

FINAL AIR REGULATION FOR ARCHITECTURAL COATINGS

TODAYS ACTION...

- ◆ The Environmental Protection Agency (EPA) is today issuing a final regulation to control volatile organic compound (VOC) emissions from architectural coatings. VOCs contribute significantly to the formation of ground-level ozone, the primary constituent of smog.

- ◆ Architectural coatings are commonly applied by consumers and contractors, and include products such as exterior and interior paints, industrial maintenance coatings, wood and roof coatings, primers, and traffic paints.

WHY IS EPA REGULATING ARCHITECTURAL COATINGS?

- ◆ In the past, the Clean Air Act has focused on reducing VOC emissions from mobile sources (cars and trucks) and stationary sources, such as power plants and factories. Requiring additional controls on these sources may be very costly for the emissions reductions achieved. Regulating consumer and commercial products (which include architectural coatings) may prove to be a more cost-effective way of substantially reducing VOC emissions nationwide.

- ◆ Under the Clean Air Act, EPA was required to 1) study emissions of VOCs from consumer and commercial products; 2) list those categories of products that account for at least 80 percent of the total VOC emissions on a reactivity-adjusted basis in areas of the country that fail to meet the national air quality standards set for ground-level ozone; and 3) divide the list into four groups, and regulate one group every two years using best available controls, as defined by the Clean Air Act.

- ◆ The EPA issued a study and report to Congress in March of 1995, Study of Volatile Organic Compound Emissions from Consumer and Commercial Products, which evaluated the contribution of VOC emissions from consumer and commercial products on ground-level ozone levels, and established criteria for prioritizing and a schedule for regulating these products under the Clean Air Act.

- ◆ One volume of the study contains a broad inventory of VOC emissions from consumer and commercial products, including architectural coatings. The study found that consumer and commercial products, such as architectural and other surface coatings, personal care products, and household cleaning products,

contribute about 3.3 million tons (approximately 28 percent) annually of VOC emissions in areas that do not meet air quality standards for ground-level ozone.

- ◆ Based on this emissions inventory, and on a large body of existing scientific knowledge on the role of VOC in ozone formation, EPA found that VOC emissions from consumer and commercial products --including paints --do have the potential to contribute to ozone levels that exceed air quality standards.
- ◆ EPA determined that architectural coatings are a significant source of largely unregulated VOC emissions. Based on this and other criteria, architectural coatings were placed in the first grouping of products to be regulated no later than March of 1997. Because of this missed deadline, EPA entered into a consent decree with the Sierra Club and committed to finalize the rule by August 15, 1998.

WHAT ARE THE HEALTH AND ENVIRONMENTAL BENEFITS?

- ◆ EPA's final regulation is expected to reduce emissions of VOCs by 113,500 tons per year, representing a 20 percent reduction from 1990 levels. VOCs are the main component in forming ground-level ozone. Exposure to ground-level ozone can damage lung tissue and cause serious respiratory illness.
- ◆ The requirements are based on product reformulation, a pollution prevention method.

WHAT DOES THE REGULATION REQUIRE?

- ◆ EPA's rule establishes a VOC content limit for each of the 61 categories of architectural coatings.
- ◆ Requirements are based on demonstrated technologies; many coatings on the market already meet the limits in the rule.
- ◆ In cases where a coating meets more than one category definition, generally the lowest applicable VOC content limit would apply. However, there are exceptions to this requirement which EPA notes in an "exceptions paragraph" in the rule.
- ◆ Manufacturers and importers are required to comply with requirements one year after publication of the final rule in the Federal Register.

CAN PRODUCTS MANUFACTURED PRIOR TO THE COMPLIANCE DATE CONTINUE TO BE SOLD?

- ◆ Products manufactured prior to the compliance date can continue to be sold (and applied) until the manufacturer or importer's stock is depleted.

WHAT ARE THE RECORDKEEPING, REPORTING, AND LABELING REQUIREMENTS?

- ◆ The rule requires manufacturers and importers of architectural coatings to submit a one-time initial notification report one year after the rule is published in the Federal Register. This report must include: 1) the company name and street addresses for the company's facilities that are producing, packaging, or repackaging architectural coatings, 2) the list of categories of architectural coatings (from the 61 categories identified in the rule) that the manufacturer or importer plans to continue to manufacture or import after the rule takes effect, and 3) an explanation for each architectural coating product date code (i.e., how the code translates into the date of manufacture of the product).
- ◆ The rule requires manufacturers and importers to label each coating container with the date of manufacture (or a date code representing the date), a statement of the manufacturer's recommendation regarding thinning, and either the VOC content of the coating or the VOC limit for the product that is specified in the rule (as long as this limit is not exceeded). Manufacturers and importers are required to label industrial maintenance coatings with at least one of the several labeling choices listed in the rule (e.g., "for industrial use only" or "not for residential use").
- ◆ The rule requires additional recordkeeping, reporting and labeling requirements if a manufacturer or importer chooses to use any of the optional compliance provisions, such as the recycled coating provision, the tonnage exemption, and the exceedance fee provision. EPA will use this information to monitor compliance with the standards.

HOW WOULD THE PROPOSED RULE PROVIDE FLEXIBILITY TO COMPANIES?

EPA provides companies with several optional compliance mechanisms for meeting regulatory requirements which include:

- A market-based option which enables a company to continue manufacturing architectural coatings with VOC contents higher than the limits included in the final rule through payment of a per gallon "exceedance fee." The total exceedance fee payment for a company would be based on 1) the number of gallons of product which exceed the limit, and 2) the amount (weight) of VOC in the product which is in excess of the VOC content limit.

- A provision which enables each manufacturer to exempt products which result in a specified combined total tonnage of VOC per year. This allows a manufacturer the option to exempt a number of products as long as the total amount of VOC contained in the products does not exceed the exemption level. The tonnage exemption level decreases over the first two years of implementation. In 2001 and beyond, the tonnage exemption is set at 10 tons per year. This provision is expected to allow some specialty, niche products to be exempted from VOC requirements.
- A compliance option which allows manufacturers of architectural coatings to calculate a higher allowable VOC content to account for the amount of “post-consumer coating” incorporated into their recycled paint products.

WHO IS AFFECTED BY THE RULE?

- ◆ EPA's rule applies to approximately 500 architectural coating manufacturers and importers who sell or distribute architectural coatings in the United States.
- ◆ EPA's rule would not affect the following: architectural coatings that are manufactured exclusively for sale or distribution outside the United States; architectural coatings manufactured prior to the compliance date (one year after publication of the final rule in the Federal Register); architectural coatings that are sold in nonrefillable aerosol containers; architectural coatings that are collected and redistributed at paint exchanges; and architectural coatings sold in containers with a volume of one liter or less.

HOW MUCH WILL EPA'S RULE COST?

- ◆ The total annualized cost of today's rule for the entire industry is estimated to be roughly \$32 million (in 1996 dollars). The estimated cost effectiveness of the rule is \$270 per megagram (\$250 per ton) of VOC emission reduction. The rule is expected to have very slight impact on the cost of architectural coatings (less than one-tenth of one percent of baseline costs).

HOW WILL THE NATIONAL RULE PROMOTE CONSISTENCY IN ARCHITECTURAL COATING RULE REQUIREMENTS ACROSS THE COUNTRY?

- ◆ Although several States have their own regulations limiting VOC emissions from architectural coatings, at least 14 States are relying on the anticipated reductions from EPA's architectural coatings rule to contribute toward VOC reductions goals established under the Clean Air Act.

- ◆ Without the EPA's national rule, many States would need to make up the shortfall in planned emission reductions by either adopting their own State regulation for architectural coatings, or requiring additional, substantially more expensive reductions from local industries and businesses.
- ◆ The National Governors' Association and Environmental Council of States, and the associations representing state and local air program administrators, have called upon EPA to expedite adoption of national rules for architectural coatings and other consumer and commercial products.

WHAT OUTREACH IS EPA PLANNING TO HELP EDUCATE SMALL BUSINESSES ABOUT THE RULE REQUIREMENTS?

- ◆ EPA is planning to issue a Small Business Compliance Guide by the end of the year that will present rule concepts using examples to illustrate the specific requirements in the rule. EPA will coordinate preparation of this guidance document with small business representatives.
- ◆ EPA plans to participate in two seminars being held by the National Paint and Coatings Association (NPCA) which are expected to be scheduled in late October and early November of this year at a location on the east coast and in the midwest.

FOR FURTHER INFORMATION...

- ◆ Interested parties can obtain the final rule from EPA's website on the Internet under "recent actions" at the following address: (<http://www.epa.gov/ttn/oarpg>). The notice and background documentation is also available through EPA's Air and Radiation Docket and Information Center (Docket Number A-92-18) by calling (202) 260-7548 or FAX (202) 260-4000 (a reasonable fee may be charged for copying). For further information about the rule, contact Ellen Ducey at EPA's Office of Air Quality Planning and Standards at (919) 541-5408 or by electronic mail at: ducey.ellen@epa.gov.
- ◆ The EPA's Office of Air and Radiation's home page on the Internet contains a wide range of information on air pollution programs and issues. The Office of Air and Radiation's home page address is: (<http://www.epa.gov/oar/>).