



May 11, 2026

Lynda Hopkins, Chair  
Members of the Board of Directors  
Bay Area Air Quality Management District  
375 Beale Street, Suite 600  
San Francisco, CA 94105

**Re: Comments on Draft Socioeconomic Analysis Policy Outline**

Dear Chair Hopkins and Members of the Board:

The Bay Area Council appreciates the opportunity to comment on the District's April 9, 2026 staff outline for a proposed socioeconomic analysis policy. As a business-led public policy organization representing close to 400 of the largest employers across the nine-county region, our members collectively employ roughly 1.5 million Bay Area residents and 40% of the region's total workforce.

We strongly support the District's mission to improve air quality and protect public health. The cleanliness of the air we breathe is critical to the health and wellbeing of our region's residents. However, it is just one of many factors that influence health outcomes and quality of life here, and as an organization with members spanning all sectors of our economy, when adopting policy positions, we are required to take a holistic approach to these challenges and look at all the influences and potential outcomes.

As we strive for higher air quality standards we must carefully consider what costs and unintended consequences might arise as a result of our actions. It is no great secret that this region is one of the least affordable places in the world to live; housing costs are higher, energy costs are higher, food costs are higher and the net result is that we are forcing out thousands of our neighbors, particularly those lower down on the income scale, to lower cost parts of the state and country. We can and must do better.

The number one influencer of lifetime health outcomes for a child born in California is socio-economic, and dictated by the resources available to their family. In other words, do their parents have stable gainful employment and employer provided health insurance? Any new rule making that could potentially increase the cost of living here further and/or put more jobs at risk, must take these potential outcomes into consideration and analyze them accordingly. Robust socio-economic analysis is not in conflict with the protection of our residents, it is essential to it.

The staff outline reflects meaningful progress and incorporates several elements long supported by the business community, including a defined threshold for enhanced analysis, use of established economic modeling tools, and attention to distributional impacts. We commend staff for this work and offer the following comments to highlight both areas of alignment and key issues that warrant further refinement.

**I. The Need for a Rigorous and Durable Framework**

The Bay Area economy remains one of the most dynamic in the world, generating more than \$1.4 trillion in annual GDP. It is also under growing pressure from high labor, energy, real estate, and regulatory costs. Businesses across all sectors are making location and investment decisions in this context, and regulatory predictability is an increasingly important factor. All too often, business

that are started here, with talent from our world class universities, and investments from our VC community and government incentives, choose to scale up move jobs to other parts of the country because the regulatory burden here is just impossible to comply with in a world where “speed to market” for new technology is critical.

Air quality rules can impose substantial compliance costs that extend well beyond regulated entities, affecting supply chains, consumer prices, and employment. For this reason, it is critical that the District’s rulemaking process includes a consistent and credible framework for evaluating economic impacts. The proposed policy is an important step toward that goal.

## II. Areas of Alignment

We support several key components of the outline:

- **Enhanced Analysis Threshold:** The \$10 million annual compliance cost trigger is appropriately calibrated to the scale of the regional economy and provides a clear, workable standard.
- **Economic Impact Modeling:** The use of IMPLAN, REMI, or equivalent tools to assess direct, indirect, and induced impacts reflects best practices and should be retained.
- **Distributional Analysis:** Evaluating how costs and benefits are distributed across sectors, business sizes, and communities is essential, particularly for small and mid-sized businesses that face distinct constraints. Since 1995 California has lost close to 500,000 manufacturing and other blue-collar jobs. This sector of our economy has traditionally created middle-class jobs and economic mobility for non-college educated Californians and it is critical that we stop this hemorrhaging.
- **Transparency Standards:** Requirements for documented assumptions, data sources, and responsiveness to public input are fundamental to building trust in the analytical process.

These elements form a strong foundation for a credible policy.

## III. Areas for Strengthening

To ensure the policy achieves its intended purpose, several issues should be addressed:

### 1. Enforceability

This is the Bay Area Council’s most fundamental concern. Any policy without enforceability is merely an aspiration. We are concerned that some of the qualifying language for analysis; “where relevant data is available” or “as appropriate considering any data limitations”, creates too many grey areas and uncertainty. An effective policy should clearly establish that enhanced analysis

requirements are mandatory. As drafted, qualifying language creates ambiguity and risks inconsistent or no application. For stakeholders making long-term investments, reliability in the analytical process is essential.

### 2. Standards for Analytical Completeness

The policy should define when and how required analyses may be omitted. Where data limitations exist, the expectation should be to proceed using best available information, supported by reasonable assumptions and sensitivity analysis, rather than omitting analysis altogether.

### **3. Cumulative Cost Considerations**

In addition to retrospective analysis, the framework should account for the forward-looking cumulative regulatory burden businesses face from multiple agencies. This perspective is critical to understanding real-world feasibility. All too often our regulatory agencies operate in silos issuing conflicting rules to the regulated community adding greatly to cost and uncertainty.

### **4. Fiscal Impacts**

Major regulations can affect public revenues through changes in business activity, employment, and investment. Incorporating fiscal impact analysis for higher-cost rules would provide a more complete picture of regional implications.

### **5. Business Impact Analysis**

Enhanced analysis should include practical considerations such as impacts on operations during compliance transitions, access to capital for required investments, and how costs are ultimately distributed among businesses, workers, and consumers.

### **6. Analytical Independence**

Establishing clear standards for contractor qualifications, independence, and transparency would strengthen confidence in the analysis and its conclusions.

## **IV. Conclusion**

The Bay Area Council supports the development of a robust socioeconomic analysis policy and genuinely appreciates the District's engagement on this issue. The current outline represents an honest and meaningful step forward, and with targeted refinement, particularly around enforceability, analytical rigor, and completeness, it can provide a durable framework to inform sound decision-making.

The Bay Area's environmental leadership and economic vitality are mutually reinforcing. Policies grounded in strong analysis will better ensure that environmental goals are achieved in ways that are effective, equitable, and economically sustainable.

We look forward to continued collaboration with the Board and staff and would welcome the opportunity to engage further as the policy is refined.

Sincerely



Matt Regan  
Senior Vice President  
Bay Area Council