CHEMICAL MANUFACTURERS ASSOCIATION

FEE SCHEDULE AND DEFINITION OF CHEMICAL SALES

Approved Fiscal Year 1995/96 Budget

CHEMICAL MANUFACTURERS ASSOCIATION

COMMENTS ON RECOMMENDED FY 1995/96 FEE SCHEDULE AND THE PUBLIC OUTREACH PROGRAM ASSESSMENT

BACKGROUND FEE SCHEDULE:

At their meetings in April 1989, the Board of Directors approved the following Finance Committee recommendation regarding CMA's fee schedule. "The maximum fee is to be adjusted consistent with the sales increases experienced by the general membership below the maximum level." An analysis of the chemical sales reports received from the members through February 12, 1995 indicates that the 1994 calendar year sales of all companies below the maximum increased by 9.0% over 1993 calendar year sales. Accordingly, the maximum fee for the 1995/96 fiscal year is increased by 9.0% from $716,600 up to $781,100. Other than this adjustment, the basic fee schedule for Fiscal year 1995/96 remains unchanged from the current fee schedule. This approved fee schedule is projected to provide dues revenue of $26.6 million.

The Public Outreach assessment is adjusted downward based on the increase in 1994 sales to a level of .0105%. The computation includes an offset making use of $700,000 in assessment funds projected for accumulation this year and last. The assessment at $9.3 million plus use of the aforementioned balance should provide the required $10.0 million in funds for Fiscal year 1995/96.

CMA would continue to hold a projected $200,000 in unexpended funds for future use in the Outreach Program..

CMA RESERVES:

CMA's policy has traditionally been that Association reserves should be maintained within a range of a floor of 25% and a ceiling of 50% of the General Operations Expense Budget.

For the FY 1995/96 year, Reserves are projected to be at a level of $9,517,300 which represents 35% of the General Operating budget.

APPROVED FY 1994/95

Chemical Manufacturers Association
MEMBERSHIP FEE CLASSIFICATION
(Chemical Sales Basis)

Fiscal Year Beginning June 1, 1994

The following schedule of fees was established by the Board of Directors as provide under the CMA Bylaws Article IV, Section 2

Chemical Sales Calendar Year 1993 $Million	Membership Fee
Canadian Members	$ 7,900
Under- 10.0	$ 7,900
10.0- 25.0	$ 10,500
25.0- 50.0	0.0390%*
50.0- 100.0	0.0356%*
100.0- 400.0	0.0325%*
Over- 400.0	0.0291%
Maximum Fee	$716,600

*Up to but not more than the membership fee which would be obtained by multiplying the minimum amount of the next higher chemical sales bracket by the percentage factor applicable to the higher bracket and not less than $10,500.

In addition to the above fees, the Board of Directors has established a mandatory .0125% assessment to a maximum of $307,800 to be applied to reported sales in support of the Public Outreach Program.

APPROVED FY 1995/96

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25.0- 50.0	0.0390%*
50.0- 100.0	0.0356%*
100.0- 400.0	0.0325%*
Over- 400.0	0.0291%
Maximum Fee	$781,100

*Up to but not more than the membership fee which would be obtained by multiplying the minimum amount of the next higher chemical sales bracket by the percentage factor applicable to the higher bracket and not less than $10,500.

In addition to the above fees, the Board of Directors has established a mandatory .0105% assessment to a maximum of $281,900 to be applied to reported sales in support of the Public Outreach Program.

Ch mical Manufacturers Association, Inc.

DEFINITION F "CHEMICAL SALES"

As revised April 14, 1992, and approved by the Board of Directors, pursuant to Section 2 of Article IV of CMA Bylaws. For use by each member firm in determining and reporting calendar year "chemical sales" dollar volume to the Treasurer for the sole purpose of membership fee computation.

A. DUES BASIS

Dues shall be based on the sales of "Chemical Products", including domestic and export sales of products manufactured in North America. Sales of products manufactured outside the United States, its territories or possessions, are excluded. Interdepartmental or intracompany transfers shall not be considered sales except that transfers outside the specific partnership, joint venture, corporation, division, or the unit of a corporation as approved for membership shall be considered a sale to others and shall be valued at comparable "Market Value."

B. DEFINITION OF CHEMICAL SALES

Dues shall be assessed on sales using a three-tiered structure, in accordance with three different categories of chemical products, and dues levels. Dues shall be paid on 100% of Sales of Category I Chemical Products as described in paragraph (1) below; on 50% of Sales of Category II Chemical Products as described in paragraph (2) below; and 15% of Sales of Category III Chemical Products as described in paragraph (3) below.

(1) Category I Definition

Category I Chemical Products shall include all products of chemical manufacturing operations, except those described below in Categories II and III. Examples are petrochemicals including aliphatic, cycloaliphatic and aromatic hydrocarbons and their derivatives such as alcohols, ketones, amines, ethers, aldehydes, esters, nitrites, amides and halides; organic and inorganic industrial chemicals such as acids, anhydrides, salts, caustics, sulfates, nitrates and halogens; organometallic compounds (such as tetraethyl lead) and polymers in unfinished form including plastics and elastomers such as polyolefins, polyvinyl chloride, polyacrylic, polyurethane, polyacetals, cellulosic polymers and styrene/butadiene rubber.

(2) Category II Definition

Category II Chemical Products shall include products whose manufacture involves a substantial operation not involving chemical synthesis such as fabricating, blending, formulating or extracting, especially when such operations raise significant environmental or health issues. This group is not intended to include sales of final consumer retail goods, which are defined below as Category III products. Hence, the following examples pertain to industrial sales or sales or products in semifinished form, rather than retail sales.

a. Paints, Varnishes, Lacquers.

b. Inks, Polishes, Synthetic Waxes.

c. Crop Protection Chemicals, except genetically-engineered products.

d. Mixed Synthetic Fertilizers. (Individual components such as urea, ammonium and sodium nitrate and sulfate are considered Category I Products. Blends of these individual components are considered Category II products.)

. Formulated detergents.

f. Molded or Extruded Synthetic Products. Examples: Bristles, combs, brushes, containers, and similarly fabricated plastic products; mechanical rubber goods; films formed by extrusion of materials such as saran, polyvinyl chloride, polyethylene and polypropylene.

g. Chemicals extracted without chemical synthesis from natural sources such as coal and wood products. Examples: Creosote, turpentine, rosin, pine oil.

h. Textile Fibers and Fabrics. Examples: Nylon, polyester, acrylic, cellulose acetate (including staple, yarn and tow) and knitted, woven felted and coated fabrics and floor covering.

i. Synthetic Rubber Products. Examples: V-belts and conveyor belts.

(3) Category III Definition

Category III Chemical Products are those which meet the description of Category II Products set forth above, but which, in addition, are sold by CMA members in the same form as sold to ultimate consumers and include in their margins, a large marketing, advertising, or retail distribution component. Examples include branded formulated detergents, tires, household paint, and pesticides sold to the final consumer.

C. EXCLUSIONS

For the guidance of CMA members, several products which are not considered Chemical Products subject to fee are as follows:

1. Resale Products (chemicals purchased for resale and sold as such.)

2. Direct Products of Mining Operations. Examples: Phosphate rock, fluorspar, barytes, ilmenite, coal, salt, borax, potash, natural salts, and limestone. However, chemical products, such as titanium dioxide and barium carbonate, resulting from the chemical processing of mining products, are meant to be covered as Category I Products.

3. Structural Metals and Their Alloys. Examples: Aluminum, chromium, columbium, copper, hafnium, iron and steel, lead, magnesium, manganese, nickel, tantalum, titanium, vanadium, zinc, zirconium, and all fabricated metal products.

4. Animal or Vegetable Products. Examples: Oil, fats, tallow, grease, animal glue, gelatine, glycerine, vitamins from natural sources, natural rubber products. (Synthetic fatty acids, synthetic detergents, synthetic rubber and synthetic glycerine, are considered to be Category I Chemical Products, however, and are not in the excluded group.)

5. Natural Fertilizers.

6. Refinery products from lube oil base stocks. Examples: Lubricating oils, greases, waxes, asphalt.

7. Fuels. Examples: Coke, diesel oils, gasoline. (However, fuel additives prepared by chemical synthesis such as tetraethyl lead and MTBE are Category I products.)

8. Gases derived from air, except to the extent sold for use in the chemical industry. Examples: Helium, argon, neon, oxygen and nitrogen. (All gases produced through chemical processes are considered Category I products. Example: chlorine gas.)

9. Equipment and Devices, including:

   a. Physical Facilities. Examples: Coke ovens, gas producers, electrolytic cells, sulfuric acid plants, cutting and welding equipment, tractors, mowers, sprayers, pumps.

   b. Devices. Examples: Fuses, blasting accessories; signals, jet perforators; ammunition, powder cartridges; cameras; photographic accessories, including light-sensitized film and paper; instruments; welding rods; batteries.

10. Pharmaceuticals (including over-the-counter drugs), cosmetics, personal health care products and food additives.

11. Wood Products. Examples: Wood pulp for paper and rayon manufacture.

12. Tar, Asphalt and Pitch.

13. Products of genetic engineering. Examples: Recombinant DNA, monoclonal antibodies, interferon.

14. Ceramics, including powders and formed or molded components.