissions from architectural coatings if contingency conditions are triggered for the 2008 or 2015 ozone NAAQS. If approved by the Board, staff will forward Rule 442 to CARB for submittal to EPA as a revision to the SIP.

Summary of Plan / Rule / Amendment: Staff is proposing to amend Rule 442 such that, if contingency conditions are triggered for the 2008 or 2015 ozone NAAQS, VOC standards will be made consistent with CARB's 2019 SCM for Architectural Coatings. This would reduce the allowable VOC content for some architectural coating categories and establish new limits on the VOC content of colorants. The proposed amendments also incorporate updated definitions and test methods to reflect the latest versions, consistent with CARB's 2019 SCM.

Financial Considerations: The proposed amendments to the rule are not expected to result in additional costs to the District.

Emissions Impact: The contingency provisions, if triggered, are estimated to reduce VOC emissions from architectural coatings by 7.8%. This would result in VOC emission reductions of 0.279 tons per summer day in 2024 and 0.123 tons per summer day in 2032.

Economic Impact: Because other California districts with large populations have adopted the 2019 SCM, coating manufacturers have already shifted their product lines to lower VOC products; therefore, staff expect that most if not all the manufacturers' costs of reformulation have already been incurred. At the time the SCM was developed, CARB estimated an average increase of 11% in the retail cost of coatings if the full cost was passed on to the consumers. Staff considers this value to be conservatively high because any additional reformulation costs are likely to be negligible.

CARB staff estimated the overall cost-effectiveness of the SCM to be \$1.85 per pound of VOC reduced, in 2019 dollars. For comparison, previously adopted District rules have cost-effectiveness values for VOC reductions ranging from \$1.31 to \$23.21 per pound of VOC reduced.

Public Outreach/Comments:

Staff held a public workshop on April 18, 2024. A public notice was emailed to all persons who have requested to receive rulemaking notices and posted on the District website on March 22, 2024. Staff also published the notice in the Sacramento Bee. The draft rule and Statement of Reasons were made available for public review at that time. The workshop was held at the District office and participants were given the option to attend in person or via Zoom. The documents were also sent to CARB and EPA for review at that time.

Staff received written comments from the American Coatings Association (ACA) and EPA. The comments and responses are included in Appendix D of the Statement of Reasons. In response to ACA comments, staff added a sell-through period for colorants. In response to EPA comments, staff corrected a reference to an analytical method.

The noticing for today's hearing included:

- A public notice in the Sacramento Bee
- A notice posted on the District website with links to the proposed rule and Statement of Reasons.
- Email notices to:
 - CARB and EPA; and
 - All persons who have requested rulemaking notices.

As of July 18, 2024, no comments been received in response to the notice for today's hearing. Any comments received prior to the public hearing will be distributed to Board members at the meeting.

Environmental Review: In the 2019 SCM, CARB relied on the environmental impact report (EIR) prepared in 2000 for the previous SCM. The earlier EIR concluded that implementing the SCM throughout California (excluding the South Coast AQMD) would have no significant adverse impacts but would have a net air quality benefit. CARB staff evaluated the potential environmental impacts in six major areas: air quality, water demand and quality, public services, transportation and circulation, solid and hazardous waste, and health hazards.

District staff reviewed the documents noted above and did not find information to suggest a different conclusion in Sacramento County. Therefore, the proposed rule is exempt from the California Environmental Quality Act (CEQA) as an action by a regulatory agency for protection of the environment (Class 8 Categorical Exemption, §15308 State CEQA Guidelines) and because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (§15061(b)(3), State CEQA Guidelines).

California Public Resources Code §21159 requires an environmental analysis of the reasonably foreseeable methods of compliance. Compliance is expected to be achieved by the replacement of currently used coatings and solvents with compliant products. The proposed rules will not increase emissions and will not cause any other significant adverse effects on the environment; therefore, staff has concluded that no environmental impacts will be caused by compliance with the proposed rule.