

**State of California  
AIR RESOURCES BOARD**

Resolution 01-10  
April 26, 2001

Agenda Item No.: 01-3-4

**WHEREAS**, the Air Resources Board has been directed to carry out an effective research program in conjunction with its efforts to combat air pollution, pursuant to Health and Safety Code sections 39700 through 39705;

**WHEREAS**, a research proposal, number 2475-218, entitled "The Impacts of the Air Pollution Control Industry on the California Economy," has been submitted by Environmental Business International, Inc., in response to RFP No. 00-312.

**WHEREAS**, the Research Division staff has reviewed and recommended this proposal for approval; and

**WHEREAS**, the Research Screening Committee has reviewed and recommends for funding:

Proposal Number 2475-218 entitled "The Impacts of the Air Pollution Control Industry on the California Economy," submitted by Environmental Business International, Inc., for a total amount not to exceed \$116,271.

**NOW, THEREFORE BE IT RESOLVED**, that the Air Resources Board, pursuant to the authority granted by Health and Safety Code section 39703, hereby accepts the recommendation of the Research Screening Committee and approves the following:

Proposal Number 2475-218 entitled "The Impacts of the Air Pollution Control Industry on the California Economy," submitted by Environmental Business International, Inc., for a total amount not to exceed \$116,271.

**BE IT FURTHER RESOLVED**, that the Executive Officer is hereby authorized to initiate administrative procedures and execute all necessary documents and contracts for the research effort proposed herein, and as described in Attachment A, in an amount not to exceed \$116,271.

I hereby certify that the above is a true and correct copy of Resolution 01-10, as adopted by the Air Resources Board.

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Marie Kavan, Clerk of the Board

## **Attachment A**

### **“The Impacts of the Air Pollution Control Industry on the California Economy”**

#### **Background**

Air pollution control regulations impose costs on businesses. These costs tend to promote demand for products and services of other businesses. In other words, most of the costs resulting from air pollution control (APC) regulations represent a shift of resources from one sector of the economy to another. While the costs of regulations are examined in great detail during the rulemaking process, the positive impacts of regulations on businesses are rarely considered.

APC regulations have created markets for many products and services. These products and services include pollution prevention, clean-up equipment and supplies, air pollution abatement systems, analytical instruments, and specialized services, such as engineering, consulting, construction, laboratory analysis, and environmental impact assessment. Regulations also stimulate the demand for less polluting products, such as alternative solvents and cleaner burning fuels. Furthermore, regulations tend to promote both technological innovation and production efficiency, resulting in an increase in economic productivity and economic activity.

The California economy has benefited considerably from the APC industry. However, there is no consensus on the size of the APC industry's contribution to the California economy. There are several reasons for this lack of consensus. The industry encompasses many firms providing various products and services. These products and services are not classified into a unique set of standard industrial classification codes, which provide an organizational framework for most government data on businesses. Only a fraction of firms within this industry are publicly owned, so economic data are not readily accessible. Finally, many corporations lack an accounting system that specifically keeps track of their sales of the APC related products and services.

#### **Objective**

The objective of this study is to develop historical profiles of the California APC industry and quantify the contribution of the APC industry to California's economy from 1970 to the present.

#### **Expected Results**

The product of this research would provide the Board with a definition and segmentation of the APC industry, economic and financial profiles of the California APC industry from 1970 to 2000, a directory of the APC firms, and an evaluation of the impact of the APC industry on the California economy.

#### **Significance to the Board**

This information would enable the Board to conduct a more balanced evaluation of the economic impacts of its proposed regulations. Traditionally, the Board has assessed the costs of regulations in great detail during the rulemaking process. This assessment, however, has rarely included a consideration of the positive impacts of regulations on businesses.

**Contractor:**  
Environmental Business International, Inc.

**Contract Period:**  
21 months

**Principal Investigator (PI):**  
Mariko T. Killion

**Contract Amount:**  
\$116,271

**Cofunding:**  
None

**Basis for Indirect Cost Rate:**

The rates used by the contractor to estimate its indirect costs are based upon the rates it used for the three previous projects that it completed for the US Department of Commerce and US-Asia Environmental Partnership.

**Past Experience with this Principal Investigator:**

The contractor is the publisher of the Environmental Business Journal, a leading publication on the environmental industry. In addition, the contractor has completed numerous environmental market studies for both private and public clients. The contractor has also provided data for two major environmental industry studies published by the U.S. Department of Commerce, "Environmental Industry of the United States: Overview by State and Metropolitan Statistical Area," and "The U.S. Environmental Industry-Meeting the Challenge: U.S. Industry Faces the 21<sup>st</sup> Century."

**Prior Research Division Funding to Environmental Business International, Inc.:**

Year	2000	1999	1998
Funding	\$0	\$0	\$0

# BUDGET SUMMARY

Environmental Business International, Inc.

“The Impacts of the Air Pollution Control Industry on the California Economy”

## **DIRECT COSTS AND BENEFITS**

1.	Labor and Employee Fringe Benefits	\$76,780	
2.	Subcontractors	\$ 3,500	
3.	Equipment	\$ 0	
4.	Travel and Subsistence	\$ 3,000	
5.	Electronic Data Processing	\$ 0	
6.	Reproduction/Publication	\$ 0	
7.	Mail and Phone	\$ 1,000	
8.	Supplies	\$ 3,000	
9.	Analyses	\$ 0	
10.	Miscellaneous	<u>\$ 0</u>	
	Total Direct Costs		\$87,280

## **INDIRECT COSTS**

1.	Overhead	\$19,195	
2.	General and Administrative Expenses	\$ 5,324	
3.	Other Indirect Costs	\$ 0	
4.	Fee or Profit	<u>\$ 4,472</u>	
	Total Indirect Costs		<u>\$28,991</u>

## **TOTAL PROJECT COSTS**

**\$116,271**

Attachment 1

**SUBCONTRACTORS' BUDGET SUMMARY**

Dolphin DV Management

Description of subcontractor's responsibility: includes photocopying, duplicating, and other miscellaneous business services.

**DIRECT COSTS AND BENEFITS**

1.	Labor and Employee Fringe Benefits	\$3,500	
2.	Subcontractors	\$ 0	
3.	Equipment	\$ 0	
4.	Travel and Subsistence	\$ 0	
5.	Electronic Data Processing	\$ 0	
6.	Reproduction/Publication	\$ 0	
7.	Mail and Phone	\$ 0	
8.	Supplies	\$ 0	
9.	Analyses	\$ 0	
10.	Miscellaneous	<u>\$ 0</u>	
	Total Direct Costs		\$3,500

**INDIRECT COSTS**

1.	Overhead	\$ 0	
2.	General and Administrative Expenses	\$ 0	
3.	Other Indirect Costs	\$ 0	
4.	Fee or Profit	<u>\$ 0</u>	
	Total Indirect Costs		<u>\$ 0</u>

**TOTAL PROJECT COSTS** **\$3,500**

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