

**ECONOMIC IMPACT STATEMENT
OF PROPOSED RULES OR REGULATIONS
EO 05-04: Regulatory Flexibility**

Department ADEQ Division AIR

Contact Person MIKE PORTA Date 12/20/05

Contact Phone 501-682-0752 Contact Email porta@adeq.state.ar.us

Title or Subject: Arkansas Pollution Control and Ecology Commission's new Regulation 31

Nonattainment New Source Review Requirements and Regulation 19, Regulations of the Arkansas Plan of Implementation for Air Pollution Control, Chapter 12

Benefits of the Proposed Rule or Regulation

1. Explain the need for the proposed change(s). Did any complaints motivate you to pursue regulatory action? If so, Please explain the nature of such complaints.

To meet the minimum federal requirements for new source review in nonattainment areas. The federal requirements are codified at 40 CFR 51.160 through 40 CFR 51.165. Regulation 19, Chapter 12 will be repealed and the provisions of Chapter 12, together with other federal requirements for new source review in nonattainment areas will comprise the new Regulation 31.

2. What are the top three benefits of the proposed rule or regulation?

(1) Meets the minimum federal requirements for new source review in nonattainment areas;

(2) Provides new source review program;

(3) Establishes EDZ in Crittenden County, Arkansas.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

The benefits outlined in number 2 above would not accrue.

4. Describe market-based alternatives or voluntary standards that were considered in place of the proposed regulation and state the reason(s) for not selecting those alternatives.

Not applicable.

Impact of Proposed Rule or Regulation

5. Estimate the cost to state government of *collecting information, completing paperwork, filing recordkeeping, auditing and inspecting* associated with this new rule or regulation.
6. What types of small businesses will be required to comply with the proposed rule or regulation? Please estimate the number of small businesses affected.
Only major sources in nonattainment areas will be required to comply.
7. Does the proposed regulation create barriers to entry? If so, please describe those barriers and why those barriers are necessary.

Exhibit D

8. Explain the additional requirements with which small business owners will have to comply and estimate the costs associated with compliance.

Only major sources in nonattainment areas will be required to comply.

9. State whether the proposed regulation contains different requirements for different sized entities, and explain why this is, or is not, necessary.

Only major sources in nonattainment areas will be required to comply.

10. Describe your understanding of the ability of small business owners to implement changes required by the proposed regulation.

Only major sources in nonattainment areas will be required to comply.

11. How does this rule or regulation compare to similar rules and regulations in other states or the federal government?

Follows the minimum federal requirements for new source review in nonattainment areas.

12. Provide a summary of the input your agency has received from small business or small business advocates about the proposed rule or regulation.

Only major sources in nonattainment areas will be required to comply.



Mike Huckabee
Governor

Larry Walther
Director

Arkansas Department of Economic Development

January 11, 2006

Mr. Michael O'Malley
Arkansas Pollution Control & Ecology Commission
101 East Capitol
Suite 205
Little Rock, AR 72201

Dear Mr. O'Malley:

Per Executive Order 05-04 I have reviewed Regulations 19 and 31 you sent on December 20. Section 2 of this order exempts rules that substantially codify existing state or federal law.

It is my determination that these regulations which are being promulgated to codify Act 1178 of 2005 meet this standard. Furthermore, Executive Order 05-04 only applies to rules or regulations that directly impact small businesses. Therefore, the above mentioned rule is not germane to the Executive Order.

Please feel free to contact me with any questions regarding this matter. You may contact me at (501) 682-6105 or ssmith@1800arkansas.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Sylvester Smith".

Sylvester Smith
Small & Minority Business

2006 JAN 12 PM 2:25

AR. POLLUTION CONTROL
& ECOLOGY COMMISSION
FILED BY
PDR