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Congressional Hearing:

House Science, Space and Technology Committee

Honorable Lamar S. Smith, Chairman

Honorable Eddie Bernice Johnson, Ranking Member

“Reality Check: The Impact and Achievability on EPA’s Proposed Ozone Standards”

March 17, 2015

Presented By:

Harry C. Alford

President/CEO

Introduction

Good morning, Chairman Smith, Ranking Member Johnson, and distinguished Members of the Committee on Science, Space, and Technology. My name is Harry C. Alford and I am the President/CEO of the National Black Chamber of Commerce®. The National Black Chamber of Commerce represents 2.1 million Black owned businesses within the United States. I am here today to testify about the Environmental Protection Agency's proposal to lower the ozone National Ambient Air Quality Standard (NAAQS). Lowering the ozone standard, particularly to the levels suggested by EPA, will almost certainly cause economic harm to the National Black Chamber of Commerce members and will shut off huge parts of the country from economic development and job growth. As the country continues to recover from the recession, we should be finding ways to put Americans back to work and to attract business here in the U.S. We should not be piling on yet another rushed and unreasonable regulation on the backs of American businesses.

Background

As you are aware, last November, EPA proposed lowering the primary ozone standard to a range of 65 – 70 parts per billion (ppb). Now, the Agency is taking comments on lowering the standard down to 60 ppb. The current 75 ppb standard was finalized in March 2008. Significantly, that standard is still being implemented. In fact, EPA only finalized the implementation guidelines for the 2008 standard last month. The comment period for the new proposal closes on March 17 of this year, and under a court order, EPA must finalize the rule by October 1, 2015.

Economic Impacts

Last month, the National Association of Manufacturers released an economic study by NERA Economic Consulting on the impacts of EPA lowering the ozone standard to 65 ppb. The study estimates that a 65 ppb ozone standard would reduce the GDP by \$140 billion, resulting in 1.4 million fewer jobs, and cost the average U.S. household \$830 in lost consumption – each year from 2017 through 2040.

Local Impacts

These national economic numbers are certainly important, but I think it is also critical that we discuss the local impacts of the ozone standard generally and the EPA's proposal to lower it. It is the cities, counties and states that truly shoulder the burden and bear the brunt of the obligations and adverse impacts that stem from the continuous ratcheting down of the ozone standard. A designation of "nonattainment" – when an area is not meeting the ozone NAAQS – means no economic development, no new construction, and no job creation in that area. Specifically, in areas classified as in nonattainment, EPA can override state permitting decisions: such as upgrading new or existing facilities via the most effective emission reduction technologies without consideration of costs; and federally-supported highway and transportation projects can be suspended.

One local area's business community is speaking out about already feeling the negative impacts of EPA's ozone proposal.¹ Baton Rouge, Louisiana and the surrounding area are home to many successful manufacturing and industrial facilities that help drive the economic livelihood of the area and the country as a whole. In recent years, the state has worked hard to decrease ozone levels in Baton Rouge. Following a period of nonattainment, Baton Rouge was found to be in compliance with the current 75 ppb ozone standard in April 2014.

Meanwhile, Baton Rouge has been experiencing an economic boom in the last few years with a great deal of the U.S. manufacturing renaissance taking place there. The U.S. Bureau of Economic Analysis recently ranked Baton Rouge among the top ten of the nation's fastest-growing metropolitan areas with respect to percentage gains in gross domestic product.² In 2014, the Baton Rouge Area Chamber of Commerce worked with four chemical manufacturers, who were investigating significant investments in the area. Two of the companies executed purchase agreements on sizeable industrial locations with the intent to develop them. Unfortunately, all four companies later decided to search elsewhere for their investments. The companies all indicated that EPA's ozone proposal with the threat of the ozone standard being lowered and the area falling back into nonattainment influenced their decisions to pull the plug on the projects in the Baton Rouge area.

¹ https://www.uschamber.com/sites/default/files/baton_rouge_area_chamber_ozone_naags_comments.pdf.

² *Id.*

Those four lost projects translated directly into lost dollars for the Baton Rouge area, its business community and its residents. According to the Baton Rouge Area Chamber, the projects would have resulted in **\$86 million in wages annually** for the local economy. That dollar amount does not include any indirect investment or payroll that likely would have been created by the investments and project developments. Additionally, these projects would have included foreign investment – something that the U.S. is always eager to secure.

According to the Brookings Institution, Baton Rouge is among the twenty top-performing metropolitan economies in the country.³ Of those top twenty metropolitan area economies, all but two of them would be in nonattainment were EPA to lower the ozone standard to 65 ppb.⁴ In other words, the growth and development being experienced by some of our country's most economically prosperous areas right now are being threatened by EPA's ozone proposal. The four lost projects in Baton Rouge are only the tip of the iceberg. Without a doubt, there have been others, and there will be more.

Additional Criticisms of Proposal

In addition to the adverse economic impacts of the EPA's ozone proposal – those already being felt and the ones being estimated – I would like to bring to the Committee's attention the following additional concerns that the National Black Chamber of Commerce has with the proposal:

First, EPA should retain the current 75 ppb ozone standard, and fully implement it. States did not even find out which of their counties would be designated as in nonattainment under the 2008 standard until April 2012. Additionally, EPA did not finalize the necessary implementation regulations and guidance for the 2008 standard until just recently in February 2015. States are committing time and money to meet the 2008 ozone standard. Yet EPA now wants to move the goal posts in the middle of the game. This further strains what are already limited resources that states have for implementation, and fails to give states a chance to meet the current ozone standard.

³ <http://www.brookings.edu/research/interactives/metromonitor#/M10420>

⁴ http://www.brac.org/brac/news_detail.asp?article=1947.

Secondly, compliance with the new proposed standard may be unachievable. Many areas have high “background” levels of ozone from vegetation, wildfires, and transport of ozone from Asia, Mexico and other places. These areas may not be able to meet the proposed standard even with the most expensive controls. Notably, the Grand Canyon would fail the proposed 70 ppb standard, and the Yellowstone National Park could not meet the proposed 65 ppb standard.

Conclusion

The National Black Chamber of Commerce and its members value and support clean air, clean water, and environmental quality. We also value and support economic growth, job creation, and prosperity for our individual members and this country as a whole. These are not mutually exclusive goals. We hope that EPA will hear the concerns of our organization and others, and retain and fully implement the current 75 ppb standard. We appreciate the Committee holding this hearing and highlighting this critical issue. Thank you for the opportunity to testify and I look forward to answering any questions you may have.