San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

October 29, 2026

Anita Lee
Director - Air Division
U.S. EPA, Region IX
75 Hawthorne Street
San Francisco, CA 94105-3901

Re: Rule 3171 Annual Fee Equivalency Demonstration Report, Fee Assessment Basis Year 2025

Dear Ms. Lee:

As required by District Rule 3171, *Federally Mandated Ozone Nonattainment Fee*, the San Joaquin Valley Air Pollution Control District (District) hereby submits the annual Fee Equivalency Demonstration Report for the Fee Assessment Basis Year 2025.

As you are aware, the District adopted Rule 3171 to implement the ozone non-attainment penalty requirements of Section 185 of the federal Clean Air Act (CAA). In doing so, the District followed EPA guidance on implementing an alternative fee collection program, which fees are at least equal to those that would be collected under a direct implementation of CAA Section 185. The District's goals in implementing an alternate program were to avoid further penalties on facilities that had done all they could to reduce air pollution, and to collect the penalty in a way that closely corresponds with the sources of ozone-causing air pollution in the San Joaquin Valley.

To that end, Rule 3171 assesses a fee penalty from Major Sources of air pollution only to the extent that such sources have any remaining operating non-Clean Emissions Units, i.e., those units not equipped with Best Available Control Technology (BACT), or equivalent, as accepted by the District during the five-year period immediately prior to and including the attainment year. Recognizing that this approach will result in a shortfall in penalty collection compared to direct implementation of Section 185, under Rule 3171 the District committed to making up the difference in one of two ways. First, the District would attribute fees collected under Section 9250.17 of the California Vehicle Code (VC) (to the extent those fees were authorized by AB 2522 (Arambula, 2008), herein referred to as the AB 2522 VC fees); and, second, if the above is insufficient to cover the shortfall, the District would assess the necessary fees to cover the remaining shortfall in a second round of fee collection from Major Sources of air pollution.

Samir Sheikh
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: (661) 392-5500 FAX: (661) 392-5585

www.valleyair.org www.healthyairliving.com

Printed on recycled paper.

Section 7.2 of Rule 3171 requires the District to demonstrate on an annual basis an accounting of this equivalency effort. Specifically, the District is required to produce this report demonstrating that the fees required by Rule 3171 that are collected from Major Sources of air pollution, plus the AB 2522 VC fees collected, are at least equal to the fees that would have been collected had the District directly implemented Section 185.

This annual report is for the Fee Assessment Basis Year of 2025. The District's accounting of ozone precursor emissions demonstrated 1,164 tons of nitrogen oxides and volatile organic compounds were emitted in excess of 80% of the baseline emissions from major sources in the calendar year 2025. Using the required CPI-adjusted fee assessment rate of $12,850.67 per ton of emissions, the District determined that a total penalty fee of $14.9 million is due under Section 185 of the federal CAA.

Emissions fees collected from Major Sources under Rule 3171, for pollution emitted during the calendar year results in a total fee collected of $554,054.

As demonstrated in this report, the fees collected under District Rule 3171, plus the Vehicle Code fees collected under the authorization of AB 2522, significantly exceed the total fees that would have been collected under a direct implementation of Section 185 of the federal CAA. Therefore, the District has successfully demonstrated Rule 3171 Annual Fee Equivalency for the Fee Assessment Basis Year of 2025. See attachment for additional information.

If you have any questions regarding this matter, or if you would like to review additional details of our equivalency demonstration, please call me at (559) 230-5900.

Sincerely,



Brian Clements
Director of Permit Services

Attachment: Table of Rule 3171 Equivalency Information for Year 2025

Attachment: Rule 3171 Equivalency Information for Fee Assessment Basis Year 2025

Rule 3171 Section	Fee Description	Rule 3171 Equivalency Accounting
7.2.1.1	Total fees **collected under District Rule 3171 for 2025** tracking year, not reported in a prior annual Fee Equivalency Demonstration Report:	$554,054
7.2.1.2	Total **AB 2522 VC fees collected in 2025** tracking year, not used to demonstrate equivalency in a prior annual Fee Equivalency Demonstration Report:	$41,842,671
7.2.1.3	**Total Section 185 fees required** under a direct implementation of the Federal Ozone Nonattainment Fee:	($14,954,046)
7.2.2	**Excess amount collected for Basis Year 2025:**	$27,442,679(1)

[1] The historic excess amount of Section 185 fees collected from 2011 through 2025, totals $207,334,639.