

William Leung  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

June 24, 2022

Dear Mr. Leung:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and summary (Form DF-131) for proposed amendments to the hexavalent chromium airborne toxic control measure regulations, as required in the California Code of Regulations, title 1, section 200(a)(1) for major regulations. Proposed text of the regulations were not submitted, therefore comments are based solely upon the SRIA and other publicly available information.

The proposed regulations phase out the use of hexavalent chromium for chrome plating operations by 2026 for decorative plating facilities and by 2039 for functional plating facilities. All facilities will be required to transition to other technologies or use control devices to limit exposure to the airborne toxin. While alternative technology exists for decorative plating facilities, ARB acknowledges that there are currently no alternatives available or in development for functional plating facilities (chrome acid anodizing facilities). There are about 113 decorative chrome plating facilities, hard chrome plating facilities, and chromic acid anodizing facilities that will be impacted. Decorative chrome plating facilities are expected to incur a one-time conversion cost of \$16.5 million in 2025 and ongoing annual costs of around \$1.3 million. Direct costs to functional chrome plating facilities include a one-time conversion cost of between \$104 million and \$144 million in 2038, and ongoing costs between \$1.3 million and \$60.1 million, depending on the facility type. Benefits consist of improved health outcomes and reduced cancer risk from exposure to hexavalent chromium emissions for workers and local communities, and are not quantified. State and local governments are expected to gain annual sales tax revenue of \$2.7 million and \$3.2 million, respectively, beginning in 2038 after all facilities convert to alternative technologies.

Finance generally concurs with the methodology used to estimate impacts of the proposed regulations, with the following exceptions. First, the SRIA does not expect any business closures in response to the proposed regulations, nor does it discuss any potential competitive disadvantages to California's chrome facilities, despite

acknowledging stakeholder concerns regarding the availability of alternatives. However, unavailable or inferior alternatives may reduce the demand for in-state chrome services and instead incentivize consumers to switch to out-of-state businesses who would still be able to utilize hexavalent chromium processes. The SRIA must include a comprehensive assessment of the potential business and employment impacts, including a discussion of these potential behavioral responses to the proposed regulation, or further justify why it is reasonable to assume these adverse impacts would be unlikely to occur.

Second, the SRIA does not clearly disclose how inflation is incorporated into the analysis, however, costs may be different under higher assumed inflation rates. The brief qualitative discussion of the implications of higher inflation that is currently included in the SRIA should be expanded to clearly illustrate how costs are impacted by incorporating Finance's most recent inflation projections at the time of the analysis, as required.

These comments are intended to provide sufficient guidance outlining revisions to the impact assessment if a SRIA is required. The SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change during the rulemaking process. If any significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,

**[Signature on File]**

Somjita Mitra  
Chief Economist

cc: Ms. Dee Dee Myers, Director, Governor's Office of Business and Economic Development  
Mr. Kenneth Pogue, Director, Office of Administrative Law  
Mr. Richard Corey, Executive Director, California Air Resources Board