

Proposed revisions to 250-RICR-120-05-33 “Control of Volatile Organic Compounds from Architectural and Industrial Maintenance Coatings”

Cost Benefit Estimate

In order to determine the potential benefits to RI companies, data on national paint sales was evaluated. In a recent staff report by California Air Resources, Board (CARB), “Staff Report for the Proposed Updates to the Suggested Control Measures for Architectural Coatings,” dated April 24, 2020 the North American Industry Classification System (NAICS) code 325510 was utilized to do an analysis to identify relevant industry data. From this report it was determined that Architectural Coatings constitute approximately 30-35 percent of the paint and coatings industry represented by NAICS code 325510 as all affected categories of coatings are classified under NAICS 325510.¹ 2018 US Census data obtained from the Annual Manufacturing Survey indicates that national paint and coating manufacturers generated 27 billion dollars in national sales.² Apportioning this to RI using 2018 US Census population data¹, results in approximately 26 million dollars in total sales for all architectural coatings.

Equation 1: RI Sales

$$(\$27 \times 10^9) * 30\% * \left(\frac{1,057,315}{327,167,439} \right) = \$26 \times 10^6$$

California Air Resources Board prepares a summary of coating sales by AIM category utilizing data obtained from coating manufacturers every five years. It can be assumed that these sales proportions, by category, would be similar in RI. The California data listed in Table 1 was obtained from CARB’s “Staff Report for Proposed Updates to the Suggested Control Measure for Architectural Coatings,” dated April 19, 2019. Based on the *Wood Coating* and *Specialty Primers, Sealers and Undercoating* categories RI is proposing to change, approximately 2% of the total AIM coatings sold would be impacted by this change.

Table 1: 2014 CARB Data³

| Coating Category | 2014 Gallons |
|--|--------------|
| Wood Coatings | 1,822,249 |
| Specialty Primer, Sealer and Undercoater | 310,438 |
| Total AIM coatings all categories | 89,071,627 |

¹ https://ww2.arb.ca.gov/sites/default/files/2020-04/2020%20SCM%20Staff%20Report_Final_Separate.pdf

²

<https://data.census.gov/cedsci/table?q=am1831&hidePreview=true&tid=ASMAREA2017.AM1831BASIC01&vintage=2018&n=325510&g=0400000US44>

³ https://ww3.arb.ca.gov/coatings/arch/2019_scm_staff_report.pdf

Equation 2: Percent of AIM coatings

$$\frac{(1,822,249 + 310,438)}{89,071,627} = 2\%$$

Further, data obtained from the 2019 CARB Staff report indicates a large shift between 2004 and 2014 data to the use of waterborne coatings in lieu of solvent borne coatings. This trend would be noted in RI also. Waterborne coatings would not be affected by the proposed changes to Part 33, therefore, based on information from the 2019 CARB Staff report, only 4% of the total coatings used would be subject to the revised emissions limitations. Applying these factors to estimate the total architectural coating sales in RI, potentially affected by the proposed change to the emissions limitations for *Wood Coating* and *Specialty Primers, Sealers and Undercoating* categories, yields an estimate of \$20,800 sales.

Equation 3: Potential Sales in RI

$$\$26 \times 10^6 * 2\% * 4\% = \$20,800$$

Being this estimate of potential product sales is well below the \$500,000 benefit threshold that would require a full cost benefit analysis under the RI Administrative Procedures Act (RIGL §42-35-1, et seq.) no further analysis will be performed.

ⁱ 2018 US population 327,167,439 and RI population 1,057,315