thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.’’

The economic, interagency, budgetary, legal, and policy implications of this regulatory action have been examined and it has been determined not to be a significant regulatory action under Executive Order 12866.

Regulatory Flexibility Act

The Secretary hereby certifies that this final rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. The vast majority of VA loans are serviced by very large financial companies. Only a handful of small entities service VA loans and they service only a very small number of loans. This final rule, which only impacts veterans, other individual obligors with guaranteed loans, and companies that service VA loans, will have very minor economic impact on a very small number of small entities servicing such loans. Therefore, pursuant to 5 U.S.C. 605(b), this rule is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance number and title for the program affected by this document is 64.114, Veterans Housing—Guaranteed and Insured Loans.

Signing Authority

The Secretary of Veterans Affairs, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. John R. Gingrich, Chief of Staff, Department of Veterans Affairs, approved this document on October 24, 2011, for publication.

List of Subjects in 38 CFR Part 36

Condominiums, Handicapped, Housing, Indians, Individuals with disabilities, Loan programs—housing and community development, Loan programs—Indians, Loan programs—veterans, Manufactured homes, Mortgage insurance, Reporting and recordkeeping requirements, Veterans.
II. EPA’s Evaluation and Action
A. How is EPA evaluating the rule?
B. Does the rule meet the evaluation criteria?
C. EPA Recommendations To Further Improve the Rule
D. Public Comment and Final Action

III. Statutory and Executive Order Reviews

I. The State’s Submittal
A. What rule did the State submit?
Table 1 lists the rule we are approving with the date that it was adopted by the

<table>
<thead>
<tr>
<th>Local agency</th>
<th>Rule No.</th>
<th>Rule title</th>
<th>Adopted</th>
<th>Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCAQMD</td>
<td>2005</td>
<td>New Source Review for RECLAIM</td>
<td>06/03/11</td>
<td>09/27/11</td>
</tr>
</tbody>
</table>

On October 24, 2011, EPA determined that the submittal for SCAQMD Rule 2005 met the completeness criteria in 40

C. What is the purpose of the submitted rule revision?
NO\textsubscript{x} helps produce ground-level ozone, smog and particulate matter, which harm human health and the environment. Section 110(a)(1) of the CAA requires States to submit regulations that control NO\textsubscript{x} emissions. The RECLAIM program was initially adopted by SCAQMD in October 1993. The program established for many of the largest NO\textsubscript{x} and SO\textsubscript{2} facilities in the South Coast Air Basin a regional NO\textsubscript{x} and regional SO\textsubscript{2} emissions cap and trade program, with the regional emissions caps declining over time until 2003. SCAQMD amended RECLAIM to lower the NO\textsubscript{x} and SO\textsubscript{2} emissions caps in 2005 and 2010 respectively. The program was designed to provide incentives for facilities to reduce emissions and advance pollution control technologies by giving facilities added flexibility in meeting emission reduction requirements. A NO\textsubscript{x} or SO\textsubscript{2} RECLAIM Trading Credit (RTC) is a limited authorization to emit one pound of NO\textsubscript{x} or SO\textsubscript{2} during a specified one year period. A RECLAIM facility’s emissions may not exceed its RTC holding in any compliance year. A RECLAIM facility may comply with this requirement by installing control equipment, modifying their activities, or purchasing RTCs from other facilities. The purpose of Rule 2005 was to address how the New Source Review (NSR) program requirements would be implemented in the context of a cap and trade program. Rule 2005 sets forth the pre-construction review requirements for new or modified equipment or processes at RECLAIM facilities.

The rule revision affects existing RECLAIM facilities subject to Rule 2005 whose annual allocations\textsuperscript{1} do not exceed its 1994 starting allocation plus non-tradable credits. While such facilities are required to hold sufficient RTCs to offset emissions increases by the beginning of the first year, this rule revision eliminates the requirement to hold sufficient RTCs to offset emissions increases at the beginning of the second and subsequent years. SCAQMD states that the primary purpose of the revision to Rule 2005 was to alleviate the disincentives to existing facilities to modernize and replace older, more polluting equipment with newer and cleaner equipment.

II. EPA’s Evaluation and Action
A. How is EPA evaluating the rule?
Generally, SIP rules must be enforceable (see section 110(a) of the Act), must require Reasonably Available Control Technology (RACT) for each category of sources covered by a Control Techniques Guidelines (CTG) document as well as each NO\textsubscript{x} or VOC major source in nonattainment areas (see sections 182(a)(2) and 182(f) of the Act), and must not relax existing requirements (see sections 110(l) and 193 of the Act). The SCAQMD regulates an ozone nonattainment area classified as extreme for the 8-hour ozone NAAQS (40 CFR 81.305), so the RECLAIM Program must fulfill RACT.

Guidance and policy documents that we use to evaluate enforceability and RACT requirements consistently include the following:

2. “State Implementation Plans; Nitrogen Oxides Supplement to the General Preamble; Clean Air Act Amendments of 1990 Implementation of Title I; Proposed Rule” (the NO\textsubscript{x} Supplement), 57 FR 55620, November 25, 1992.
5. “Economic Incentive Programs—EPA published the guidance, “Improving Air Quality with Economic Incentive Programs” on January 2001 (EPA–452/R–01–001). The guidance available at http://www.epa.gov/ttnccaai/11/metam/1201.html. This guidance applies to discretionary economic incentive programs (EIPs) and represents the agency’s interpretation of what EIPs should contain in order to meet the requirements of the Clean Air Act. Because this guidance is non-binding and does not represent final agency action, EPA is using the guidance as an initial screen to determine whether potential approvability issues arise.

B. Are there other versions of this rule?
Table 2 lists the previous version of this rule approved into the SIP.

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<tr>
<th>Rule No.</th>
<th>Rule title</th>
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</table>

\textsuperscript{1} The RECLAIM program at Rule 2000(c)(3) defines “allocation” as “the number of RECLAIM Trading Credits (RTCs) [as defined in paragraph (c)(63)] a RECLAIM facility holds for a specific compliance year, as referenced in the Facility Permit.” Consequently, “annual allocation” means the amount of RTCs the facility holds for a compliance year, as authorized by its permit.
III. Statutory and Executive Order Reviews

Under the Clean Air Act, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA’s role is to approve State choices, provided that they meet the criteria of the Clean Air Act. Accordingly, this action merely approves State law as meeting Federal requirements and does not impose additional requirements beyond those imposed by State law. For that reason, this action:

- Is not a “significant regulatory action” subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735, October 4, 1993);
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.);
- Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);
- Does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- Is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- Is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the Clean Air Act; and
- Does not provide EPA with the discretionary authority to address disproportionate human health or environmental effects with practical, appropriate, and legally permissible methods under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, this rule does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the State, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

The Congressional Review Act, 5 U.S.C. 801 et seq., as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this action and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the Federal Register. A major rule cannot take effect until 60 days after it is published in the Federal Register. This action is not a “major rule” as defined by 5 U.S.C. 804(2).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Nitrogen dioxide, Ozone, Reporting and recordkeeping requirements.

Dated: November 18, 2011.

Jared Blumenfeld,
Regional Administrator, Region IX.

Part 52, chapter I, title 40 of the Code of Federal Regulations is amended as follows:

PART 52—[AMENDED]

1. The authority citation for Part 52 continues to read as follows:

   Authority: 42 U.S.C. 7401 et seq.

Subpart F—California

2. Section 52.220, is amended by adding and reserving paragraph (c)(403) and by adding paragraph (c)(404) to read as follows:

   §52.220 Identification of plan.

   (c) * * * (404) New and amended regulations for the following APCDs were submitted on September 27, 2011, by the Governor’s Designee.

   (i) Incorporation by Reference

   (A) South Coast Air Quality Management District