

## **Possible Concept for Regulatory Changes to the AB 32 Cost of Implementation Fee --Gas and Diesel--**

After consideration of comments on the May draft and discussions with stakeholders, ARB staff is exploring how the regulation could be revised to shift the point of regulation for transportation fuels from refineries to the suppliers of California finished gasoline or California diesel. Staff seeks comment on the approach described below both in terms of whether the approach would work and the advantages and disadvantages of moving from the May proposal to this approach.

- Applicability (Point of Regulation)
  - Point of regulation could be moved to licensed suppliers of California finished gasoline or California diesel, including tax exempt (“red-dye”) diesel, for use in California
  - Suppliers would have the same meaning as in the California Revenue and Taxation Code, section 7338 (i.e. blender, enterer, position holder, refiner, terminal operator, and throughputter)
  
- Fee Calculation and Liability
  - Fee would be based on quantity of finished gasoline and diesel (including red-dye diesel) supplied multiplied by the applicable emission factor
    - Fee would no longer be based on gallons of CARBOB adjusted to account for blending
  - Fee for first collection period would be based on 2008 data, consistent with other sectors in the regulation
  - Fee collected as lump sum annually, consistent with other sectors in the regulation
  
- Reporting
  - Report gallons of gas and diesel (including red-dye diesel) supplied in the State
  - Report annually
  - Report directly to ARB using the mandatory reporting tool
    - Data requirements would be consistent with data submitted to BOE
    - Use separate section of tool for fuel suppliers
    - Data reported would include administrative information (business name, location, contact, BOE taxpayer ID, etc.) and for the total gallons of gasoline supplied for the year and total gallons of diesel supplied for the year