

SPI

THE SOCIETY OF THE PLASTICS INDUSTRY, INC.

250 PARK AVENUE • NEW YORK, NEW YORK 10017 • 212/573-9400

July 14, 1975

TO: AD-HOC VCM FEEDING GROUP

RE: ASSESSMENT FORMULAS FOR VCM FEEDING STUDY

Gentlemen:

Trying to devise an equitable formula is a very difficult proposition. Shown below are several proposals. All of the proposals will require some disclosure of confidential sales information to our dues auditor.

Proposal One

Divide the cost one-half to resin suppliers and one-half to fabricators using the resin poundage for packaging and pipe.

Proposal Two

Equate one pound of monomer to one pound of resin. Assess everyone on the poundage produced or used, i.e. a monomer manufacturer produces one pound of monomer, a resin supplier produces one pound of resin and a processor uses one pound of resin. We therefore have a common basis for assessment.

Proposal Three

Arbitrary split of the total cost of one-half to resin producers and one-half to resin users based on volume.

<u>Size</u>	<u>Units</u>	<u>Polymer Producer</u>	<u>Polymer User</u>
Small	1	up to 200 mm lbs.	up to 20 mm lbs.
Medium	2	200 to 400	20 to 40
Large	3	over 400	over 40
Total Share		1/2 or 2/3	1/2 or 1/3

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The production volume numbers used above can be ascertained based on confidential reports to the SPI dues auditor. This formula could be based on total production of PVC or that portion used in packaging and pipe.

After we have determined the size slot for each supporter, we can determine the total units for each group and divide this into the total dollar share for that group to determine the dollar value per unit for producers and for users.

For example, the total cost of the project is \$775,000 and we have 50 supporters pledges as follows:

15 small	=	15 units
20 medium	=	40 units
15 large	=	<u>45 units</u>
		100 units

Then each unit is worth $\$775,000 \div 100 = \$7,750$ and each small user's share is \$7,750; medium is \$15,500 and large is \$23,250.

In any of these proposals, we have not taken into account the potential support of stabilizer, additive, suppliers, etc.

Perhaps, a flat fee commensurate with the interest could be established.

These are some formulas we devised with the assistance of the members. We need an approved one today, so that we may begin the process of soliciting support.



T. J. McGrath