

Appendix G

Economic Impacts Assessment

Proposed Amendments to Vapor Recovery Certification Procedures

Appendix G – Economic Impact Assessment

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The purpose of this appendix is to provide further detail for the Economic Impacts Assessment chapter of the ISOR (Chapter VIII). This information was used to complete the Form 399 and Form 399 Attachment.

Introduction

The California Air Resources Board (CARB) proposes to amend the California Code of Regulations (CCR), Title 17, Division 3, Chapter 1, Subchapter 8, Article 1, Sections 94011, 94014, 94016, and 94017 to incorporate by reference proposed amendments to the following CARB certification procedures:

- CARB Certification Procedure 201, Certification Procedure for Vapor Recovery Systems at Gasoline Dispensing Facilities using Underground Storage Tanks (CP-201);
- CARB Certification Procedure 204, Certification Procedure for Vapor Recovery Systems of Cargo Tank (CP-204);
- CARB Certification Procedure 206, Certification Procedure for Vapor Recovery Systems at Gasoline Dispensing Facilities using Aboveground Storage Tanks (CP-206); and
- CARB Certification Procedure 207, Certification Procedure for Enhanced Conventional (ECO) Nozzles and Low Permeation Conventional Hoses at Gasoline Dispensing Facilities (CP-207).

Background

To protect air quality and public health, CARB has adopted regulations to control the transfer and storage of gasoline vapor emissions at each step of gasoline marketing operations, from bulk plants and terminals, cargo tanks, and gasoline dispensing facilities (GDF). Gasoline vapor emissions can lead to increased health risk through two primary mechanisms. First, gasoline vapors contain reactive organic gases that can lead to the formation of ground-level ozone and smog, which can cause adverse health effects, particularly in children and individuals with respiratory conditions. Second, gasoline vapors contain benzene, which is a toxic air contaminant and known carcinogen. Reducing ROG emissions benefits the health and welfare of California residents by reducing ambient ground level ozone and benzene exposure. There are no federal regulations that are comparable to California's vapor recovery

regulations. California's vapor recovery regulations are a necessary part of part of California's plan to attain and maintain federal and State air quality standards for ambient ozone and to reduce the public's exposure to benzene.

State law (Health and Safety Code § 41954 et seq.) requires CARB to develop performance standards and adopt procedures to certify (certification procedures) vapor recovery systems for use with cargo tanks and at GDFs. State law also requires CARB to adopt test procedures to determine compliance with performance standards established in the certification procedures. Currently there are 7 certification procedures and 38 test procedures within the vapor recovery program. The certification procedures contain the performance standards and specifications that must be met by equipment manufacturers to obtain CARB certification in the form of an Executive Order. CARB adopted the first certification and test procedures for vapor recovery systems installed at GDFs on December 9, 1975. Since then, CARB has periodically updated the certification procedures to reflect improvements in vapor recovery technologies, to modify requirements for existing installations to achieve additional emission reductions, to improve cost-effectiveness, and to improve clarity for better regulatory certainty and enforceability. Because certification procedures are incorporated by reference in the California Code of Regulations, CARB can amend them only through a formal rulemaking process. Test procedures other than those specified in CARB certification procedures (alternative test procedures) can be used only if approval is obtained from CARB's Executive Officer.

Proposed Amendments

CARB staff are now proposing regulatory amendments to the certification procedures that would:

1. Remove imprecise language that does not provide clear instruction for CARB's Executive Officer to approve or reject alternative test procedures as described in the following sections of four certification procedures:
 - Section 14.4 of CP-201;
 - Section 5.4 of CP-204;
 - Section 15.4 of CP-206; and
 - Section 8.4. of CP-207.
- Correct various small grammatical errors and make other non-substantive and formatting edits to make the text of the certification procedures easier to understand for everyone, and more accessible for people with certain visual or reading disabilities.

The first set of proposed amendments are intended to remove ambiguity caused by imprecise language. The proposed amendments to CP-201, CP-204, CP-206, and CP-207 would remove current language found within the section in each certification procedure that addresses alternative test procedures. The section for alternative test procedures lays out how test procedures other than those specified in the certification procedure are approved.

Test procedures other than those specified in the CARB certification procedures can be used only if prior written approval is obtained from CARB's Executive Officer. Current regulations allow the Executive Officer to either:

1. Follow criteria in United States Environmental Protection Agency (U.S. EPA) Reference Method 301¹ to establish an equivalent test procedure; or
2. For situations where U.S. EPA Method 301 is not directly applicable, to exercise discretion to "establish equivalence based on the concepts of comparison with the established method and statistical analysis of bias and variance."

These two options are described in Section 14.4 of CP-201, Section 5.4 of CP-204, Section 15.4 of CP-206, and Section 8.4 of CP-207. The purpose of the alternative test procedure sections in the certification procedures is to allow for flexibility in certification testing in situations where the approved test procedures are deemed inadequate. CARB adopted the first option in 2001 and the second option in 2006. Option two grants the Executive Officer discretion to establish an equivalent test procedure outside of the certification procedure and U.S. EPA Method 301.

CARB staff has determined that the language in option two is ambiguous, creating the potential for uncertainty when CARB's Executive Officer approves or rejects alternative test procedures. The imprecise language of option two does not provide clear instruction or guidance for the Executive Officer to approve or reject alternative test procedures outside of U.S. EPA Method 301, which could create regulatory uncertainty and the potential for uneven application of the section. Option two also could potentially be interpreted to allow the Executive Officer to approve an alternative test procedure that could undermine the stringency of performance standards. Removing option two would better maintain uniformity amongst the certification procedures, further improving regulatory certainty.

Furthermore, over the last two decades, there have been only three instances where CARB's Executive Officer has established equivalent test procedures based on the criteria provided by the widely accepted U.S. EPA Method 301, as allowed by option one, and there have not been any instances where CARB's Executive Officer has used the discretion allowed by option two to establish an equivalent test procedure based on methods other than those provided by U.S. EPA Method 301. In addition, as explained in the next section, CARB staff does not anticipate any future need to utilize option two because of the maturity of the vapor recovery regulations and equipment market. As the Executive Officer discretion allowed by option two has never been utilized for any of the vapor recovery certification procedures and is not expected to be needed in the future, and given the ambiguity it introduces, CARB staff finds that its continued inclusion is unnecessary for the

¹ U.S. EPA Reference Method 301 – Field Validation of Pollutant Measurement Methods from Various Waste Media provides a set of procedures for determining and documenting the quality (i.e., systemic error (bias) and random error (precision)) of the measured concentrations from an effected source and is applicable to various waste media. The CARB vapor recovery program utilizes U.S. EPA Method 301 in determining the equivalence of alternative test procedures to the test procedures listed in the certification procedures.

implementation of the vapor recovery regulations and that there is no need to provide any replacement option.

The second set of proposed amendments would correct various small errors in text and grammar and make other non-substantive and formatting edits to make the text of the certification procedures easier to understand for the public, and more accessible to everyone, including people with certain visual or reading disabilities, and assistive technology users. The four certification procedures have been amended multiple times since they were first adopted. During these amendments, small grammatical errors were inadvertently introduced, for example: missing hyphens, commas, periods; incorrect page numbering in the Table of Contents; and incorrect agency header graphics. Although these errors are minor, they could lead to confusion for readers, and California Administrative Law (Cal. Code Regs., tit. 1, § 16, subd. (a)(4)) requires that California regulations be free of grammatical errors. Meaning and intent would not be changed by the proposed corrections.

Additionally, staff is making non-substantive formatting edits throughout the four certification procedures to change the font styles and sizes, implement the use of Microsoft Word "styles" to provide consistent paragraph indentation and spacing, remove excess text emphasis (e.g., do not use upper case, and use only underline, bold, or italics, rather than multiple forms at once), remove extra spaces after periods, and remove extra hard returns between paragraphs. These global edits would promote consistency among the certification procedures and improve access for anyone using text reading programs. These global edits would not change regulatory text nor its meaning.

In summary, the proposed amendments are administrative in nature, refining the certification procedures without impacting the regulated community or gasoline vapor emissions. The proposed amendments would not change any of the current performance standards, implementation schedules, or test procedures. Therefore, CARB staff does not expect the proposed amendments to impose any costs or have any direct or indirect economic impact on businesses, individuals, or government agencies located in California.

Objectives of the Proposed Amendments

The objectives of the proposed regulatory amendments to the vapor recovery certification procedures are:

- Remove imprecise and unnecessary existing language that does not provide clear instruction for CARB's Executive Officer in approving or rejecting alternative test procedures; and
- Correct small grammatical and typographical errors and update the format of the certification procedures to make the certification procedures easier to understand for everyone, and more accessible for people with certain visual or reading disabilities.

Economic Impact Statement

Estimated Private Sector Cost Impacts (for Section A.1 of Form 399)

The proposed amendments do not contain any requirements for action on businesses and individuals. Businesses that own and operate GDFs, businesses that own and operate cargo tanks, and vapor recovery equipment manufacturers are the regulated business entities under the current CP-201, CP-204, CP-206, and CP-207. Because the proposed amendments would not change any of the currently adopted performance standards, implementation schedules, or test procedures for vapor recovery equipment used with cargo tanks or at GDFs, the proposed amendments would not affect any requirements for businesses and employees nor the cost of vapor recovery equipment. Consequently, the proposed amendments would not impose any compliance or reporting costs nor have any direct or indirect economic impact on existing and future businesses, including the ability of California businesses to compete with businesses in other states or on representative private persons. In accordance with Government Code section 11346.3, CARB determined that the proposed amendments would not affect the creation or elimination of any jobs within the State of California, the creation of new businesses or elimination of existing businesses within the State of California, or the expansion of businesses currently doing business within the State of California. Similarly, because the proposed amendments would not change any requirements for nor affect costs of vapor recovery equipment, the proposed amendments are not expected to induce any change in investment in California and are not expected to incentivize innovation in any products, materials, or processes. The proposed amendments would improve readability and accessibility of certification documents and regulatory certainty, without impacting costs or emissions. Pursuant to CCR, Title 1, Section 4, the proposed amendments would not affect small businesses because the proposed amendments do not contain any requirements for action.

The proposed amendments include two types of changes:

1. Amendments to remove one of the two options for CARB Executive Officer approval of alternative test procedures; and
2. Amendments to improve grammar, readability, and accessibility of the CP documents.

Amendments to remove one of the two options for CARB Executive Officer approval of alternative test procedures. The proposed amendments would remove the option that grants the Executive Officer discretion to establish an equivalent test procedure outside of the certification procedure and U.S. EPA Method 301. This proposed change is necessary to remove ambiguous language that creates the potential for uncertainty when CARB's Executive Officer approves alternative test procedures. Over the last two decades, there have not been any instances where CARB's Executive Officer has used the discretion to establish an equivalent test procedure based on methods other than those provided by U.S. EPA Method 301. Further, CARB staff does not anticipate any future need to utilize this discretion because of the maturity of the vapor recovery regulations and equipment market.

For example, for GDFs there is now a robust number and variety of adopted test procedures, 38 test procedures developed by CARB with 7 alternate (equivalent) test procedures.² In addition, the number of first-time certifications has decreased during the last two decades, with 77 percent taking place from 2001 through 2011, and 23 percent taking place from 2012 through 2022. For amendment certifications of systems or components that have a design or material change, nearly 50 percent of amendments occurring from 2008 through 2015, and then dropping to 37 percent from 2016 through 2022. Renewal certifications, where there is no design or material changes, and the certifications are solely renewed or extended for an additional time period, 74 percent occurred from 2012 through 2022. This trend of decreasing new certifications and amendments, and increasing renewals is expected to continue [CARB, 2022a³]. Based on the number of new and modified certification applications submitted during the past 10 years and on informal discussions with manufacturers, CARB staff predicts that manufacturers will submit only 13 new and modified GDF vapor recovery systems and components for certification testing during the next 10 years [CARB, 2020a⁴].

Unlike vapor recovery equipment for use at GDFs, vapor recovery equipment used with cargo tanks does not need to be certified by CARB in order for manufacturers to sell the equipment in California because the U.S. Department of Transportation has jurisdiction. However, cargo tanks are subject to annual and daily performance testing requirements in accordance with CARB vapor recovery test procedures TP-204.1, TP-204.2, and TP-204.3, to determine if they comply with the applicable performance standards prescribed by CP-204. Nonetheless, as noted above, there have not been any instances where CARB's Executive Officer has used the discretion to establish an equivalent test procedure based on methods other than those provided by U.S. EPA Method 301.

As the Executive Officer discretion allowed by the current regulation has never been utilized for any of the vapor recovery certification procedures and is not expected to be needed in the future, and given the ambiguity it introduces, CARB staff finds that its continued inclusion is unnecessary for the implementation of the vapor recovery regulations and that there is no need to provide any replacement option. Consequently, CARB staff does not expect any potential costs or savings for businesses compared to baseline conditions (current regulations), nor creation or elimination of any jobs or businesses, if the regulatory option

² Adopted test procedures are available at the CARB webpage, <https://ww2.arb.ca.gov/our-work/programs/vapor-recovery/vapor-recovery-certification-and-test-procedures>. Alternate test procedures are available at the CARB webpage, <https://ww2.arb.ca.gov/vapor-recovery-equivalent-test-procedures>.

³ CARB. 2022a. Vapor Recovery Executive Order Counts. Microsoft Excel worksheets prepared by staff of the Vapor Recovery and Fuel Transfer Branch, Monitoring and Laboratory Division (MLD), California Air Resources Board. October 2022.

⁴ CARB. 2020a. Estimated statewide counts of gasoline dispensing facilities with different types of vapor recovery systems. Microsoft Excel worksheets prepared by staff of the Vapor Recovery and Fuel Transfer Branch, Monitoring and Laboratory Division (MLD), California Air Resources Board. April 2020.

that grants the Executive Officer discretion to establish an equivalent test procedure outside of the certification procedure and U.S. EPA Method 301 were repealed.

Amendments to improve grammar, readability, and accessibility of the CP documents. These amendments include formatting changes and minor text and grammar corrections that do not alter the meaning or intent of the vapor recovery regulations, nor otherwise materially alter the requirements or conditions of the certification and test procedures. Consequently, CARB staff does not expect any potential costs or savings for businesses under these proposed amendments, nor creation or elimination of any jobs or businesses, compared to baseline conditions (current regulations).

Description of regulated business entities under the current CP-201, CP-204, CP-206, and CP-207. There are more than 12,000 business-owned GDFs in California that are required to have either some type of vapor recovery system or ECO nozzles and low permeation hoses. These GDFs are operated by a variety of businesses that vary in size, revenue, and types of operations. Table 1 provides their general classifications and NAICS codes.

Table 1: Types of business-owned GDFs subject to current CP-201, CP-206, and CP-207

Classification (NAICS Codes)	CP-201: GDFs with USTs^[a]	CP-206: GDFs with ASTs^[b]	CP-207: GDFs with ECO nozzles & low permeation hoses^[c]
Estimated # of business-owned GDFs:	10,235	2,098	145
Estimated # of small business-owned GDFs:	6,345	442	0
Estimated # of retail GDFs:	9,047	168	0
Estimated % of retail GDFs that are small business-owned:	63%	56%	0
Estimated # of small business-owned retail GDFs:	5,700	94	0
Agriculture (111335, 111920, 112120, 115114, 115116, 424480)	0.1%	3%	-
Entertainment: Amusement Parks, Racetracks, Leisure, Resorts, Golf, Marinas/Boating (711212, 713110, 611620, 713930, 713910, 721110)	0.3%	28%	-
Auto Sales / Rental (441110, 532111, 532120)	2.1%	11%	100%
Aviation Services (481190)	0.8%	3%	-
Cardlock Gas Stations (447190)	2.3%	12%	-
Cemeteries (812220)	-	3%	-
Concrete/Cement/Aggregate (327310)	1.0%	-	-
Construction (236220)	0.3%	10%	-
Education (611710)	-	2%	-
Equipment Rental (532490)	-	9%	-
Fuels and Energy, Gas and Electricity (211120, 213111, 926130)	0.7%	4%	-
Manufacturing (333611)	-	2%	-
Retail Gas Stations (447110, 447190)	88.4%	8%	-
Trucking / Transport (483111, 484110)	1.9%	5%	-
Waste Management (924110)	0.7%	-	-
All Others	1.2%	-	-

Table 1 information sources:

- [a] GDFs with underground storage tanks (UST): CARB, 2020a,⁵ 2020b,⁶ and 2020c;⁷ CERS, 2018a.⁸
- [b] GDFs with aboveground storage tanks (AST): CARB, 2015,⁹ 2019a,¹⁰ and 2022b;¹¹ CERS, 2018b.¹²
- [c] GDFs with ECO nozzles & low permeation hoses: CARB, 2015

Approximately 54 percent of all business-owned GDFs are owned by small businesses. Retail GDFs are the most common type of GDF; approximately 74 percent of all business-owned GDFs are retail GDFs, and about 63 percent of retail GDFs are owned by California small businesses. Businesses are considered to be small if they are independently owned and operated, are not dominant in their field of operations, and have 100 or fewer employees

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- ⁵ CARB. 2020a. Estimated statewide counts of gasoline dispensing facilities with different types of vapor recovery systems. Microsoft Excel worksheets prepared by staff of the Vapor Recovery and Fuel Transfer Branch, Monitoring and Laboratory Division (MLD), California Air Resources Board. April 2020.
 - ⁶ CARB. 2020b. Estimation of the number of businesses that own retail gasoline dispensing facilities in California based on California Environmental Reporting System (CERS) UST ownership records. Microsoft Excel worksheets compiled by staff of the Vapor Recovery and Fuel Transfer Branch, MLD, CARB. August 1, 2020.
 - ⁷ CARB. 2020c. Initial Statement of Reasons for Rulemaking – Proposed Amendments to Enhanced Vapor Recovery Regulations for Gasoline Dispensing Facilities. Report prepared by staff of the MLD, CARB. October 20, 2020. File includes main report and Appendix L Estimated Costs for Proposed Amendments and Alternatives.
 - ⁸ CERS. 2018a. Microsoft Excel spreadsheets generated by California Environmental Reporting System (CERS) database queries for “affiliations” to obtain facility and underground storage tank (UST) ownership information, and for all facilities in CERS for which the UST reporting requirement = “Applicable” (~13,870 facilities) to obtain NAICS and SIC codes. Downloaded from the CalEPA Regulated Site Portal website in September 2018.
 - ⁹ CARB. 2015. Initial Statement of Reasons for Rulemaking – Amendments to Certification Procedures for Vapor Recovery Systems at Gasoline Dispensing Facilities: Aboveground Storage Tanks and Enhanced Conventional Nozzles. Report prepared by staff of the MLD, CARB. March 3, 2015.
 - ¹⁰ CARB. 2019b. Initial Statement of Reasons for Rulemaking: Proposed Amendments to Certification Procedures for Vapor Recovery Systems for Aboveground Storage Tanks at Gasoline Dispensing Facilities. Report prepared by staff of the MLD, CARB. June 4, 2019.
 - ¹¹ CARB. 2022b. Estimation of the number of businesses that own retail gasoline dispensing facilities with aboveground storage tanks (AST) in California based on California Environmental Reporting System (CERS) AST ownership records downloaded in September 2018. Microsoft Excel worksheets compiled by staff of the Vapor Recovery and Fuel Transfer Branch, MLD, CARB. CARB estimation review completed October 24, 2022.
 - ¹² CERS. 2018b. Microsoft Excel spreadsheets generated by California Environmental Reporting System (CERS) database queries for “affiliations” to obtain facility and aboveground storage tank (AST) ownership information, and for all facilities in CERS for which the AST reporting requirement = “Applicable” (~16,512 facilities) to obtain NAICS and SIC codes. Downloaded from the CalEPA Regulated Site Portal website in September 2018.

(Health and Saf. Code § 11346.3, subd. (b)(1)). According to U.S. Census Bureau statistics, California retail gas stations have on average 9 employees [USCB, 2020¹³]. Therefore, small businesses that operate retail GDFs are on average estimated to have between 1 and 11 GDFs.¹⁴

Based on a review of CERS database UST ownership records [CERS, 2018a], CARB staff estimated there are about 4,422 small businesses that own from 1 to 11 retail UST GDFs [CARB, 2020b]. CARB staff estimated there are about 45 California-based businesses, and 12 businesses headquartered outside of California, that own from 12 to nearly 600 retail UST GDFs each [CARB, 2020b].

Based on a review of CERS database AST ownership records [CERS, 2018b], CARB staff estimated there are about 116 small businesses that own retail GDFs with ASTs [CARB, 2022b]. CARB staff estimated there are about 13 California-based businesses that are not small businesses, and 11 businesses headquartered outside of California, that own retail GDFs with ASTs [CARB, 2022b]. Many of the businesses that own retail UST GDFs also own ASTs.

Available information indicates that none of the GDFs with ECO nozzles and low permeation hoses are likely to be owned by small businesses [CARB, 2015].

The proposed amendments would not impose any new compliance or reporting costs nor have any direct or indirect economic impact on any of the business entities regulated under the current CP-201, CP-206, and CP-207.

There are more than 6,000 business-owned cargo tanks operated in California that are required to use some type of vapor recovery equipment [CARB, 2019b¹⁵]. These cargo tanks are operated by a variety of businesses that vary in size, revenue, and types of operations. Table 2 provides their general classifications and NAICS codes. Approximately 324 businesses own and/or operate cargo tanks in California, and of these, approximately 159 are small businesses. Unlike vapor recover equipment for use at GDFs, vapor recovery equipment used with cargo tanks does not need to be certified by CARB. Instead, each year, cargo tank owners/operators must submit an application with the information specified by CP-204 along with test results showing that the cargo tanks comply with applicable performance standards. CARB certifies cargo tanks by issuing non-transferable and non-

¹³ USCB. 2020. Quarterly Census of Employment and Wages - 2018 and 2019 - All California Counties: NAICS 447110 'Gasoline Stations with Convenience Stores' and NAICS 447190 'Other Gasoline Stations.' U.S. Census Bureau (USCB), Bureau of Labor Statistics. Accessed on August 11, 2020. Downloaded from: www.data.bls.gov/cew/.

¹⁴ For the purpose of this statewide analysis, CARB staff assumes all businesses that own more than one GDF average nine employees per GDF. Some businesses might have a lower or higher average number of employees per GDF.

¹⁵ CARB. 2019a. Staff Report: Initial Statement of Reasons – Amendments to the Regulation for the Certification of Vapor Recovery Systems for Cargo Tanks. Report prepared by staff of the Enforcement Division, California Air Resources Board. March 5, 2019.

removable decals that contain an expiration date. Storage tank operators at terminals and bulk plants will refuse to transfer gasoline to cargo tanks that have an invalid decal or after the annual expiration date. The proposed amendments would not impose any new compliance, testing, or reporting costs nor have any direct or indirect economic impact on any of the business entities regulated under the current CP-204.

Table 2: Types of cargo tank businesses subject to current CP-204

Classification ^[a]	NAICS Code	Sites	Percentage
Petroleum and Petroleum Products Merchant Wholesalers	424720	85	18%
Petroleum Bulk Stations and Terminals	424710	40	9%
General Freight Trucking, Local	484110	24	5%
General Freight Trucking, Long-Distance, Truckload	484121	22	5%
Other Gasoline Stations	447190	22	5%
All Other Support Activities for Transportation	488999	19	4%
Specialized Freight (except Used Goods) Trucking, Local	484230	18	4%
Specialized Freight (except Used Goods) Trucking, Long Distance	484230	13	2%
General Automotive Repair	811111	11	2%
All Other Support Services	561990	9	2%
Commercial and Industrial Machinery and Equipment (except Automotive and Electronic)	811310	8	2%
Freight Transportation Arrangement	488510	7	2%
Marine Cargo Handling	488320	7	2%
Other Airport Operations	488119	6	1%
Truck Trailer Manufacturing	336212	6	1%
Other Electric Power Generation	221118	6	1%
Other		157	34%

[a] Table 2 information source: CARB, 2019b. ¹⁶

There are 16 manufacturers of vapor recovery equipment for use at California GDFs that either produce equipment already certified by CARB for sale in California, have submitted applications for certification, or have discussed submitting an application. Of these 16 manufacturers, 2 are California based and 1 of them is a small business. These companies can be generally classified as manufacturers of industrial process furnaces and ovens (NAICS

¹⁶ CARB. 2019a. Staff Report: Initial Statement of Reasons – Amendments to the Regulation for the Certification of Vapor Recovery Systems for Cargo Tanks. Report prepared by staff of the Enforcement Division, California Air Resources Board. March 5, 2019.

code 333994), industrial valves (NAICS code 332911), measuring, dispensing, and other pumping equipment (NAICS code 333914), motors and generators (NAICS code 33512), and all other miscellaneous manufacturing (NAICS code 339999). In addition, there are approximately 12 manufacturers of vehicle and tank components and vapor recovery equipment for use with cargo tanks; none are California based businesses, and none are small business. These companies can be generally classified as manufacturers of motor vehicle supplies (NAICS code 423120), motor vehicle body and trailer parts (NAICS code 336211), miscellaneous fabricated metal products (NAICS code 332999), computer terminal and other computer peripheral equipment (NAICS code 334118), commercial and service industry machinery (334118), and measuring, dispensing, and other pumping equipment (NAICS code 333998). Unlike vapor recover equipment for use at GDFs, vapor recovery equipment used with cargo tanks does not need to be certified by CARB. Instead, each year, cargo tank owners/operators must submit an application with the information specified by CP-204 along with test results showing that the cargo tanks comply with applicable performance standards. The proposed amendments would not have any direct or indirect economic impact on any of the equipment manufacturers because the proposed amendments would not change any of the currently-adopted performance standards, implementation schedules, or test procedures for vapor recovery equipment used with cargo tanks or at GDFs.

CARB is not aware of any cost impacts that a representative private person would necessarily incur under the current CP-201, CP-204, CP-206, and CP-207. Information provided by the Air Districts [CARB, 2020d¹⁷] and CARB [CARB, 2019b¹⁸] indicates no individuals, only businesses and government agencies, own GDFs and cargo tanks regulated by the certification procedures. In addition, no indirect or induced costs or benefits for individuals, such as costs or savings being passed on to customers of retail GDFs, are anticipated because the proposed amendments are not expected to impose any costs or have any direct or indirect economic impact on existing and future businesses or government agencies.

Fiscal Impact Statement

Fiscal Effect on Local Government (for Section A.5 for the Form 399)

No fiscal impact exists because the proposed amendments do not affect any local entity or program. Local agencies that own and operate GDFs and/or cargo tanks are the regulated local government entities under the current CP-201, CP-204, CP-206, and CP-207. In addition, local agencies—air pollution control/air quality management districts (Air Districts)

¹⁷ CARB. 2020d. Compilation of survey responses from Air Districts: District-specific GDF and permitting information. Microsoft Excel worksheets compiled by staff of the Vapor Recovery and Fuel Transfer Branch, MLD, CARB. February 28, 2020.

¹⁸ CARB. 2019a. Staff Report: Initial Statement of Reasons – Amendments to the Regulation for the Certification of Vapor Recovery Systems for Cargo Tanks. Report prepared by staff of the Enforcement Division, California Air Resources Board. March 5, 2019.

and Certified Unified Program Agencies (CUPAs)—that issue and enforce permits for GDF activities and participate in the certification process for vapor recovery equipment, and local agencies that receive local sales tax revenue, are affected by the current vapor recovery regulations. Because the proposed amendments would not change any of the currently-adopted performance standards, implementation schedules, test procedures, or reporting requirements for vapor recovery equipment used with cargo tanks or at GDFs, the proposed amendments would not change requirements for, nor affect costs of, vapor recovery equipment, and would not change any requirements for local government. Consequently, the proposed amendments do not impose any new compliance, implementation, or enforcement costs for local government, and would not result in any changes in permit fees or tax revenue that could result in costs or cost-savings for local government, in the current fiscal year or over the lifetime of the proposed amendments. Similarly, because the proposed amendments would not affect costs for local government, the proposed amendments would not result in any reimbursable or non-reimbursable costs pursuant to Section 6 of Article XIII B of the California Constitution and Part 7 (commencing with Section 17500) of Division 4, Title 2 of the Government Code. Further, the proposed amendments would not create costs to any school district reimbursable by the State pursuant to Part 7 (commencing with section 17500) of Division 4, Title 2 of the Government Code.

The proposed amendments include two types of changes:

1. Amendments to remove one of the two options for CARB Executive Officer approval of alternative test procedures; and
2. Amendments to improve grammar, readability, and accessibility of the CP documents.

Amendments to remove one of the two options for CARB Executive Officer approval of alternative test procedures. The proposed amendments would remove the option that grants the Executive Officer discretion to establish an equivalent test procedure outside of the certification procedure and U.S. EPA Method 301. This proposed change is necessary to remove ambiguous language that creates the potential for uncertainty when CARB's Executive Officer approves alternative test procedures. Over the last two decades, there have not been any instances where CARB's Executive Officer has used the discretion to establish an equivalent test procedure based on methods other than those provided by U.S. EPA Method 301. Further, CARB staff does not anticipate any future need to utilize this discretion because of the maturity of the vapor recovery regulations and equipment market. Section A.1 of the Economic Impact Statement provides an explanation of CARB staff's finding that this Executive Officer discretion likely will not be needed in the future. As the Executive Officer discretion allowed by the current regulation has never been utilized for any of the vapor recovery certification procedures and is not expected to be needed in the future, and given the ambiguity it introduces, CARB staff finds that its continued inclusion is unnecessary for the implementation of the vapor recovery regulations and that there is no need to provide any replacement option. Consequently, the proposed amendments would not incur any new testing costs or savings for manufacturers of vapor recovery equipment or any changes in pass through costs for vapor recovery equipment that could affect local agencies that own or operate GDFs and/or cargo tanks, nor any changes to requirements for

local agencies that own or operate GDFs and/or cargo tanks, compared to baseline conditions (current regulations).

Amendments to improve grammar, readability, and accessibility of the CP documents. These amendments include formatting changes and minor text and grammar corrections that do not alter the meaning or intent of the vapor recovery regulations, nor otherwise materially alter the requirements or conditions of the certification and test procedures. Consequently, CARB staff does not expect any potential costs or savings for local government under these proposed amendments compared to baseline conditions (current regulations).

Description of regulated local agencies under the current CP-201, CP-204, CP-206, and CP-207. There are about 1,600 local government-owned GDFs in California that are required to have either some type of vapor recovery system or ECO nozzles and low permeation hoses under the current CP 201, CP-206, or CP-207. These local government-owned GDFs are operated by a variety of organizations that vary in size, revenue, and types of operations. Table 3 provides their general classifications and NAICS codes. There are about 17 cargo tanks associated with 5 local agencies in California regulated under the current CP-204 [CARB, 2019b¹⁹]. The proposed amendments would not impose any new compliance, testing, or reporting requirements nor have any direct or indirect fiscal impact on any of the local agencies regulated under the current CP-204.

¹⁹ CARB. 2019a. Staff Report: Initial Statement of Reasons – Amendments to the Regulation for the Certification of Vapor Recovery Systems for Cargo Tank. Report prepared by staff of the Enforcement Division, California Air Resources Board. March 5, 2019.

Table 3: Types of local government-owned GDFs subject to current CP-201, CP-206, and CP-207

Classification (NAICS Codes)	CP-201: GDFs with USTs ^[a]	CP-206: GDFs with ASTs ^[d]	CP-207: GDFs with ECO nozzles & low permeation hoses ^[d]
Estimated # of GDFs:	350	1,104	148
Aviation (481190)	3%	NA	
Education (485410, 611210)	15%	14%	
Fire Department (922160)	19%	5%	
Water Supply/Irrigation District (221310)	0.2%	12%	
Parks ^[b] (712190)	1.9%	NA	
Police Protection (922120)	14%	2%	
Ports, Harbors & Beaches (488310)	1.4%	5%	
Public Works ^[c] (221122, 2213, 221310, 221320, 237310, 811111)	34%	52%	
Transit Agency (485210)	8%	10%	
All Other	3.5%	NA	

[a] Assumed distribution based on CARB staff's review of CERS database ownership information for all USTs likely to have GDFs (not just those subject to CP-201) [CARB, 2020b].

[b] Includes one park operated by a non-profit organization.

[c] Includes fleet services, general services, corporation yards, service/maintenance yards, and highway and street construction.

[d] Classification information is not available for GDFs with ASTs and Phase I EVR (1,022 GDFs) nor GDFs with ECO nozzles and lower permeation hoses (29 GDFs). Classifications are likely similar to those of GDFs with ASTs and Phase II EVR (82 GDFs). Per EO-VR-501, Phase II EVR cannot be installed on an AST that does not have Phase I EVR, so CARB staff assumes classification for their distributions are similar. Per discussions with Air District staff and CARB staff observation, ECO nozzles and low permeation hoses are installed at ORVR fleet facilities, many of which have ASTs. CARB staff's scoping-level review of CERS database ownership information for all ASTs throughout California (not just those subject to CP-206 and CP-207) indicates ASTs could also be owned and operated by local agencies for airports, parks, correctional institutes, community services districts, and other special services districts for utilities, flood control, drinking water, mosquito/vector control, and sewage, solid waste, and stormwater management. [CARB, 2022b].

Description of other local agencies that are affected by the current CP-201, CP-204, CP-206, and CP-207. California's 35 local Air Districts are responsible for regional air quality planning, monitoring, and stationary source and facility permitting. CUPAs are local environmental and emergency management programs that are members of California's Unified Program, which

protects Californians from hazardous waste and hazardous materials by ensuring local regulatory agencies consistently apply statewide standards when they issue permits, conduct inspections and engage in enforcement activities. Air Districts and CUPAs issue and enforce permits for GDF activities. In addition, Air Districts participate in the certification process for vapor recovery equipment used at GDFs by issuing research and development permits for certification test sites and by providing review of CARB staff's draft certification Executive Orders. Unlike vapor recover equipment used at GDFs, vapor recovery equipment used with cargo tanks does not need to be certified by CARB.

As explained earlier in this section, the proposed amendments would not have any direct or indirect fiscal impact on Air District and CUPA permitting programs because the proposed amendments would not change any of the currently-adopted performance standards, implementation schedules, or test procedures for vapor recovery equipment used with cargo tanks or at GDFs, and so would not affect Air District and CUPA permitting and enforcement program activities, would not affect their permit fees, and would not prompt any new certification processes that would entail review by the Air District permitting programs' staff.

State and local sales taxes are levied in California to fund a variety of programs at the State and local level. Local agencies receive tax revenue from the sale of gasoline and vapor recovery equipment. In addition, portions of the State sales tax revenue and State gas excise tax revenue are apportioned back to local programs. As explained earlier in this section, these local tax revenues would not be affected by the proposed amendments because the proposed amendments would not impact the cost of vapor recovery equipment nor change the current requirements for GDF owners and operators, or indirectly impact the amount or cost of gasoline dispensed in the State through pass through costs.

Fiscal Effect on State Government (for Section B.3 for the Form 399)

No fiscal impact exists because the proposed amendments do not contain any requirements for action or otherwise affect any State agency or program. State agencies that own and operate GDFs and/or cargo tanks are the regulated State government entities under the current CP-201, CP-204, CP-206, and CP-207. In addition, State agencies that participate in the certification process for vapor recovery equipment used at GDFs, and state agencies that receive state sales tax revenue, are affected by the current vapor recovery regulations. Pursuant to Government Code sections 11346.5, subdivision (a)(5) and section 11346.5, subdivision (a)(6), the proposed amendments would not create costs or savings to any State agency, or in federal funding to the State, or other nondiscretionary savings to State agencies. Because the proposed amendments would not change any of the currently-adopted performance standards, implementation schedules, test procedures, or reporting requirements for vapor recovery equipment used with cargo tanks or at GDFs, the proposed amendments would not change requirements for, nor affect costs of, vapor recovery equipment, and do not change any requirements for state agencies. Consequently, the proposed amendments do not impose any new compliance, implementation, or certification process costs for State government, and would not result in any changes in tax revenue that

could result in costs or cost-savings for State government, in the current fiscal year or over the lifetime of the proposed amendments.

The proposed amendments include two types of changes:

1. Amendments to remove one of the two options for CARB Executive Officer approval of alternative test procedures; and
2. Amendments to improve grammar, readability, and accessibility of the CP documents.

Amendments to remove one of the two options for CARB Executive Officer approval of alternative test procedures. The proposed amendments would remove the option that grants the Executive Officer discretion to establish an equivalent test procedure outside of the certification procedure and U.S. EPA Method 301. This proposed change is necessary to remove ambiguous language that creates the potential for uncertainty when CARB's Executive Officer approves alternative test procedures. Over the last two decades, there have not been any instances where CARB's Executive Officer has used the discretion to establish an equivalent test procedure based on methods other than those provided by U.S. EPA Method 301. Further, CARB staff does not anticipate any future need to utilize this discretion because of the maturity of the vapor recovery regulations and equipment market. Section A.1 of the Economic Impact Statement provides an explanation of CARB staff's finding that this Executive Officer discretion likely will not be needed in the future. As the Executive Officer discretion allowed by the current regulation has never been utilized for any of the vapor recovery certification procedures and is not expected to be needed in the future, and given the ambiguity it introduces, CARB staff finds that its continued inclusion is unnecessary for the implementation of the vapor recovery regulations and that there is no need to provide any replacement option. Consequently, the proposed amendments would not incur any new testing costs or savings for manufacturers of vapor recovery equipment or any changes in pass through costs for vapor recovery equipment that could affect State agencies that own or operate GDFs and/or cargo tanks, nor any changes to requirements for State agencies that own or operate GDFs and/or cargo tanks, compared to baseline conditions (current regulations).

Amendments to improve grammar, readability, and accessibility of the CP documents. These amendments include formatting changes and minor text and grammar corrections that do not alter the meaning or intent of the vapor recovery regulations, nor otherwise materially alter the requirements or conditions of the certification and test procedures. Consequently, CARB staff does not expect any potential costs or savings for State government under these proposed amendments compared to baseline conditions (current regulations).

Description of regulated State agencies under the current CP-201, CP-204, CP-206, and CP-207. There are about 496 state government-owned GDFs in California that are required to have either some type of vapor recovery system or ECO nozzles and low permeation hoses. These State-owned GDFs are operated by a variety of organizations that vary in size, revenue, and types of operations. Table 4 provides their general industry classifications and NAICS codes. There are about 11 cargo tanks associated with a State agency in California

regulated under the current CP-204 [CARB, 2019b²⁰]. The proposed amendments would not impose any new compliance, testing, or reporting requirements nor have any direct or indirect fiscal impact on any State agency regulated under the current CP-204.

Table 4: Types of State government-owned GDFs subject to current CP-201, CP-206, and CP-207

Classification (NAICS Codes)	CP-201: GDFs with USTs ^[a]	CP-206: GDFs with ASTs ^[b]	CP-207: GDFs with ECO nozzles & low permeation hoses ^[b]
Estimated # of GDFs:	44	423	29
Colleges & Universities (611310)	4%	NA	
Correctional Institutes (922140)	NA	10%	
Fleet Services & General Services (921190)	4%	NA	
Police Protection (922120)	75%	55%	
Transportation (926120)	17%	25%	
Water Resources (221310)	NA	10%	

[a] Assumed distribution based on CARB staff's review of CERS database ownership information for all USTs likely to have GDFs (not just those subject to CP-201) [CARB, 2020b].

[b] Classification information is not available for GDFs with ASTs and Phase I EVR (384 GDFs) nor GDFs with ECO nozzles and lower permeation hoses (29 GDFs). Classifications are likely similar to those of GDFs with ASTs and Phase II EVR (39 GDFs). Per EO-VR-501, Phase II EVR cannot be installed on an AST that does not have Phase I EVR, so CARB staff assumes classification for their distributions are similar. Per discussions with Air District staff and CARB staff observation, ECO nozzles and low permeation hoses are installed at ORVR fleet facilities, many of which have ASTs. CARB staff's scoping-level review of CERS database ownership information for all ASTs throughout California (not just those subject to CP-206 and CP-207) indicates ASTs could also be owned and operated by a variety of State agencies, including colleges and universities, for fleet services, general services, fire protection, and forestry services [CARB, 2022b].

Description of other State agencies that are affected by the current CP-201, CP-204, CP-206, and CP-207. State law requires CARB to coordinate certification procedures for vapor recovery equipment used at GDFs with: Department of Food and Agriculture, Division of Measurement Standards (DMS); Department of Forestry and Fire Protection, Office of the State Fire Marshall (SFM); Department of Industrial Relations, Division of Occupational Safety and Health (DOSH); and State Water Resources Control Board, Division of Water Quality (SWRCB). Prior to certification of a vapor recovery system by the CARB Executive Officer, the

²⁰ CARB. 2019a. Staff Report: Initial Statement of Reasons – Amendments to the Regulation for the Certification of Vapor Recovery Systems for Cargo Tanks. Report prepared by staff of the Enforcement Division, California Air Resources Board. March 5, 2019.

manufacturers are required to submit plans and specifications for their system or component to each of these agencies. These agencies may conduct certification review and testing concurrently with CARB certification testing; however, the approval of the SFM, DMS, DOSH, and a determination by the SWRCB are a precondition to certification by CARB²¹. Manufacturers are responsible for providing documentation of these approvals and determinations to CARB. Unlike vapor recover equipment used at GDFs, vapor recovery equipment used with cargo tanks does not need to be certified by CARB or approved by any other State agency. As explained earlier in this section, the proposed amendments would not have any direct or indirect fiscal impact on CARB, SFM, DMS, DOSH, and SWRCB, because the proposed amendments would not change any of the currently-adopted performance standards, implementation schedules, or test procedures for vapor recovery equipment used with cargo tanks or at GDFs, and so would not change any certification and testing processes or their timing, nor any associated certification review and testing costs.

²¹ A determination by SWRCB is not required for vapor recovery system installed on aboveground storage tanks.