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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE ADMINISTRATOR

THE CHIEF of STAFF
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ASBESTOS, SOUND SCIENCE, AND PUBLIC PERCEPTIONS:

WHY WE NEED A NEW APPROACH TO RISK

Address by

William K. Reilly

Administrator
U.S. Environmental Protection Agency

AMERICAN ENTERPRISE INSTITUTE
ENVIRONMENTAL POLICY CONFERENCE

The Vista Hotel
Washington, DC

June 12, 1990

Thank you, Chris (DeMuth), for that kind introduction; I also want to thank you and the American Enterprise Institute for sponsoring this very timely conference on business and the environment.

Business always has had, always will have, a crucial role in environmental protection; and that role is probably more in the spotlight now than at any time in the past. At the same time, it's clear that the impact of environmental protection efforts on the economy as a whole, and on the operating expenses of individual businesses, is growing -- and it's growing rapidly.

Consequently all of us have a common interest in finding the most effective, most efficient means of ensuring the environmental integrity of our nation and our planet. And I want to encourage you, both during this conference and after you've had some time to reflect on your discussions here, to come up with some suggestions for innovative new ways to engage the marketplace in environmental protection.

Now in saying that, I'm aware that there are some significant barriers to overcome before we can expect the widespread adoption of environmentally-oriented business and agricultural practices. I recognize, for example, that efforts to develop and implement cleaner industrial processes and environmentally friendly products is risky...it is time-consuming...and it's expensive. It demands the active participation and support of the public sector as well as the commitment and good-faith efforts of the private sector.

Not long after my appointment was announced, I had occasion to make the customary rounds of the members of the Senate Environment and Public Works Committee, to whom it would fall to consider my nomination.

One of my most memorable visits was with Senator Moynihan; as Chris DeMuth can tell you, conversations with Senator Moynihan are always memorable.

He sat me in a very nice Windsor chair, about which he said, "This is a Republican chair...this is appropriate, I think, for the new EPA Administrator to sit in."

Then he perched his little half reading glasses back on his nose, and he fixed these two fingers, picador-like, on me...

And looking down his nose, he said, "Above all...above all...do not allow your agency to become transported by middle-class enthusiasms!"

Well, I assured him that wouldn't happen; and later I came to a conclusion about what he meant. What he meant, I decided, was, "Respect sound science; don't be swayed by the passions of the moment."

I take it that all of us at this conference are dedicated to avoiding being transported by temporary enthusiasms; I most of all.

I am, I was, I will be. In the end, sound science is our most reliable anchor in a turbulent sea of environmental policy and regulation. It can help a very hard-pressed agency, the focal point of enormous public expectations, to administer eight ambitious statutes with highly constrained resources; to try to fulfill, on a virtually level operating budget, all the obligations layered upon us over the years by the Congress -- acting, ultimately, on behalf of the American people. Sound science can help us set priorities based on risk, to the extent that we are able to do so within the scope of our statutory mandates.

Indeed, the rigorous analysis of risk is fundamental to <u>all</u> of EPA's regulatory programs. Without some way of determining relative levels of risk, we would quickly become mired in a regulatory swamp, wherein all problems were equally important; all risks would have to be addressed with equal urgency; and accordingly, <u>nothing</u> would get done.

Unfortunately, as Senator Moynihan and many others have noticed, we are much closer to that kind of regulatory swamp than any of us would like.

Too often our priorities are set, not by our best judgement about relative levels of risk, but by public opinion...opinion only partially informed by our efforts to build a dependable decision-making framework on a foundation of sound science.

The perceptions and priorities of the general public are not always well aligned with what you and I might think of as "real" risks to public health and the environment. And when decision-making comes down to a choice between the judgement of professional scientists and government officials on the one hand, and the will of the people on the other, it's no contest: the people win.

Now, that is as it should be; in our democratic system, government is, and <u>should</u> be, sensitive to the concerns of the public.

But it is also true that legislators and regulators alike -- not to mention the judicial system -- can become absorbed in responding to public perceptions that are driven by the dramatic, the sensational, and the well-publicized. And the price we pay for this responsiveness can be a diminished ability to deal effectively with less obvious, but perhaps more significant, public health and environmental problems.

It is here, in the public arena where "real" risks and public perceptions collide, that the regulatory process can slow to a crawl; where decisions, once finally made, are challenged, delayed and even overturned; where consistency and predictability go out the window, costs grow exponentially -- and the commercialization of new products and technologies is stymied.

An excellent example of a clash between real risks and public perceptions is the current controversy over asbestos in the nation's schools and public buildings.

As a conservationist and as a lawyer, I have a good deal of experience with what has been called "the law of unintended consequences."

Our experience with asbestos is a good illustration of that law in action, in two very different ways:

First, in terms of the unanticipated adverse health effects caused by a substance that was regarded, earlier this century, as a miracle fiber, widely used in construction and many other applications;

And second, in terms of how the public, and the marketplace, have responded to the government's efforts to <u>deal</u> with those health effects.

Several decades ago, scientists discovered that exposure to high levels of asbestos among shipyard and other workers had caused a variety of serious, sometimes fatal, diseases, including asbestosis, mesothelioma, and lung cancer. In response, both EPA and the U.S. Occupational Safety and Health Administration (OHSA), through the 1970s and 1980s, established and then tightened regulations to limit exposure to the public at large, and to asbestos workers in particular.

In addition, Congress passed special legislation in the mid-1980s establishing a comprehensive asbestos inspection and control program for the nation's primary and secondary schools -- a program aimed at protecting children and school maintenance and custodial workers from exposure to airborne asbestos fibers.

Most recently, the unusually compelling medical evidence on asbestos led to my decision last year to phase out virtually all <u>remaining</u> uses of asbestos in consumer products, in order to prevent the introduction of additional asbestos into the environment.

Now at this point, one might have thought the basic regulatory structure and the necessary public understanding were in place to bring the asbestos problem under control.

No such luck; in recent months the "law of unintended consequences" has reappeared to haunt the asbestos program.

Based on recent meetings I have held with school officials -- including a delegation representing the U.S. Catholic Conference -- on discussions with members of Congress, and on a recent spate of inaccurate and sometimes tendentious articles and columns in the news media, it's clear to me that a considerable gap has opened up between what EPA has been trying to say about asbestos, and what the public has been hearing.

EPA has been trying, especially in the last few years, to emphasize the importance of managing asbestos "in place" whenever possible. We've stressed that approach because the unnecessary removal of asbestos-containing materials may actually pose a greater health risk than simply leaving them alone -- so long as the materials are undisturbed and unlikely to be disturbed.

As is true with any hazardous substance, the mere presence of asbestos poses no risk to human health; only when asbestos fibers are released into the air and breathed into the lungs do they become a health risk.

However, many school officials and commercial building owners, apparently responding to pressure from citizens, contractors or mortgage bankers, have opted to remove the asbestos from their buildings, even if there are no health-related reasons for doing so.

Just last month, for example, the Chicago Tribune reported that a school district in Downers Grove, Illinois, a Chicago suburb, had won voter approval of a $1.1 million bond sale for safety improvements in its two high schools -- including what was described as an expensive asbestos removal program.

The newspaper quoted one school official as saying the asbestos program was so expensive because the asbestos is buried deeply within the school's walls. This official was quoted as saying that removal contractors will "have to rip the walls apart, take the asbestos off the pipes in the pipe chases and seal up the walls again."

Now, I am not familiar with all the facts in this case -- our regional office in Chicago is looking into it -- but it appears on the face of it that this is an extreme overreaction to the mere presence of asbestos.

Based on the newspaper's description, the situation does not appear to pose a hazard from a health standpoint; yet this school district may be getting ready to spend a great deal of money on an unnecessary asbestos removal.

Even more disturbing is the fact that an asbestos situation that may have posed virtually no risk at all could, if this removal is not properly conducted, turn into a fairly significant health risk.

Furthermore, schools are not the only buildings where unnecessary asbestos removals are being carried out; we've learned that a number of commercial building owners also have undertaken expensive, and from a health standpoint probably unnecessary, removals, primarily for financial reasons.

In some cases, it appears that mortgage bankers are <u>requiring</u> that asbestos be removed before approving loans secured by the property, because they're worried about property devaluation. In other cases, building owners are concerned about the expense of liability insurance or the cost of legal claims if an occupant of the building develops an asbestos-related disease.

Just consider the irony in this situation: the market, so often accused in the past of undervaluing externalities like pollution and resource depletion to the detriment of the environment, is now helping to foster an expensive overreaction to an environmental problem to the detriment of businessmen.

The market, however, is not solely responsible for this situation; nor are the school officials who go beyond what the government requires. The government, and EPA specifically, must also accept a share of the responsibility for the misperceptions that have led to unwarranted anxiety and unnecessary asbestos removals.

The asbestos issue shows us that even when we <u>try</u> to communicate clearly about environmental hazards, misperceptions and overreactions can still occur. And it underscores the fact that environmental risk assessment is anything but an exact science; it must cope with a great deal of uncertainty.

With asbestos as with most hazardous substances, we rarely have enough information, or information of sufficient quality, to make unequivocal, unambiguous decisions about risk. Most of our conclusions about human health risks are based on debatable assumptions and projections, which may or may not accurately predict human health effects.

But while we often don't have all the scientific data we would prefer, we also don't have the luxury of waiting for it to come in before we take action. Based on what we <u>do</u> know, we must, and will, take a cautious, protective approach until we get better data, and until we learn more about the effects of toxic substances on human cells and ecosystems and the mechanisms by which diseases are caused.

Now, this prudent approach, with all its uncertainties, can lead to a number of problems in terms of public perceptions.

If we perform a risk assessment on a substance like asbestos and declare it, based on the best information available to us at the time, a carcinogen, or even a potential carcinogen, we should hardly be surprised if the public's immediate reaction is: "Keep this stuff away from me and my children!"

If government is going to sound the alarm about potential threats to public health and safety -- and we certainly have an obligation to do so -- we must also state clearly just what these threats are, and how best to deal with them.

And when inappropriate public reaction <u>does</u> occur, we have a responsibility to step up promptly and explain exactly what we know -- and <u>don't</u> know -- so the public can make an informed judgement of the situation.

At EPA, we are constantly updating our risk assessments as scientific knowledge advances; we are insisting that these assessments be subjected to rigorous internal and external peer review; and we are looking for ways to achieve greater consistency in our use of risk assessments across the range of EPA decision-making.

As the science evolves, we have an additional obligation to <u>share</u> this new information with the public. The public has a right to know which risks are regarded as serious by the government, and which are not. And government also has a duty to alleviate public confusion by speaking with one voice on questions of risk whenever possible.

With specific respect to asbestos, EPA is taking a number of steps to clarify the degree of risk posed by asbestos, and also to reinforce our guidance on appropriate response strategies.

We're conducting major research on the extent of asbestos exposure in buildings under the auspices of the Health Effects Institute - Asbestos Research in Boston. The Institute is also reviewing all the relevant literature on the controversial subject of possible differential health effects associated with the various types of asbestos.

We're conducting a thorough evaluation of the asbestos-in-schools program, to determine how effective it has been for schools and what aspects of it, if any, may be appropriate for public and commercial buildings. And I might note here that, contrary to several of the recent press reports, EPA specifically recommended two years ago that Congress <u>not</u> expand the asbestos-in-schools program to other buildings until further study could be done on the need for such a program.

The asbestos-in-schools review will look at whether inspections are being done properly; it will assess the quality of the management plans prepared for the schools; and it will evaluate the training of school personnel and the effectiveness of the schools' response actions.

We recently completed a year-long policy dialogue with representatives of all the interests affected by asbestos in public and commercial buildings -- real estate groups, lenders and insurers, trade unions, asbestos contractors and consultants, a public health group, and government agencies.

And next month we will publish a guide for building owners entitled Managing Asbestos in Place; developed with the help of several affected groups, the guide puts asbestos risk in perspective and provides practical guidance on managing asbestos materials in buildings.

This document, like the other guidance EPA previously has published, strongly recommends in-place management when asbestos is discovered. A well-run in-place management program often can reduce the risk of developing an asbestos-related disease to a negligible level, and may be cheaper than complete removal.

This is, in fact, the key message that needs to be conveyed with respect to asbestos; and since it apparently has not reached large segments of the public, I am today commissioning a major management review of our asbestos communications effort -- including a look at the guidance being given to school districts by contractors and management planners.

This review will be conducted by Lew Crampton, EPA's assistant administrator for communications and public affairs, who led my 90-day study of the Superfund program last year.

Unfortunately, as I indicated earlier, the asbestos case is hardly an isolated instance of miscommunication and misunderstanding.

Given these communication problems -- these clashes between sound science and public perceptions -- what can we in government do to foster public trust in science-based regulation, while continuing to serve the public's interest?

Let me take a few minutes to share some thoughts on that question, based on my time in office so far:

First, it's clear that we must do a better job of educating and informing the public about our regulatory decision-making process, and involving the public in that process.

To be fully effective, the Federal agencies charged with protecting public health and safety must be able to communicate constructively to an informed public -- a public that trusts the processes and the people involved in making risk-related decisions.

As Henry Ward Beecher observed, "Anxiety in human life is what squeaking and grinding are in machinery that is not oiled. In life, trust is the oil."

To win that trust, we must do a better job of explaining the legal mandates under which we operate; how the regulatory process works; and how we factor risk-benefit tradeoffs and other considerations into our decisions.

We must listen carefully and respond to the public's concerns; and the public for its part needs to understand that EPA must and will continue to rely on a rational, science-based process for determining when to take risk management actions.

And while our environmental decisions must never become popularity contests, it is entirely appropriate, even necessary, to bring the public into the debates on which our decisions turn.

Second, instead of seeing the environment in individual segments, we need to see it as a whole -- as, in fact, it really is.

Much misunderstanding and mistrust results, I think, from the fact that the public tends to lump problems together, while government, with its patchwork of media- and pollutant-specific legislation and regulatory programs, and the large number of Congressional committees and subcommittees concerned about the environment, tends to separate them into discreet packets.

While EPA tries, for example, to determine what level of a particular chemical in food, in the air or in drinking water might pose unreasonable health risks, citizens look at the entire spectrum of chemicals to which they are exposed in daily life -- in the home, on the job, and in between -- and worry about cumulative effects as well as effects from multiple sources of exposure.

Frankly, I think the public has the right idea.

EPA, and government in general, need to take a broader, more integrated view of the full costs and benefits of environmental action or inaction.

We must find ways to compare environmental risks across programs, and to concentrate on those areas where we can realize the greatest benefits for human health and the integrity of natural systems.

And we must continue to broaden the factors we explicitly consider in making risk management decisions to reflect legitimate cultural and ethical values and concerns, as well as the inherent uncertainties of risk assessment.

Third, we need to scale what we might call the Twin Peaks of environmental policy for the 1990s: risk reduction and pollution prevention.

Risk reduction and pollution prevention must become the watchwords for all of our environmental protection programs.

I believe it is unrealistic to expect that we can ever achieve consensus on what constitutes an "acceptable" level of risk. There are too many unknowns, too many competing social values and policy agendas, too many trade-offs between various kinds of costs and benefits. The search for the Holy Grail of risk management -- the so-called "bright line" that would let policy-makers determine, under any and all circumstances, whether a particular level of risk is "acceptable" or not -- seems doomed to failure.

In my view, a much more effective approach to risk assessment is for us to identify the most significant, most troublesome kinds of risk, through a strategic planning process based on relative risk; and then work to protect human health and the environment by focusing our resources and efforts on the most important risks first.

How do we accomplish risk reduction? One of the most important ways is to emphasize pollution prevention: to look at risk management options that eliminate the source of the risk.

Not only is this approach more effective and more consistent with market incentives than traditional end-of-pipe treatment and control, but it also avoids much of the expense and frustration that is inherent in managing, treating, or shunting wastes off to other environmental media.

For example, in the case of two particularly troublesome substances -- lead and dioxin -- EPA has set up multi-program task forces that are looking for ways to reduce overall exposures to these substances from all sources.

Recently we announced an action plan to require reductions in the amount of dioxin discharged into streams, spread on land in sludge, and incorporated into paper products, even though we are still a long way from scientific agreement on the degree of risk posed by the presence of trace levels of dioxin in water and food.

The focus of the plan is on reducing the formation of dioxin, not on removing it after the fact. We plan to announce a similar plan for lead soon.

Let me conclude with another word or two about the economic impact of environmental protection.

This Administration is serious about the protection of public health and the environment. But at a time of severe resource constraints, it also behooves us to be serious about the costs of environmental programs.

The intimate relationship between the economy and the environment is a profound reality of modern life. Right now the nation spends more than $80 billion a year on environmental programs, mostly private money. Our capital and operating expenditures on pollution control and cleanup, as a percentage of our gross domestic product, are higher than most, if not all, of the other western industrial nations -- in the range of 1.5 to 1.7 percent.

And according to a forthcoming EPA report, that expenditure could double -- to around 3 percent of GNP -- in the 1990s as the revised Clean Air Act takes effect and the multi-billion-dollar cleanups of hazardous waste sites and government nuclear facilities move forward.

What we are trying to do in the Bush Administration -- and the President's package of proposed Clean Air Act amendments is only the first example -- is to begin the search for a more coherent, more integrated way of looking at the trade-offs between continued economic growth and environmental improvement.

That's why the Administration has been so careful to analyze the cost of every measure in our clean air bill. The President's clean air proposals will put the United States on the path toward dramatically cleaner air by the end of the century; and equally important, by allowing flexibility and incorporating market incentives, the President's bill will achieve the pollution reductions we need in the most cost-effective way possible.

It will thus bring about environmental improvements without unnecessarily impeding economic growth over the long term.

I noted at the beginning of this talk that our decisions must be based on sound science. This is true whether we're talking about traditional risk assessment and "end-of-pipe" pollution control, or new approaches based on risk reduction and pollution prevention.

We must continue to improve our ability to assess and characterize risk; but the surest path to protecting human health and the environment, and to gaining the public's trust, lies in our ability to point to a steadily decreasing volume of and exposure to hazardous substances in the environment.

We know from experience that pollution prevention works, it can save money, and it can save lives. It means setting in place laws and policies, such as the creative market incentives in the President's proposed Clean Air Act amendments, that unleash American ingenuity to solve problems in new ways.

This approach will require us to change some fundamental precepts; it will ask that we think more carefully about the consequences of our actions on future generations; it will require those of us in the Federal sector to work together as never before, both to achieve a consistent approach to risk and to communicate a consistent message to the public; and it will demand creativity and commitment from all of us -- from government, from business, from the environmental community.

I am profoundly conscious of the many unmet environmental needs we face, and of the unprecedented impatience and high expectations of the American people. We will not meet these needs and expectations unless we work together.

Our challenge is to chart a prudent course through an increasingly passionate time; to demand good science in the face of "middle-class enthusiasms"; to set priorities based more explicitly on the opportunities to reduce risks; to take protective actions when necessary, even if we don't have all the data we would like; and above all, to get real and lasting results.

Results that will help foster the public trust that is the foundation of our democratic government; results that will produce a sounder, more consistent, and more successful program for protecting and enhancing the quality of our environment and the health of our citizens.

I invite you to join us in this effort. Thank you.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE CHIEF of STAFF
has seen

May 8, 1990

MEMORANDUM FOR GOVERNOR SUNUNU AND DIRECTOR DARMAN

FROM: Robert E. Grady BG

SUBJECT: Environmental Clean-up of Federal Facilities -- Legislative Strategy
Information

The purpose of this memorandum is to inform you of the status of proposed legislation regarding environmental clean-up at federal facilities, and to seek your concurrence on the steps we plan to take to negotiate compromise legislation in the Senate.

Background

The problem of environmental clean-up at federal facilities is potentially enormous. In the FY 1991 budget, we estimated the total cost of clean-up at $140 billion over 30 years. For the Department of Energy (DOE), the worst-case agency, the budget provided about $17 billion over the next five years for clean-up activities. Newer information suggests that the cost of the DOE Five-Year Plan could rise further.

Last fall, the House passed H.R. 1056, the "Eckart bill". The bill deals only with federal facilities out of compliance with the Resource Conservation and Recovery Act (RCRA), which requires that operators of facilities using various hazardous materials track and dispose of such materials properly. Federal facilities also must comply with other environmental statutes (e.g., the Clean Air Act, the Clean Water Act), but these are not treated in H.R. 1056. Under RCRA, there is a distinction to be made between actions needed to come into compliance with requirements for ongoing operation of a facility and cleanup of wastes when corrective action to solve a past problem is needed.

For violations of RCRA, the Eckart bill would require the federal government to waive sovereign immunity, thus requiring federal agencies to accept civil fines and penalties imposed by the states. In addition, the bill would allow the Environmental Protection Agency (EPA) to issue administrative orders requiring other agencies to clean up.

The Eckart bill passed the House by 380 to 39. S. 1140, a companion bill introduced by Senator Mitchell, is awaiting mark-up in the Senate Environment and Public Works Committee. We have every reason to believe that S. 1140 will pass the Senate by a wide margin.

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Memo	From Robert Grady to John Sununu Re: Environmental clean-up of federal facilities ~~[One paragraph redacted, pg. 2]~~ (1 pp.)	5/8/90	~~P~~5	

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By __________ (NLGB) on 5/12/05

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We agree with the purposes of the two bills, which is to force the Federal Government to comply with RCRA. Nevertheless, we believe that the bills ignore the size of the task facing the government.

The federal government will not be able to clean up all of its facilities immediately, and for some period of time many federal agencies will be out of compliance with RCRA. Requiring agencies immediately to meet the terms of RCRA for both compliance and cleanup activities would be both a logistical impossibility and a huge budget shock. Further, allowing states a blanket waiver of sovereign immunity ignores the need to set priorities. Under the bill as passed by the House, the first sites cleaned up would be those in states with the most ambitious Attorneys General, not necessarily those posing the greatest threat to public health and the environment. The Administration has always maintained that the bill must be amended to allow for priority setting.

Proposed Amendments

Over the past year, I have chaired an interagency group seeking to find a way to deal with this proposed legislation. The group consists of senior policy representatives from EPA, DOE, the Department of Defense (DOD) and the Department of Justice (DOJ), as well as staff from the Office of White House Counsel and the Office of Policy Development. We recently reached consensus on proposal that consists of a series of amendments to S. 1140.

The proposal is based on the following two principles:

1. The federal government will make every effort to comply as quickly as possible with regulations for managing hazardous waste in facilities with ongoing operations holding permits under RCRA. Arrangements and schedules for coming into compliance will be covered in Compliance Agreements in which state is a party to the agreement. The Administration would be willing to accept fines and penalties, as proposed in S. 1140, for being out of compliance with the terms of such agreements.

2. For cleanup activities, technically "corrective actions" and "closures" under RCRA, it is impossible to attack all the problems simultaneously. The only practical way to handle such projects is to establish priorities and then to commit to clean up on schedules acceptable to the states. Again, fines and penalties would be allowed, but only for facilities that violate the terms of compliance agreements and clean-up schedules negotiated with the states and EPA.

Possible amendments to S. 1140 would:

- o require EPA, in concert with affected agencies and Governors, to develop a method for setting priorities among clean-up activities, and to report to Congress within eighteen months.

- o allow EPA to recommend legislation to ensure that clean-up activities are undertaken consistent with the priorities.

- o For cases where a Compliance Agreement is in place, provide for a waiver of sovereign immunity only when the affected agency is out of compliance with the Compliance Agreement.

- o provide for a waiver of sovereign immunity for clean-up activities (corrective actions and closures costing more than $5 million) only after priorities have been set and only in the following circumstances:

  - -- The waiver of sovereign immunity would be prospective, for violations occurring after enactment of this law;

  - -- The waiver would only apply if there is a violation of:

    - a final permit issued for clean-up;
    - a consent order entered for clean-up;
    - a clean-up order under circumstances constituting an imminent hazard.

- o Funds collected by the states through fines and penalties could be used only for environmental projects or protection. This addresses the fear that the states will use this fining authority to address their own budget problems.

Liability for Federal Employees

There also is an issue concerning liability on the part of federal employees, which is better treated separately from any possible amendments to S. 1140. DOE contends that fear of unlimited liability has frozen its employees from taking responsible action to address the problem within budget constraints.

DOE and DOJ have agreed on a clarification of the DOJ policy on representation of federal employees who are under investigation for violations of federal environmental statutes. The agreement provides that a Departmental attorney can provide initial counsel for employees, with an exemption from the federal law that requires federal employees to report possible criminal behavior (e.g., attorney-client privilege is preserved) until such time as the attorney determines that the employee is likely to have criminal exposure. At that point, the employee would be advised

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to seek outside counsel. If the employee is not indicted and is found by the Attorney General to have acted in the national interest, the Department may reimburse the employee for attorney's fees.

Strategy

Last Wednesday, May 2, EPA, DOD, DOE and DOJ testified before the Senate Environment and Public Works Committee on S. 1140. The agencies all identified the problems with the bill as drafted, and offered to work with the Committee on improvements.

This past week, the interagency group agreed upon specific language for the amendments. We plan to begin a series of meetings with majority and minority staff of the Environment and Public Works Committee, as well as with the staff of the Senate Armed Services and Energy Committees, to obtain their support for the package. The preliminary indication is that we will have full support from the latter two committees. We also have been consulting with Rep. Eckart and the key staff of the House Energy and Commerce Committee at each major step.

Adoption of the proposed amendments is an essential step toward establishing an orderly and rational process for cleaning-up federal facilities within manageable budget levels. Without this package, the federal agencies will be at the mercy of each state Attorney General. DOE and DOD are especially concerned that these state officials could come forward with massive, crash clean-up programs that probably could not be accomplished even if money were no object.

I will keep you informed of our progress as discussions with the Senate proceed. Please advise if you need more information on this matter.

cc: C. Boyden Gray
Roger Porter
Fred McClure

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 15, 1990

STATEMENT BY THE CHIEF OF STAFF

The Administration will propose a fund, operated and administered by the World Bank, to assist less developed countries (LDCs) in phasing out the production of CFCs by the year 2000. The President's proposal is intended to allow the parties to the Montreal Protocol to conclude an acceptable agreement on a package of amendments. The proposal includes specific requirements addressing: the uses of the fund; the precedential nature of the fund; the administration of the fund; assessments; control of the fund; and voting rights within the fund.

The President's proposal is structured to reflect the unique circumstances that create the need for a fund specifically designed to assist LDCs in phasing out CFCs in a non-precedential framework. This approach meets the President's essential criteria for any such funding mechanism:

-- First, there is adequate scientific evidence of the causes and effects -- in this case, of ozone depletion.

-- Second, there is strong evidence that the steps to be taken -- under the amended Protocol -- will successfully address the problem.

-- Third, the resources needed to address the problem are reasonable and predictable.

The President expects the parties to the Montreal Protocol to successfully conclude negotiations on a package of amendments to the Protocol next week in London. The Administration's proposal will be offered at that time.

The President's proposal is designed to meet the financial needs of LDCs as they transition from the production of ozone-depleting substances to environmentally safe alternatives. At the same time, it addresses previously stated significant U.S. concerns about the use and management of the fund and the concern that there be no precedent-setting nature to such aid.

The United States has been a world leader in efforts to control emissions that adversely affect the ozone layer. The United States: outlawed the use of CFC aerosol propellants in 1978; strongly supported the initial negotiations that led to the Vienna Convention for the Protection of the Ozone Layer in 1985; and was among the first to sign the Montreal Protocol in 1987.

# # #

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memo	From Ede Holiday to John Sununu Re: Amendments to Montreal Protocol (2 pp.)	6/14/90	~~P~~5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - Miscellaneous (1990) [2]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 5/12/05

Date Closed:	12/9/2004	**OA/ID Number:**	29155-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
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THE WHITE HOUSE

WASHINGTON

June 14, 1990

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY

SUBJECT: Amendments to Montreal Protocol

Based on instructions given at the June 1 meeting in the Roosevelt Room, we have worked with the Office of Management and Budget, the Office of Policy Development and the State and Treasury Departments to define the conditions under which the U.S. could be part of the financing mechanism for assistance to less developed countries (LDCs) under the Montreal Protocol on Substances that Deplete the Ozone Layer. Attached is an outline of proposed conditions which would form the basis for a modified U.S. position. It is accompanied by a draft of possible language embodying the conditions, which could be used by our negotiators in London later this month when the amendment package is debated by the parties. I understand that Dick Darman and OPD have been briefed on the substance of the outline.

If these conditions are acceptable, I suggest that an announcement of the new U.S. position be made through a Presidential statement read by Marlin Fitzwater. The statement could note:

- The critical nature of the amendments and adjustments to the Montreal Protocol, including the phase-out of CFCs, an issue on which the U.S. has been a leader, and
- Progress made in negotiations on the financing mechanism.

It would also note that U.S. willingness to agree to a fund for financial assistance is conditioned on the willingness of the other parties to include certain provisions in the mechanism for assistance; the specifics of the provisions will be provided by our negotiators in London during the preparatory meetings that begin next week. Before the announcement, the President might call Mrs. Thatcher to respond personally to her recent letter.

Alternatively, we could wait to disclose the new U.S. position when the U.S. delegation arrives for the London preparatory meetings on June 20. This might lose some of the value of having a White House announcement of what should be perceived as a positive U.S. step. A variation of this alternative would be to maintain the current U.S. position until the ministerial portion of the London meeting on June 26 and authorize Bill Reilly to disclose the modified position. While the State Department believes the donor countries may be receptive to the conditions proposed by the U.S., acceptance of our position, in State's opinion, will require extensive negotiations. It is impossible to predict the reaction of the LDCs. This should be weighed in determining which of the above alternatives is chosen.

Recommendations

That you approve the attached outline of conditions

Approve ✓ Disapprove ______ Discuss ______

That the decision be announced in a White House press statement

Approve ✓ Disapprove ______ Discuss ______

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Report	Conditions Under Which U.S. Will Accept Montreal Protocol Amendment Package (2 pp.)	n.d.	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - Miscellaneous (1990) [2]

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CONDITIONS UNDER WHICH THE U.S. WILL ACCEPT MONTREAL PROTOCOL AMENDMENT PACKAGE (INCLUDING PROVISIONS FOR FINANCING TO LDCS)

The following outlines the conditions under which the U.S. will agree to a financial mechanism for assistance to less developed countries (LDCs) under the Montreal Protocol on Substances that Deplete the Ozone Layer, allowing us to agree to the proposed amendments and adjustments to the Protocol at the upcoming meeting in London.

Tab A is illustrative language that could be proposed by U.S. negotiators to embody the conditions outlined below. It is based on the May 10 proposal of the chairman of the working group of parties to the Protocol regarding the financial mechanism. (It should be noted that this will not necessarily be the base document from which language embodying the financing mechanism will be negotiated.) References to paragraphs of the proposal accompany the discussion of the conditions below.

<u>Uses of Fund</u>

- The fund must be used only to assist LDCs with incremental costs associated with adjustments made necessary by the Protocol and related exclusively to that purpose.

<u>Precedential Nature of Fund</u>

- The limited and unique nature of the fund must be explicitly confirmed, implicitly showing that the U.S. action has no precedential value. It must be clearly delineated that the fund is prudent only because:

    (1) there is a scientifically documented connection between the substances being controlled by the Protocol and ozone depletion;

    (2) the fund and the actions being financed through it can reasonably be expected to address the problem of ozone depletion; and

    (3) the amount of funds needed is limited 1/ and reasonably predictable.

1/ Current projections are for a $100 million fund over a three-year period. The amendment package stipulates that this assistance be "additional" to other financial flows to LDCs. U.S. policy would be that these funds are not "additional" in the budget, as they would be offset by savings in other EPA accounts.

Administration of Fund

o The fund must be operated and administered by the World Bank.

o Administration will be accomplished through a contract between the parties to the Protocol and the Bank. The parties will control the fund's operation and the Bank will receive a fee for its services.

o Direct oversight must be vested in an executive committee established by the parties, which may be structured like the board of directors of the World Bank or the IMF. The committee:

(1) must be limited in size and be balanced, with adequate representation from donor countries; and

(2) must contain a guaranteed seat for the U.S.

Assessments

o Assessments will be based on either:

(1) The World Bank assessment scale which, based on a $100 million fund over three years, will require a total U.S. contribution of approximately $19 million; or

(2) The United Nations assessment scale which, based on a $100 million fund over three years, will require a total U.S. contribution of approximately $25 million.

Control of Fund

o All significant policy guidelines, operational policies and administrative arrangements must be approved by the executive committee. Projects of $100,000 or more must also be approved by the committee (the most expensive project to date has cost $450,000 and a majority of projects are anticipated to cost in the $25,000 range.)

Voting Rights

o Executive committee decisions require a supermajority (e.g., two-thirds), with voting on a weighted basis tied to contributions.

o It is imperative that the U.S., either alone or with the other donor countries, have an effective, if not technically absolute, veto.

DRAFT PROPOSAL
-Chairman's original proposal in plain text.
-Proposed deletions in brackets [ ]
-Proposed additions in **bold-face.**

UNITED NATIONS ENVIRONMENT PROGRAMME

OPEN-ENDED WORKING GROUP
OF THE PARTIES TO THE MONTREAL PROTOCOL

Second Session of the Third Meeting
Geneva, 9-11 May 1990

FINANCIAL MECHANISM FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Amendment to
Proposal by the Chairman

1. **Whereas, contribution of CFC's and other substances to be controlled under the Montreal Protocol to ozone depletion and the potential harmful effects of such depletion are well-documented by a solid body of scientific evidence; and,**

Whereas, the magnitude of the funds necessary to allow developing countries that are Party to the Protocol to develop the necessary technologies and undertake the controls needed for compliance is reasonably predictable at this time; and,

Whereas, the financial mechanism proposed herein can be expected to make a substantial difference in the world's ability to address the problem of ozone depletion; therefore,

2. The Contracting Parties to the Montreal Protocol shall establish a Financial Mechanism to provide financial and technical co-operation including the transfer of technology to Parties operating under Article 5 of the Protocol to enable their compliance with the Protocol. **The mechanism shall be operated and administered by the World Bank.** The Financial Mechanism shall cover [all] agreed incremental costs **associated with adjustments required by the Protocol** for countries operating under Article 5. Contributions under the Financial Mechanism shall be additional to other financial flows to such countries.

3. **Pursuant to the terms of** [Under] the Financial Mechanism, the **World Bank** [Parties] shall set up a Multilateral Fund. The Financial Mechanism **may** also include[s] other multilateral funding and bilateral co-operation. Bilateral co-operation can, up to a certain percentage and according to criteria to be adopted by the Parties, count as a part of agreed contributions to the Multilateral Fund.

4. The Multilateral Fund will:

(a) Cover, on a grant or concessional basis, as appropriate and according to criteria to be adopted by the Parties, [all] the agreed incremental costs associated with adjustments made necessary by the Protocol.

(b) Perform clearinghouse assistance functions;

(c) Finance Fund secretarial services and other support costs.

5. The Multilateral Fund should be under the authority of the Contracting Parties who shall determine the overall policies of the Fund. The Parties shall establish an Executive Committee on the basis of a balanced representation of Parties operating under Article 5 and Parties not operating under Article 5. The Executive Committee **must approve** [will develop and implement specific] operational policies, administrative arrangements, **policy guidelines, and projects of more than $100,000.** [to achieve the objectives of the Fund.] **Voting rights on the Executive Committee shall be in proportion to the assessments made under Paragraph 6.** [These arrangements shall be implemented in co-operation with the World Bank, UNEP, UNDP or any other appropriate agencies.]

6. Contributions to the Multilateral Fund shall be made by Parties not operating under Article 5 on the basis of the (scale of assessment of the World Bank [United Nations]). Contributions by other Parties shall be encouraged. The contributors' percentages and figures for each three-year fiscal period shall be adopted by the Parties. Contributions to the Fund will be made in convertible currency or, exceptionally, in kind.

7. Under the Multilateral Fund resources will be channelled with the concurrence of the Governments of developing countries. **Projects greater than $100,000 must be approved by the parties through the voting mechanism described above. All disbursements to Article V parties must be for projects related exclusively to incremental costs associated with adjustments made necessary by the Protocol.**

8. Approval of policies and projects as stipulated above requires approval by 2/3 majority vote of the Executive Committee.

9. Under the clearinghouse function, the Multilateral Fund will:

(a) Assist countries operating under Article 5 to determine their needs for co-operation;

(b) Facilitate and monitor bilateral, regional and other multilateral co-operation available to developing countries operating under Article 5;

(c) Facilitate technical studies, the distribution of information and other relevant materials, the holding of workshops and training sessions, and other related activities.

10. Non-prejudicial clause (as previously suggested by E.C.).

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Robert Grady to John Sununu Re: Priorities in Clean Air Conference (1 pp.)	5/25/90	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 25, 1990

MEMORANDUM TO GOVERNOR SUNUNU

FROM: Bob Grady *BG*

SUBJECT: Priorities in Clean Air Conference

Fixes needed:

(1) Amend or delete Wise amendment.

(2) Alter Senate CO cold start provision to tie it to Tier II trigger.

(3) Alter House requirement to regulate mobile source air toxics to tie it to results of study.

(4) Delete mandatory FIP requirement in House bill.

(5) Add release from current FIPs.

(6) Add opt-out from oxygenated fuels mandates.

(7) Change CFC funding provisions to channel through World Bank.

(8) Straighten out acid rain implementaion in House bill.

(9) Fix permitting and enforcement.

(10) Adopt Senate Title I non-attainment provisions.

Decisions needed:

(1) Which residual risk do we prefer in air toxics.

(2) How to respond to reformulated gasoline/Daschle.

(3) How to respond to alternative fuels/clean cars program in House bill.

Attachment

More to come

CLEAN AIR ACT
AIR TOXICS STATUS

	Original Administration	Senate	House
MACT	Regulations on top 50% of source categories in seven years. Decision on remaining 50% in next three years.	Regulations on 100% of source categories within ten years.	Regulations on 100% of source categories in ten years.
Residual Risk	EPA would evaluate remaining risks and determine whether the risk is "unreasonable, taking cost into account. Risk evaluated seven years after MACT. Additional controls required if risks are found to be unreasonable.	NAS will perform a study and report to Congress and a risk management commission. If not congressional action is taken within five years, all sources must meet a risk level of one in 10,000 for the most exposed individual and further reduce risks to one in 1,000,000.	EPA and Surgeon General conduct a study of the need for a "residual risk" amendment. If no congressional action is taken, current law applies, requiring EPA to regulate for residual risk no more than eight years after promulgation of the applicable MAC standard.
Voluntary Reductions	o Exempts source from MACT regulation if they have voluntarily achieved 90% reduction in toxics and 95% for particulates. Baseline can not be before 1987. o Reductions must be achieved before MACT proposal. o Can not include reductions from stat, local + federal reg's.	o Similar except: Baseline is 1985; cutoff for reduction is 1994; allows reductions achieved pursuant to stat/local regulations.	o Extends MACT compliance by 5 years for 90% reduction. o Reductions must be achieved before proposal of MACT.

CLEAN AIR ACT
MOBILE SOURCE STATUS

	Original Administration	Senate	House
Auto Tailpipe Standards	Tier I; no Tier II	Tier I; Tier II triggered if 12 of 27 cities in non-attainment in 2001	Tier I; Tier II if EPA study demonstrates need, feasibility and cost effectiveness of Tier II
Clean Fueled Cars	30% of new purchases in 9 cities beginning in 1995, ultra clean cars in 2000. No separate fleet program.	100% of new purchases in 9 cities beginning in 1995, cleaner cars in 1999. Separate fleet requirements. State opt-in and opt-up	100% of new purchases in 8 cities beginning in 1995; cleaner cars in 2000 (stds weaker than Senate) plus aggressive LA pilot program Separate fleet requirements Limited opt-in, no opt-up.
Reformulated Gasoline	No separate requirements	For conventional cars in 9 cities beginning in 1992; oxygen content, aromatics, benzene & VOC reduction specified	Required in 9 cities beginning in 1992. Specs are more stringent than Senate but other formulations allowed if meet VOC and toxics stds
Oxygenated Fuels	5 cities; states decide O_2 level	44 cities: 3.1% O_2	52 cities: 2.7% O_2
Refueling	Stage II in 69 cities	Stage II in 39 cities; 61 cities have choice between Stage II and enhanced I/M. Onboard unless Congress decides otherwise	Stage II in 59 cities; onboard if safety issue resolved
Cold CO	Tier I standard; EPA to study need for Tier II	Tier I & Tier II	Tier I standard; EPA to study need for Tier II
Urban Buses	Phase in of clean fuel (non-diesel) buses in 1991 in large cities	Phase in of cleaner buses in 1991 in large cities; diesels allowed if meet 0.1 gram standard	Details uncertain until amendment language available

CLEAN AIR ACT
NONATTAINMENT STATUS

	Original Administration	Senate	House
Progress Requirements	For serious and severe ozone areas, 15% reductions in first 5 years, then 3% annually in each subsequent 3-year period unless infeasible in light of costs or not necessary for attainment.	For serious, severe, and extreme areas, 12% in first 3 years, 12% in next 3 years, and 3% annually in each subsequent 3-year period unless infeasible in light of costs.	For serious, severe, and extreme (L.A.) areas, 15% reductions in first 6 yrs (unless feasible and area meets tighter NSR and RACT rules). Then, 3% annually in each subsequent 3-year period unless not feasible.
Major Source Definitions	New Source Review, LAER, and Non-CTG RACT threshold: 100 tpy.	New Source Review, LAER, threshold: 100 tpy; Non-CTG RACT threshold: 100 tpy except 50 tpy in severe and extreme.	New Source Review, LAER, and non-CTG RACT threshold: 100 tpy-- marginal and moderate; 50 tpy--serious; 25 tpy--severe; 10 tpy--extreme.
Netting and Offsets	Netting allowed as under current law. Offset ratio: greater than 1:1, as under current law.	Netting allowed, but without any net increase. Offset ratio: greater than 1:1.	Restrictions on netting plus options on relief from LAER and offsets. Offset ratio: 1.1:1 --marginal; 1.15:1 -- moderate; 2:1--serious; 1.3:1--severe; 1.5:1--extreme.
Future FIPs	Discretionary FIPs, full or limited to achieve certain reductions.	After sanctions have been applied, mandatory annual FIPs to achieve certain reductions.	Two years after State failure (without waiting for sanctions to work), mandatory FIP to achieve full attainment.
Existing FIP Obligations	EPA expressly excused from existing FIP obligations.	Courts required to consider effect of CAA changes in deciding whether and how to modify existing FIP orders.	No provision on existing FIP orders. General savings clause could be read to retain some existing FIP obligations.
NOx Control	No Provisions	RACT on 100 ton non-CTG sources in serious, severe and extreme areas. 4% NOx reduction for 6 years in L.A.	Non-CTG RACT, NSR and offsets on major sources in nonattainment areas and transport regions, unless no ozone benefit.

CLEAN AIR ACT
ADDITIONAL PROVISIONS

	Original Administration	Senate	House
Visibility	Retains current law	Authorizes funding for 5 year study of regional haze, with interim (3 yr) report. Authorizes multi-state visibility commissions that recommend control strategies to Administrator for protecting visibility in targeted class I areas. Requires a Grand Canyon commission.	Visibility requirements apply only to the West. EPA must issue regional haze regulations and guidelines within 2 years of enactment. Requires reasonable further progress check 6 years after rules issued and each 5 years thereafter. If areas do not have a "perceptible" improvement in visibility, additional controls must be considered. Requires attribution studies of certain uncontrolled western utilities. Gives class I area status to certain parks and wilderness areas established since 1977. Expands role of Federal Land Managers in NSR. Requires new source monitoring.

CLEAN AIR ACT
ADDITIONAL PROVISIONS

	Original Administration	Senate	House
Job Support			Wise: o 6 mos. additional unemployment benefits o Retraining (up to 2 yrs) o Relocation + Job search expenses o $250 million "cap"
R+D			o Extensive research authority o $100 million authorized
OCS		o Retains authority with Interior o Offshore reg's equivalent to on-shore	o California authority transferred to EPA o Gulf of Mexico authority remains with Interior o Study of impact on water of toxic air emissions.
CFC	Opposed unilateral action	phase-out of CFCs, methyl chloroform by 2000; HCFC phase-out by 2030; no preemption of State/local actions	Phase-out CFCs, by 2000; methyl chloroform phase-out by 2005; HCFC phase-out by 2030; limited preemption; funds for developing countries

CLEAN AIR ACT
PERMITS TITLE STATUS

	Administration-Supported N-H-D	Senate	House
Sanctions and EPA Permit Program	Discretionary sanctions; discretionary EPA promulgation of permit program.	Same, plus mandatory sanction if State fails to submit permit program, and mandatory EPA permit program if State fails to implement program.	EPA required to promulgate and apparently implement permit program if state fails to do so
EPA Veto	EPA has discretion to review and veto any permit.	No EPA veto of "codifying" permits. Mandatory EPA review of "modifying" permits, and mandatory veto if they fail to implement CAA.	EPA has discretion to veto permits – but distinction between codifying and modify permits.

CLEAN AIR ACT
ACID RAIN STATUS

	Administration	Senate	House
SO_2 Program	o 10 million ton reduction and cap by 12/31/2000; a three year extension for repowering; market-based allowance system	o 10 million ton reduction and cap by 1/1/2000; four year extension for repowering; market-based allowance system; 2% of allowances for sale and auction	o 10 million ton reduction and cap by 12/31/2000; three year extension for repowering; market-based allowance system; 5% of allowances for sale auction
Phase 1	o by 12/31/95 107 plants reduce to 2.5 lbs/mmBtu x 1985-87 fuel use	o by 1/1/95 110 plants reduce to 2.5 lbs/mmBtu x 1985-87 fuel use o two year extension for 90% control technology	o by 12/31/95 110 plants reduce to 2.35 lbs/mmBtu x 1985-87 fuel use o one year extension for 70% control technology o 3 DOE plants reduce to 0.4 lbs/mmBtu
Phase 2	o by 12/31/2000 plants greater than 75MW, reduce to 1.2 lbs/mmBtu x 85-87 fuel	o by 1/1/2000 all utility plants receive allowances; greater than 1.2 lbs/mmBtu reduce under 1.2 lbs/mmBtu receive 20% more allowances o extra 530,000 allowances allocated from 2000-2009	o by 12/31/2000 all utility plants receive allowances; greater than 1.2 lbs/mmBtu reduce under 1.2 lbs/mmBtu receive 20% more allowances

NO_x Program	o 2 million ton reduction	o 2-2.5 mill ton reduction through low NO_x burners or comparable cost as they are controlled for SO_2	o 2.5 million ton reduction through low NO_x burners by 12/31/2000

CLEAN AIR ACT
ENFORCEMENT STATUS

	Original Administration	Senate	House
Criminal Enforcement	Misdemeanor to felony; new sanctions for knowing and negligent endangerment	Same as Admin. proposal	Same as Admin. proposal, but adds restriction on defendants.
Administrative Penalties	ALJ hearings with $200,000 cap; cap can be waived.	Same, but cap is not revisable	Same as Admin. proposal
Administrative Orders	Pre-enforcement review barred; compliance orders effective for up to 12 months	Informal hearing opportunity & circuit court review for most orders; no pre-enforcenent review of emergency orders	Silent on reviewability
Citizen Suits	Citizens may sue for penalties that go to U.S. Treasury; U.S. may intervene as plaintiff	Same as Admin. proposal, with ability to sue for past violations and to seek review of discretionary acts	Same as Admin. proposal, with ability to sue for past violations and have creditprojects.
Contractor Inspections	Allowed	Allowed	Not covered
New Source Enforcement	EPA has authority to stop operation of sources violating new source requirements	Same as Admin. proposal	Not covered
Court Case Settlement Procedure	Not covered	Not covered	Allows public comment on settlements prior to court filing

A6 THE WALL STREET JOURNAL FRIDAY, MAY 25, 1990

The Path of Clean-Air Legislation

SMOG

EXISTING LAW	PRESIDENT'S PROPOSAL	SENATE BILL	HOUSE BILL
101 cities missed the deadline for meeting health standards for ozone, a main ingredient of smog.	Goal is that all but four cities (Los Angeles, New York, Houston and Chicago) comply with smog standards by year 2000; those four must comply by 2010.	Goal is that all but nine cities comply by 2000, all but L.A. by 2005, L.A. by 2010.	Goal is that all but nine cities comply by 1999, all but L.A. by 2005, L.A. by 2010.
N.A.	Smoggy areas must make steady improvement, at least 3% a year reduction in smog-forming emissions.	Smoggy areas must make 4% annual improvements in early years, later 3% a year.	Smoggy areas must make 3% a year improvements.
Current controls on tailpipes have resulted in exhaust that's 96% cleaner than before 1970.	Tailpipe Standards, phased in starting with 1993 models: Nitrogen oxide: 30% reduction; Hydrocarbons: 40% reduction.	Tailpipe standards phased in starting with 1993 models: nitrogen oxide: 60% reduction; hydrocarbons: 40% reduction. Second round of cuts required for 2004 models, depending on nation's air quality.	Tailpipe standards phased-in, beginning with 1994 models: Nitrogen oxide: 60% reduction; Hydrocarbons: 40% cut. Second round of tailpipe cuts would be required for 2003 model cars only if EPA study determines they're needed and cost-effective.
Tailpipe standards must be maintained for 50,000 miles or five years.	Tailpipe standards must be maintained for five years or 50,000 miles.	Tailpipe standards must be maintained for 10 years, or 100,000 miles, though lesser standards take effect after first 50,000 miles.	Tailpipe standards must be maintained for 10 years or 100,00[illegible] miles, though lesser standards tak[illegible] effect after first 50,000 miles.
Pollution equipment warranty of 50,000 miles or five years.	Pollution-equipment warranty of 50,000 miles or five years.	Pollution-equipment warranty of 80,000 miles or 8 years for catalytic converters and electronic diagnostic gear, 24,000 miles or two years for all other pollution gear.	Same as Senate bill.
Special nozzles on gas pumps to reduce gasoline fumes during refueling are required by all California and New Jersey cities, plus St. Louis, New York City and Washington D.C.	To catch fumes, would require special nozzles on gas pumps for 38 moderately smoggy areas.	To catch fumes, tentatively requires fume-catching canisters on new cars, requires special nozzles on gas pumps in smoggy areas.	To catch fumes, tentatively require[illegible] canisters on cars. Would require special nozzles on gas pumps for 38 smoggy areas.
N.A.	Requires new gauges on cars to alert drivers to problems with pollution-control equipment.	Same as President's proposal.	Same as President's proposal.
In smoggy areas, air-pollution equipment required at all factories that emit more than 100 tons of smog-forming chemicals a year and from some smaller polluters on list of 30 categories.	In smoggy areas, has same requirements as current law for industrial smog polluters, but regulates 7 more categories, including printing plants.	In severely smoggy areas, goes further than current law to require pollution reductions from all plants emitting more than 50 tons of smog-forming chemicals and regulates 12 more categories than current law.	Requires reductions from industria[illegible] polluters that emit between 10 ton[illegible] and 110 tons of pollution a year, depending on the severity of the smog problem in the area and regulates 11 more categories than current law.

ALTERNATIVE FUELS

EXISTING LAW	PRESIDENT'S PROPOSAL	SENATE BILL	HOUSE BILL
No requirements.	Auto makers must begin producing cars that run on methanol or other clean-burning alternative to conventional gasoline by 1995, selling at least one million vehicles a year in the nine smoggiest cities by 1997.	Requires cleaner-burning gasoline in the nine smoggiest areas beginning in 1992. All gasoline must meet a formula that would require the use of oxygenated additives like ethanol. Formula becomes more stringent until 1996. Beginning with 1995 models, all new cars sold in these areas must emit 21% fewer hydrocarbons and reduce cancer cases resulting from their emissions 12%. Starting with 1999 models the standard is 30% fewer hydrocarbons and a 27% reduction in cancer cases.	Requires only cleaner-burning gasoline in nine smoggiest areas beginning in 1992. Producers have more flexibility in meeting requirements, though still would heavily rely on additives like ethanol. Sets up pilot program in California in which auto makers would be required to produce cars capable of running on non-gasoline fuels like methanol and compressed natural gas. Program would start in 1994 and result in the production of 300,000 cars a year by 1997.

	No fleet proposal.	Requires fleet vehicles to begin using cleaner fuels like natural gas or methanol. Beginning with 1997 models, centrally fueled fleets of more than 20 vehicles in nine smoggiest areas must cut hydrocarbon and toxic-chemical emissions 75%.	Requires fleet vehicles to start using cleaner fuels like such as natural gas or methanol. Starting with 1995 models in 27 smoggiest cities, fleets of 10 or more vehicles that are capable of being centrally refueled would have to cut hydrocarbons 30%. Starting with 2000 models, hydrocarbons to be cut 75%.

TOXIC INDUSTRIAL EMISSIONS

EXISTING LAW	PRESIDENT'S PROPOSAL	SENATE BILL	HOUSE BILL
Seven chemicals regulated since 1970.	First Round: Over the next 10 years, majority of polluting plants use best technology available to reduce emissions of 191 toxic chemicals by 75% to 90%.	First Round: Same as president's, but applies to more plants.	First Round: Same as president's plan, but applies to even more plants than the Senate bill. Potentially affects more small companies such as gasoline stations and dry cleaners.
	Second Round: Additional cutbacks could be required on a case-by-case basis if the EPA, taking cost and health into account, finds a plant's fumes still pose "unreasonable" risks.	Second Round: To the dismay of business, adopts health-based standard that threatens to shut down plants unless they can further cut emissions so that neighbors face no more than one-in-10,000 risk of getting cancer from plant fumes. However, Congress could change the standards after a risk-assessment study. Coke ovens are eligible for 30-year extension.	Second Round: EPA conducts risk-assessment study and makes recommendations to Congress. If Congress doesn't act, current-law provisions go into effect requiring residents to be protected within "ample margin of safety."
	Plants that voluntarily reduce emissions 90% from 1987 levels before new regulations are issued are exempt from first-round requirements.	Plants that voluntarily reduce emissions 90% from 1985 levels by 1993 or 1994 are exempt from first-round requirements. Plants that make later voluntary cuts may get five extra years to comply.	Plants that voluntarily reduce emissions 90% from 1987 levels before new regulations are issued may get five extra years to comply with first-round requirements.
	Requires reduction of toxic air pollutants during gasoline refueling in some areas.	Requires reductions of toxic emissions from cars in nine smoggiest areas through changes in gasoline.	Requires reductions of toxic emissions from cars in nine smoggiest areas, but does not specify a method.

ACID RAIN

EXISTING LAW	PRESIDENT'S PROPOSAL	SENATE BILL	HOUSE BILL
No requirements.	First Phase: 111 dirtiest power plants in 21 states cut sulfur-dioxide emissions 5 million tons nationwide by 1996.	First phase: same as president's plan, but cuts must occur by 1995.	First phase: Same utilities and deadline as president's plan, but requirements are slightly tougher for individual plants.
	Second Phase: More than 200 additional power plants make reductions by 2001, for total 10 million-ton reduction.	Second phase: same as president's plan, but cuts must occur by 2000.	Second phase: Same as president's plan.
	Three-year extension of 2001 deadline for power plants that use new clean-coal technology that will help enable continued use of high-sulfur coal.	Four-year extension of 2000 deadline for use of clean-coal technology.	Same as president's plan, but federal funds for clean-coal research are limited to companies affected by first phase.
	Creates innovative pollution-trading system in which utilities that make extra deep reductions get credits they can sell or swap to utilities that want to increase their emissions.	Amends trading system to give bonus pollution credits to dirty utilities that use scrubbers to clean up, and to clean power plants in high-growth areas.	Makes own adjustment in trading system to benefit similar groups of utilities as in Senate bill.
	Nationwide cap on sulfur-dioxide emissions after 2000.	Same as President's proposal.	Same as President's proposal.
	Requires utilities to reduce nitrogen-oxide emissions also blamed for acid rain by 2 million tons a year beginning in 2001.	Same amount of nitrogen-oxide reductions as president's plan, but cuts are on stepped-up schedule beginning in 1995.	Requires 2.5 million tons of nitrogen oxide reductions per year, beginning in 2001.

from Nancy

GOVERNOR SUNUNU'S
NEW HAMPSHIRE ENVIRONMENTAL HIGHLIGHTS

ACID RAIN

- Created New Hampshire's Task Force on Acid Rain to recommend solutions to the acid rain problem and propose workable legislation. Brought together legislative, business and environmental (Audubon Society, Society for the Protection of New Hampshire Forest) leaders.

- Instrumental in New Hampshire passing one of the first acid rain bills in the country which imposed on itself the acid rain program we expected of others.

- Published now famous article in Issues in Science and Technology for the National Academy of Sciences.

AIR RESOURCES

- Enacted the inspection and maintenance program for automobiles located in congested areas of southern New Hampshire.

DEPARTMENT OF ENVIRONMENTAL SERVICES
(CONSOLIDATION AND COORDINATION OF STATE ENVIRONMENTAL AGENCIES)

- Spearheaded the environmental reorganization which consolidated several totally separate boards and state agencies into one consolidated environmental service agency.

- Revitalized the Council on Resources and Development (CORD) -- a combined organization of state boards and agencies -- to direct natural resource and environmental policy issues for state government.

- Through CORD adopted overall policy guidance for the state for responsible growth, natural resources and environmental protection.

WATER RESOURCES

- Proposed to the Legislature a groundwater identification program to locate and categorize all of our key groundwater resources in the state.

- When the Legislature was unable to act, proposed by Executive Order a moratorium on docks and moorings on the lakes and great ponds as a direct action to preserve their quality and aesthetic value.

- When EPA reduced funding for sewage treatment plants, negotiated a program for 12 cities to come into compliance with discharge requirements by utilizing primarily local and state funds.

- Proposed and received passage of the first New Hampshire rivers protection bill which called for citizen groups within the state to monitor rivers for special protection based on each one's unique qualities. A key element of this was local participation and control over the regulatory program required to protect those unique qualities.

- As Chairman of the Salem Planning Board, sought passage of the first wetlands-based zoning in New Hampshire and continually opposed filling in of streams and important wetlands.

NATURAL RESOURCES

- Oversaw the formation of the Land Conservation Investment Program, which has achieved protection of 80,000 acres of land in New Hampshire.

- Ensured that New Hampshire was able to purchase a large block of land from Diamond International. New Hampshire was the only state to purchase land for further preservation which the paper company suddenly put property on the market in Maine, New Hampshire, Vermont and New York.

- Supported construction of a bypass through the Town of Conway rather than within the national forest in spite of a local referendum which indicated that more than 2/3 of the citizens demanded the forest be chosen.

- Oversaw the successful construction of the Franconia Notch parkway which is a landmark highway involving extensive features to improve park facilities and ensure natural resource protection as well. The project has won awards for its architecture, engineering, landscaping, bicycle path and sensitivity of design.

(DICTATED BUT NOT READ)

THE WHITE HOUSE

WASHINGTON

February 23, 1990

Itinerary for Friday, February 23 Travel:

11:20am	Wheels Up Andrews AFB Tail #50050
12:00pm	Arrive Mercer County Airport Ronson Aviation (609) 771-9500 Met by: Congressman Jon Kyl (R-AZ) (See TAB A for biographical info.)
12:15pm	Arrive Merrill Lynch Conference Center Main phone (609) 282-1000 Proceed to Willows Room - Executive Center Staff Office (609) 282-3433 Contacts: Linda Nave or Rich Galen
12:25pm	JHS Remarks to General Assembly (10 mins) **OPEN PRESS** approx. 300 attendees (See TAB B for full program)
12:45pm	Lunch Begins
1:45pm	Depart Conference Center
2:00pm	Wheels Up Mercer County Airport Ponson Aviation
2:40pm	Arrive Andrews AFB

Toxics in Workplace law

And R. legis

$20,000,000 }
50,000,000 } Shared Trust

45,000 acres of land.

Consolid Env. Groups.

Plan

1st Soil Company

Env Zoning

1st Wetland Zoning

Greenbelt for

Completed first Superfund site agreement

Moratorium on lake intrusion

Docks and Moorings

THE PRESIDENT HAS SEEN

1990 FEB 21 AM 5:11

THE WHITE HOUSE

WASHINGTON

February 20, 1990

MEMORANDUM FOR THE PRESIDENT

FROM: D. ALLAN BROMLEY Allan

SUBJECT: YOUR ADDRESS TO THE IPCC

Dr. Thomas Malone, in 1984 while Foreign Secretary of the National Academy of Sciences, led the U.S. delegation to the Ottawa Canada General Assembly of the International Council of Scientific Unions (ICSU). I was a member of that delegation.

It was at that meeting that the whole question of the global environment came to center stage and Tom Malone, as Treasurer of ICSU, and as a distinguished atmospheric scientist in his own right, played the leading role. He has continued as a major figure in the international environmental movement most recently as President of Sigma Xi--the national honor society in the sciences.

Although very much recognized as a card carrying environmentalist, I thought that you would appreciate the attached letter that Tom has just sent me.

I, too, thought that it was an excellent address!

Attachment

From the desk of

George Bush

John S/AB

This is a fine letter. Can we get Tom Malone to send letter that can be used in Congress.

HYATT REGENCY HILTON HEAD
OCEANFRONT AT PALMETTO DUNES
PO BOX 6167
HILTON HEAD ISLAND, SOUTH CAROLINA 29938-6167 USA

803 785 1234 TELEX 546405

St Joseph College
W. Hartford CT 06117

2/14/90

Dear Allan:

I have just seen the President's address to the IPCC. It is superb!!

It is difficult to understand the criticisms of the speech

As you know from our correspondence and conversations, the tone and thrust of that statement coincide closely with my own views. Are there things that might be done to improve the public perception of his position? If so, let's act.

Have been participating in the review of the National Acid Precipitation Assessment Program (NAPAP). Many similarities to climate change.

I have copies of the statement (and Gorbachov's address) from the Moscow Forum of last month. Would be glad to send them to you, if you do not have them.

Regards Tom Malone

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05a. Memo	From Michael Deland to Roger Porter Re: President's Inquiry on Proposed "Newberry Volcanoes National Monument" ~~[One paragraph redacted]~~ (2 pp.)	2/16/90	~~P/5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - Miscellaneous (1990) [2]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 12/12/07

Date Closed: 12/9/2004	**OA/ID Number:** 29155-006
FOIA/SYS Case #: 1998-0004-F[1]	**Appeal Case #:**
Re-review Case #: 2005-0426-S	**Appeal Disposition:**
P-2/P-5 Review Case #:	**Disposition Date:**
AR Case #:	**MR Case #:**
AR Disposition:	**MR Disposition:**
AR Disposition Date:	**MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

(202) 395-5080

MEMORANDUM

TO: **ROGER PORTER**
ASSISTANT TO THE PRESIDENT FOR ECONOMIC AND DOMESTIC POLICY

FROM: **MICHAEL R. DELAND, CHAIRMAN**
COUNCIL ON ENVIRONMENTAL QUALITY

RE: **PRESIDENT'S INQUIRY ON PROPOSED "NEWBERRY VOLCANOES NATIONAL MONUMENT"**

DATE: **February 16, 1990**

On the advice of George Bush, Jr., the President has asked us to check into a proposal by Mr. Stephen E. (Stosh) Thompson and others, including most of the Oregon Congressional delegation, to create a "Newberry Volcanoes National Monument."

The proposed monument would be established on lands currently within the Deschutes National Forest and would be administered by the US Forest Service. The proposal reportedly enjoys wide support from local civic, industry, recreation, and conservation leaders. It is embodied in H.R. 3480 (by Rep. Bob Smith, and cosponsored by Reps. Denny Smith and Ron Wyden, three of Oregon's five representatives) and S. 1947 (by Sens. Mark Hatfield and Bob Packwood).

Mr. Thompson has written the President suggesting that he expedite the establishment of the monument by issuing a Presidential declaration, under the provisions of the Antiquities Act of 1935.

Comments:

1) CEQ applauds the goal of this initiative, and especially the cooperative process by which it was advanced. By all accounts, the Newberry Volcanoes area deserves consideration for further Federal protection.

2) The President should defer to Congress any decision on creating the monument because:

   a. Over 100 other proposals are currently pending in Congress; special attention in this case will create pressure from other members of Congress for similar treatment.

b. Establishment of a National Monument by Presidential declaration occurs infrequently. President Carter was the last to use this mechanism in a case involving Alaska.

c. In the mind of the American public, the status "National Monument" denotes a resource so unique and valuable that it merits our most diligent protection. Critics of H.R. 3480 and S. 1947 argue that the bill does not provide suitable protection for the proposed monument.

d. Because H.R. 3480 and S. 1947 would exempt specified geothermal lease transfers in the Deschutes National Forest from environmental impact analysis, we would need to review this matter carefully with the Forest Service and other interested federal agencies.

Attached is a proposed draft of a letter for the President to send to Mr. Thompson. Please let me know if I can be of further assistance.

CC: JOHN SUNUNU, CHIEF OF STAFF TO THE PRESIDENT

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05b. Draft Letter	From POTUS to Stephen Thompson Re: Newberry Volcanoes National Monument (1 pp.)	n.d.	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
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By JP (NLGB) on 12/12/07

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AR Disposition:		**MR Disposition:**	
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DRAFT

PRESIDENT BUSH
IN RESPONSE TO MR. STEPHEN (STOSH) THOMPSON

Dear Mr. Thompson:

Thank you for directing my attention to the proposed "Newberry Volcanoes National Monument."

I salute you and your fellow Oregonians for the diligence and initiative with which you have approached this very important matter. Your collective efforts embody the very best of the American tradition of volunteerism. Furthermore, your ability to work together deserves special notice. In the spirit of cooperation and compromise, you have gone beyond the narrow boundaries of separate interest groups and have worked in the interest of the community as a whole.

My advisers have studied Representative Bob Smith's bill. They indicate that, in the bill's present form, there are some substantive concerns with provisions for the protection of the Newberry Crater area. Additionally, there are over one hundred other proposals for new national monuments currently pending before Congress. Therefore, although I share with you the goal of protecting this uniquely beautiful natural site, I will have to defer, for the time being, expediting H.R. 3480.

Again, I thank you for your letter and your attention to this matter. Your work provides an example for all Americans dedicated to the preservation of our nation's precious natural gifts.

Please extend warmest personal regards to all who have been involved with this laudable effort.

[signed]

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Memo	From D. Allan Bromley to John Sununu Re: Possible Presidential Initiative on the Provision of Technological Support to the Third World and Eastern Europe in the Area of Increased Electrical Energy Utilization Efficiency and Other Possible Environmental (1 pp.)	2/16/90	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
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THE WHITE HOUSE

WASHINGTON

February 16, 1990

MEMORANDUM TO JOHN SUNUNU

FROM: D. Allan Bromley Allan

SUBJECT: Possible Presidential Initiative on The Provision of Technological Support to the Third World and Eastern Europe in the Area of Increased Electrical Energy Utilization Efficiency and Other Possible Environmental Protection Areas.

Some time ago I wrote you a memo suggesting that if we in the U.S. take a proactive stand here we gain in three ways:

a) We help these countries to sustain their development while minimizing environmental damage (primarily CO_2 emission from coal combustion);

b) We reap positive political fallout; and

c) We gain access for U.S. industry to what promises to be a huge market.

If, instead, we wait until external political pressure forces us to this course, we stand to lose most of items b) and c) above.

The Departments of Energy (Henson Moore) and of Commerce (Tom Murrin) are interested and have considerable activity underway. EPA has studies underway, as well.

In my earlier memo I asked you whether you thought that, properly developed, this might constitute an attractive initiative for the President.

Technology would clearly be involved as well as seed money in many cases--but I believe that know-how will remain the most important ingredient of any such initiative.

I would welcome your comments.

ELECTED OFFICIAL	SUBJECT	COMMENTS
Commissioner, Dept. of Fishers, Wildlife & Environmental Law Enforcement Walter Bickford (MA) Representative Marcus Marsh (R-MN)	Support "no net loss" policy for wetlands.	
Senators: Bettye Fahrenkamp (D-AK) Earl Goodwin (D-AL) Drue Pearce (R-AK) Samuel Nunez (D-LA) W.D. Moore, Jr. (D-AR) Tilman M. Bishop (R-CO) Manny Aragon (D-NM) Joseph Harvey (D-NM) Lawrence Dickerson (D-OK) John Montford (D-TX) Billy Mickle (D-OK) Representatives: Richard Knowles (R-NM) Mike Navarre (D-AK) L.L. "Doc" Bryan (D-AR) John W. Ramsey (D-AR) Carl Bledsoe (R-CO) Arthur W. Sour (R-LA) Taylor F. Harper (R-AL) Mark Boyer (D-AK) Lloyd George (D-AR) Scott McInnis (R-CO) John Siracusa (D-LA) Larry Adair (D-OK) Rick Perry (R-TX) Robert S. Light (D-NM) Bill Brewster (D-OK) Jim McWilliams (D-TX) Dan Shelley (R-TX)	Urge you to rescind the MOA on wetlands between the Army Corps and EPA.	
Governor Buddy Roemer (D-LA)	Supports a National Endowment for the Environment and urges your full endorsement of the state side of the initiative.	

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07. Report	On Administration's Strategy for Clean Air Legislation (2 pp.)	n.d.	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - Miscellaneous (1990) [2]

Open on Expiration of PRA
(Document Follows)
By JF (NLGB) on 5/12/05

Date Closed:	12/9/2004	**OA/ID Number:**	29155-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

AIR TOXIC ·
TAIL PIPE ·

ALT · FUELS ·
ST. SOURCE ·

ACID RAIN

Chafee
Durenberger
Wilson -
Heinz -
Gorton ?
Boschwitz
Jeffords
Packwood
Kassebaum

Contextual Factors

1. The intensity of interest in the legislation has escalated in recent weeks as Senators have heard from their constituents.

2. The areas of the bill that have excited the greatest interest, by far, are those dealing with air toxics and acid rain. Neither stationary sources (of principal interest to environmentalists and state administrators) nor mobile sources (of principal interest to the auto and energy community) have generated anywhere near the interest among Senators who are not on the Environment and Public Works Committee.

3. Mitchell is committed to bringing the bill to the floor of the Senate for action next Wednesday. He will attempt to force cloture. At the present time, absent a fix for the Midwest, I doubt that he ~~had~~ has the votes.

What is on the Table

1. Air Toxics.

- We have managed to wring $9-10 billion from the Senate Environment and Public Works Committee bill and to get within approximately $650 million from the Administration's estimate.

- Our estimate depends on implementing an actual person standard at 1 in 10,000 in the way we believe will in fact work.

- We are not going to get the sponsors of the bright line approach (EPW committee) to go to anything like the administration's original.

- We are unlikely to get anything as good or better in the House.

- Other than acid rain, this is the provision that the highest level of interest and the most widespread concern.

- It is also the portion of the bill where we can count on an effective horse (Domenici) to champion an alternative that we would prefer, although that alternative is still uncertain with respect to its parameters and attractiveness.

- If we go with an understanding with the Committee we are certain to face a challenge on the floor by Domenici along with Southern Democrats and conservative Republicans. It is a coalition that will be difficult to produce on any other portion of the bill.

- It is not clear who would prevail since this an area where the Committee has given so much that they do not face the threat of a huge cost estimate and they can defend an actual person standard much easier than a bright line theoretical.

- Mitchell will put enormous pressure on Breaux to carry the water on this one for the committee since the actual person standard is his idea.

2. Stationary Sources

- The highly prescriptive approach by the Committee been transformed in the negotiations and they are now trying to get back what they gave away. They have heard from environmentalists in spades and feel like they have taken enormous flack.

- This was the Administration's principal accomplishment during the first part of the negotiations and will be difficult to replicate in the House.

- If there is no agreement, they will almost go back to their original approach. We do not have anyone who will really champion on the floor the approach we negotiated.

3. Mobile Sources

- We have an alternative fuels provision that is much more attractive than anything we are likely to get in the House.

- But, the fig leaf on tier II tailpipe is just that, a fig leaf. We can cost it out at zero, but if our estimates are wrong and it goes into effect they have been unwilling to recede from nationwide application.

- We have no effective horse on this one to counter the committee approach. Mitchell cannot bring along his entire committee.

- We will lose on the floor but should be able to the Dingell-Waxman compromise, while possibly sacrificing our alternative fuels approach.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. List	Of Senators to contact for support on Clean Air Legislation (1 pp.)	n.d.	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
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(b)(9) Release would disclose geological or geophysical information

Michael Castle - Del. Biden

~~both voted with us~~

Bob Martinez - FLA Graham, Bob

James Thompson - Ill. Simon

Terry Branstad - IA Harkin

circled Senators are priority!

John McKernan - ME Cohen

Kay Orr - NE Exon, Kerrey

Judd Gregg - NH Humphrey

Garrey Carruthers - NM Bingaman *

James Martin - NC Sanford

Carroll Campbell SC Hollings

George Mickelson SD Pressler

Tommy Thompson WI Kohl

February 23, 1990

MITCHELL PROPOSAL ON TAILPIPES

SUMMARY

Tier I:

Hydrocarbon standard:	.25 gpm, phased in beginning 1993 1993 = 40%, 1994 = 80%, 1995 = 100%
Useful life:	0 to 50,000 miles car must meet .25 50,000 to 100,000 miles car must meet .31
NOx standard:	.4 gpm; phased in as above

Study:

At conclusion of phase I, prior to implementation of phase II, EPA conducts study to examine cost effectiveness of a broad range of strategies for getting reductions. If EPA determines alternative approach gets same reductions and is more cost effective, alternative plan is submitted to Congress under expedited procedures.

Alternative Fuels:

Beginning in model years 1995 and 1998, two phases of alternative fuels plan adopted, as described on separate sheet.

Tier II:

If by 2002, 7 or more of the 31 non-attainment areas classified as "serious" (design values between .16 and .18) do not attain, Tier II tailpipe provisions (.125 HC, .2 NOx, 1.7 CO) automatically take effect. If less than seven serious areas are out of attainment, no Tier II tailpipe.

Carbon Dioxide Tailpipe:

No CO2 tailpipe standards in Clean Air bill. (Mitchell stated intention to consider CAFE/CO2 tailpipe as part of global warming bill to be moved later this year.)

# # # #

February 23, 1990

SUMMARY OF CURRENT AIR TOXICS PROPOSAL

Phase I: MACT

- For existing sources must be at least as stringent as top 10% of best controlled similar sources

- MACT required for all categories except sources which pose less than 10(-6) risk theoretical. Oil and gas wells under common control are <u>not</u> aggregated for purposes of counting a major source.

Phase II: Residual Risk

- 2 years after MACT EPA promulgates standards based on calculation of 10 (-4) and 10 (-6) risk theoretical.

- If source can't meet 10 (-4) theoretical, it has the option of performing study and providing data concerning actual risks -- incorporating meteorology, emissions factors, typical lifestyle around the plant, etc.

- If source can't meet 10 (-4) to most exposed actual person based on actual data, source must either fix problem within two years of promulgation of actual standard (four years after promulgation of theoretical standard) or close down.

- Mitigation (e.g., buying out of property) is acceptable form of meeting standard based on actual risk -- except no credit raising stack heights or for tall stacks built after 1970.

- New source which cannot meet 10 (-4) actual will not be permitted.

- If source <u>can</u> meet 10 (-4) but <u>cannot</u> meet 10 (-6), source must use all available technology each time permit is reviewed (every 5 years) to get to 10 (-6) based on actual data.

- "Available" is defined as including technical feasability and cost to the extent cost threatens shutdown or economic viability of the plant.

- If source poses no risk greater than 10 (-6) based on actual (or theoretical) data, no further control action is required.

- No additive risks requirement.

Leak Detection

- EPA performs detailed study. At conclusion, EPA will promulgate "feasible and cost-effective" regulations.

Electric Utilities

- EPA conducts study of particulates; regulates within 5 years after enactment.

- EPA conducts study of mercury; promulgates MACT within 5 after enactment.

- Bill states that no regulation of acid gases required.

- Bill states that no scrubbers required by this title; but other forms of regulating other gases OK.

Coke Oven Problem:

- Bill will include coke oven provisions negotiated by Committee staff and Administration.

Mobile Source Toxics:

- Bill will require study of mobile source toxic emissions; but language will <u>not</u> require regulation at end of study. (EPA planning to proceed with rulemaking under current authority.)

Area Sources and Monitoring:

- Bill will not require that each MSA above 250,000 conduct area sources monitoring, but EPA has discretion to require as appropriate.

- Bill sets goal of 75% cancer reduction from all sources.

Hazard Assessments:

- No sensitivity analsysis requried, updates required every two years.

- EPA will audit 1.4% of hazard assessments.

NATIONAL WILDLIFE FEDERATION
NEWS

PUBLIC AFFAIRS DEPARTMENT, 1400 16th Street, NW, Washington, DC 20036-2266 (202) 797-6850

Ed Rog

FOR IMMEDIATE RELEASE
February 21, 1990

FOR MORE INFORMATION, CONTACT:
Charles Miller (print), 202-797-6853
Phil Kavits (broadcast), 202-797-6852

ENVIRONMENTALISTS BLAST SUNUNU IN LETTER TO BUSH

WASHINGTON, D.C. -- Several leading environmental organizations today delivered to President Bush a letter that sharply criticizes White House advisor John Sununu's role in weakening the Administration's environmental policy.

On three separate occasions within the last two weeks, according to the groups, Sununu became personally involved in major environmental policy decisions, and in each case his involvement led to decisions that will harm the environment and violate the President's pledges to the American public.

These decisions include changes in a speech on global warming that will result in continued federal inaction and delay; active efforts to sidetrack an important agreement between two federal agencies on wetlands protection; and ongoing efforts to weaken the President's proposed legislation on clean air.

-more-

In the letter, the groups requested "an emergency meeting" with the President to clarify the Administration's policies on the environment and to "chart a consistent environmental course for your Administration that your advisors and the public can both understand and enthusiastically support."

Joining the National Wildlife Federation (NWF) in sending the letter were the National Audubon Society, Defenders of Wildlife, the Environmental Policy Institute/Friends of the Earth, the Izaak Walton League, the Natural Resources Defense Council, the Sierra Club, and the Wilderness Society.

"Either Gov. Sununu is marching to a different drummer on the President's stated environmental goals, or he is undercutting these goals with the President's approval," said NWF President Jay Hair. "In either case, we urgently need to see the President to straighten out the inconsistencies and clear the air."

The National Wildlife Federation is the nation's largest conservation organization, with more than 5.6 million members and supporters and 52 affiliate organizations nationwide. A private, not-for-profit organization, the Federation was founded in 1936.

-30-

#90015

February 21, 1990

The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

Over the past two weeks, your Chief of Staff, John Sununu, has personally intervened in three major anti-environmental actions. In each case, Governor Sununu's activities led directly to environmental policy statements by your Administration, which not only adversely affected the environment, but also broke pledges you have made to the American public. Governor Sununu is reported by the New York Times to have said he "sees it as his mission to prevent both (you) and Mr. Reilly from being led astray ...."

The direct, personal involvement of your Chief of Staff in reversing your pledges is driving a wedge between you and conservationists. As a result, serious questions are being raised about the direction of environmental policy under your Administration.

As the leaders of the country's major environmental organizations, we request an emergency meeting with you to clarify the direction in which you are headed on the environment.

The specific issues needing clarification in which the Chief of Staff was personally involved include:

* Global Warming. Your speech to the Inter-Governmental Panel on Climate Change on February 5, edited by Governor Sununu, reverses your campaign pledge to "use the White House effect to deal with the Greenhouse Effect". Instead of promising action and world leadership in solving this global atmospheric crisis, your speech outlined a plan of more U.S. research but raised philosophical objections to real action. Your Press Secretary, Mr. Fitzwater, is quoted in The Washington Times as saying you have changed your mind about action.

* Wetlands Protection. All environmentalists were heartened by your campaign pledge to end the dramatic destruction of wetlands by implementing a governmental policy of "no net loss" for these biological treasures. For over a year the Domestic Policy Council had responsibility for implementing the policy but took no action. When the Army Corps of Engineers and the Environmental Protection Agency proposed a joint agreement as

their first step in implementing the "no net loss" policy, Governor Sununu forced such radical revisions that the final document actually weakens wetlands protection. The delay by the Domestic Policy Council, coupled with the step backward on the Memorandum of Agreement, raises questions about the commitment of your Administration to deliver on your original promise.

* Clean Air. In ongoing negotiations with leaders of the Senate Environment Committee, your negotiators have consistently undercut the pledge you made in announcing your Clean Air bill last summer to "guarantee" clean air for every American. This past week, apparently at the direction of Governor Sununu, your negotiators specifically insisted on weakening changes to the pending Clean Air bill which would abandon your goal and, in several cases, even weaken existing law.

In each of these areas, Mr. President, you have articulated laudable environmental goals, but it appears your Chief of Staff is not committed to meeting them. Our organizations have promised to work with you to achieve the goals you set and to give you the credit you deserve for establishing them <u>and</u> following through until they are met. But we cannot make good on our promise if Mr. Sununu takes it upon himself to implement policies that contradict the goals you have set.

We hope that an urgent meeting would help to clear the air, and to chart a consistent environmental course for your Administration that your advisors and the public can both understand and enthusiastically support.

Sincerely,

Jay D. Hair

Jay D. Hair
President
National Wildlife Federation

John H. Adams

John H. Adams
Executive Director
Natural Resources Defense Council

The Honorable George Bush
February 21, 1990
Page 3

Peter A. A. Berle
President
National Audubon Society

Michael S. Clark
President
Friends of the Earth
Environmental Policy Inst.

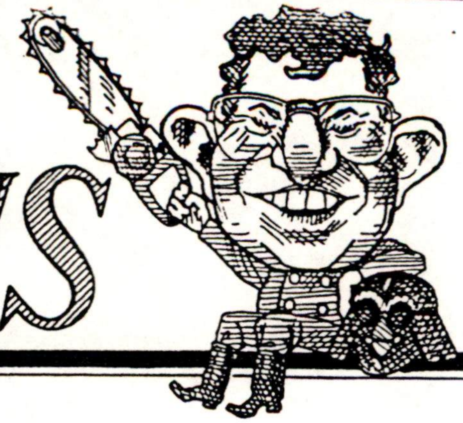
George T. Frampton, Jr.
President
The Wilderness Society

Michael L. Fischer
Executive Director
Sierra Club

M. Rupert Cutler
President
Defenders of Wildlife

Jack Lorenz
Executive Director
The Izaak Walton League of America

Sununews



It's Darth Vader...It's Dr. No...It's James Watt...

No. It's John H. Sununu, White House Chief of Staff and environmentalists' chief White House worry.

Lately, Mr. Sununu has so often been the topic of bad news breaking on the Bush Administration's environmental policy that he has earned the dubious distinction of having a news dispatch created to incorporate his name.

"Sunu**news**" will be distributed each time Mr. Sununu pulls out his Chief-of-Staff chain saw and cuts down progress toward strong environmental policy.

Based on his recent record, there should be plenty to print. And in the interest of fairness, "Sunu**news**" will also highlight steps Mr. Sununu takes toward improved environmental protection.

Mr. Sununu has been doing his destructive meddling in so many issues lately that this first issue of "Sunu**news**" could not contain them all. So a fact sheet accompanies this introduction.

Following releases will focus on a single misdeed by perhaps the most powerful man in the White House other than the President himself.

NATIONAL WILDLIFE FEDERATION 1400 Sixteenth Street, N.W., Washington, D.C. 20036-2266

FACTS ON WHITE HOUSE CHIEF OF STAFF JOHN SUNUNU

* **CLEAN AIR:** At Mr. Sununu's direction, White House negotiators are attempting to weaken amendments to the Clean Air Act, and in some cases even weaken existing law. They have made it clear when it comes to health and the environment the Administration will not budge toward a tougher law. This directly conflicts with President Bush's pledge to "guarantee" every American cleaner air when he announced his Clean Air bill last summer. As early as last fall, Mr. Sununu told a House subcommittee he didn't object to an amendment to weaken the President's proposal for alternative motor fuels, which the White House had described as the "most innovative and far-reaching component" of its clean air bill.

* **GLOBAL WARMING:** Mr. Sununu resists EPA Administrator William Reilly's goal for the President to take the international lead in combatting an accelerated greenhouse effect. While the President promised to use the "White House effect" to combat the greenhouse effect, Mr. Sununu is pushing for more inaction by urging continued research rather than constructive steps. That weakened position ended up in the President's February 5 speech on global warming to the Inter-Governmental Panel on Climate Change. This revealed just how much power Mr. Sununu wields, considering the President's chief science and environmental advisors urged the President to move forward decisively to combat global warming.

* **WETLANDS:** Mr. Sununu spearheaded the weakening of an unprecedented wetlands protection agreement announced late last year between the Army Corps of Engineers and the Environmental Protection Agency. The original agreement would have prevented or required mitigation of wetlands destruction. Sununu intervened on behalf of the oil industry, which is particularly interested in developing Alaska's tundra wetlands. The resulting agreement contains loopholes exposing wetlands nationwide to continued destruction. This directly conflicts with the President's stated goal of "no net wetlands loss."

* **TURTLE EXCLUDER DEVICES (TEDs):** Although Mr. Sununu played no known direct role in Commerce Secretary Robert Mosbacher's decision to delay TEDs implementation, the Chief of Staff made it clear he was sympathetic with fishermen and industry. In fact, he met with Gulf Coast congress members to hear their objections to TEDS, but he refused to meet with environmentalists. The TEDs regulation requires shrimpers to use turtle excluder devices to prevent endangered sea turtles from getting trapped and killed in shrimp nets.

* **PHILOSOPHY:** While the United States desperately needs a national energy policy to move it away from a dependence on fossil fuels, Mr. Sununu is an outspoken advocate for the oil and gas industry. In a recent sweeping overstatement, he said: "There is a little tendency by some of the faceless bureaucrats on the environmental side to try and create a policy in this country that cuts off our use of coal, oil and natural gas. I don't think that is what this country wants."

COX NEWSPAPERS

WASHINGTON BUREAU

2000 Pennsylvania Avenue, N.W., Suite 10000
Washington, D.C. 20006
Tel: 202 331-0900; Telex: 440135 COXBU UI

Rick McKay
Illustrations Editor

no just provide one from the collection

February 20, 1990

Mr. Marlin Fitzwater
Assistant to the President
and Press Secretary
The White House
Washington, D.C. 20500

Dear Marlin,

I would like to request the opportunity to photograph President Bush during one of his daily meetings with Chief of Staff John Sununu. Julia Malone, our White House correspondent, is writing a profile on Governor Sununu and we would like to have this picture accompany the article.

I would only need a few minutes at the start of the meeting. Anything overheard during this time would be treated as "off-the-record", as I am only looking for a picture of the two working together. I would be happy to work with David Valdez, or one of the other White House photographers, to get this photo, and of course would follow their leads.

As you may or may not recall, several years ago you granted me the access needed to photograph a "Day in the Life" of then Vice President Bush. It was a project that turned out very well.

Thank you for your prompt attention to this request. I look forward to hearing from you soon.

Sincerely,

Rick McKay

Rick McKay

cc: Ed Rogers
David Valdez

WATER FOR METRO DENVER

1360 S. Clarkson St., Suite 300B/Denver, Colorado 80210/(303) 777-7564

March 2, 1990

Honorable John H. Sununu
Chief of Staff
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Mr. Sununu:

Water For Metro Denver, a citizens' committee formed to support adequate and affordable water supplies for the growing Denver area, would like to commend you for your efforts to bring an element of fairness and "real world" considerations into the current Administration debate over environmental issues.

We have learned of this mostly as a result of stories which have run in the Denver news media about attacks which have been initiated on your stewardship by some of the extreme elements inside and out of the Federal government.

While I am writing on behalf of a Board of Directors which is incensed by these attacks, I would like to inject a personal note about global warming.

Some months ago I took part in a Smithsonian-sponsored visit to atmospheric research scientific outposts in the Arctic and learned, much to my amazement, that there is strong evidence that global warming is vastly overstated as a threat and, in fact, a greater menace is the possibility of a new ice age. Thus, you were entirely right, in my view, in urging that the President take a cautious approach to this nation's pronouncements on the subject.

Returning to the expression by my Board, we deeply regret the kind of abuse which is being heaped on you by the eight extremists at their news conference last week and want to assure you that, while they may be particularly noisy folks, they do not speak for the vast majority of the American public.

We in Metropolitan Denver also have a particular concern with the clear evidence that these same extremists are calling many of the shots at Federal entities such as the Environmental Protection

Agency. While our principal case in point is the unwarranted attack on the Two Forks Dam and Reservoir by Bill Reilly and other ranking executives at EPA -- based almost entirely on their personal philosophical orientations -- we have learned that the same kind of abuses are being practiced throughout the nation by not only EPA but also agencies such as the U.S. Fish and Wildlife Service.

Keep up the good work, and be assured that your attempts to bring reason and balance back into our very important environmental protection processes are deeply appreciated.

Sincerely,

Don Jansen

Don Jansen
President

DJ/ps

cc: Senator Quentin Burdick
Senator Sam Nunn
Nationwide Public Projects Coalition
Wallace Stickney
WFMD Board of Directors
Mayor Federico Peña
Denver Board of Water Commissioners
Colorado Congressional Delegation

American Automobile Association

New Hampshire

166 South River Road
Bedford, New Hampshire 03102
603/669-0101

March 2, 1990

Mr. Roger B. Porter
Assistant to the President
Economic and Domestic Policy
White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20506

Dear Mr. Porter:

There appears to be a growing problem in the timely completion of highway projects due to inconsistent and, sometimes, conflicting regulations arising from a November 1989 memo of understanding cosigned by the U.S. Army Corps of Engineers and the U.S. Environmental Protection Agency relating to the Wetland Permit process.

This confusion is causing construction of highways in wetland areas to come to a virtual standstill.

Current rules to minimize a highway project's impact on a wetland are often impossible or impractical to adhere to, thus permits are routinely turned down by the Corps. In the event that a permit is approved by the Corps and EPA does not agree that a permit should be issued, they have three different opportunities to appeal the Corps' decision.

EPA can appeal an approval by the Corps District Engineer to the Corps Region I Division Engineer. If they don't like the answer there, EPA can then appeal to the Assistant Secretary of the Army (Civil Works). If still unsatisfied, EPA can request a veto of the permit by the EPA Administrator under Section 404(c) of the Clean Water Act Guidelines.

These appeals have added months and years to project schedules. At the same time, there is no opportunity available for an applicant to appeal a denial of a permit.

I am writing to request that the President's Domestic Policy Council consider a method to allow public agencies to appeal decisions made by EPA or the Corps.

One suggestion is to establish in law an appeal panel which would decide on cases where a wetland permit denial or veto conflicts with overall public interest for a good road system. In order that decisions may be fairly rendered, I suggest the panel consist of:

- A representative designated by EPA or the Corps
- A representative designated by the FHWA
- A representative of the applicant
- A representative of the President's Domestic Policy Council

Such a system would assist transportation agencies in their purpose, which is to provide the public with a safe and efficient road system.

Thank you for your consideration of this issue. I would be pleased to discuss this at further length with you, and look forward to hearing your comments.

Sincerely,

Dwight L. Conant

Dwight L. Conant
General Manager

mv

cc: John Sununu, Chief of Staff
Commissioner Wallace Stickney
New Hampshire Advisory Board Members

water &
sanitation
district

Platte
Canyon 8739 W. Coal Mine Avenue Littleton, Colorado 80123 303-979-2333 – FAX 303-933-1769

cc

March 7, 1990

Honorable George Bush
President of the United States
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Bush,

The purpose of this letter is to express strong disagreement with a recent letter sent to you criticizing the environmental positions of Mr. John Sununu and your administration. The letter was signed by the leaders of eight powerful environmental groups. While these groups have their very vocal constituencies there is a much larger group of mainstream Americans who firmly support the careful weighing of environmental values against economic concerns.

Essentially the same eight environmental leaders that signed the recent letter were instrumental in convincing William Reilly to deny a permit for a critical water project in Colorado, the Two Forks Dam and Reservoir. Many believe the denial of the Army Corps of Engineers 404 permit is without factual basis but merely represented a "message" of renewed environmentalism and evidence of your commitment to environmental values. Regardless of the reasons, Mr. Reilly's decision has caused the waste of over $40,000,000 of local taxpayer and water ratepayer funds. The decision will also cause extreme economic hardship for many of the 30 participating governmental agencies and their constituants who funded the environmental studies.

Mr. Sununu represents an important, necessary counter balance to Mr. Reilly's environmental extremism. It is very unfortunate and unfair to characterize your chief of staff and your administration as being insensitive to the environment merely because you are representing the interests of all of the people and not just the environmental extremists. Mr. Sununu has my strong support and praise for his recent efforts to balance the positions brought to you for policy decisions.

Yours sincerely,

Patrick Fitzgerald

Patrick J. Fitzgerald
District Manager

PJF/dc

cc: Mr. John Sununu

The New England Council Inc.

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NINE REASONS WHY THE SHARP PROPOSAL FOR A NEW TAX ON INDUSTRIAL SO2 EMISSIONS AND NEW SUBSIDIES FOR HIGH SO2-EMITTING UTILITIES ("COST SHARING") SHOULD BE OPPOSED BY MOST UTILITIES AND THEIR CUSTOMERS, AND BY INDUSTRIES AND AREAS THAT WOULD BE HURT BY THE NEW TAX.

MARCH 5, 1990

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A. EXECUTIVE SUMMARY:

- Congressman Sharp is developing new acid rain proposals that include a proposed new tax of $55 per ton on emissions of sulfur dioxide (SO2) from industrial facilities to raise money to provide Federal subsidies to certain high SO2 emitting utilities that use low cost, high sulfur coal.
- The proposal may be taken up as early as March 7, 1990 by the Energy and Power Subcommittee of the House Energy & Commerce Committee.
- The proposed tax would move $300 million per year or $3 billion over its proposed 10-year life ($4.5 billion if 15 years) from industrial SO2 emitters nationwide to high SO2 emitting utilities in 9 or 10 states.
- Six industrial SO2 emitting states would pay about half the tax (Texas, Arizona, Indiana, Illinois, Ohio and Louisiana).
- The top 10 states (adding New Mexico, Missouri, Pennsylvania & Alabama) would pay 60%.
- Industries that would appear to have a significant tax burden include chemical manufacturing, petroleum refining, pulp & paper, iron & steel, copper & lead, motor vehicle manufacturing, rubber, textiles and stone, clay and glass.
- In brief, this paper:
  - Summarizes the latest available information on the proposed new tax and subsidies;
  - Identifies where the tax burden would fall; and
  - Outlines 9 reasons why the new tax and subsidies should be opposed by most electric utilities and their customers, and by industries and areas that would be hurt by the tax.

B. THE SHARP PROPOSAL FOR A NEW TAX ON INDUSTRIAL SO2 EMISSIONS TO PROVIDE SUBSIDIES TO HIGH SO2 EMITTING UTILITIES.

In brief, the tax and subsidy portion of Congressman Sharp's acid rain proposal (Sec. 517-519) calls for:

- A $55 per ton tax on industrial emissions of SO2 from point sources having the potential to emit 100 tons or more per year. The tax would be in effect for 10 years, with EPA option to extend 5 additional years.

. Establishment in the U.S. Treasury of a "Regulatory Emission Compliance Fund" consisting of funds from the new tax, proposed civil penalties, and interest.

. Payment of subsidies of $75 per kilowatt of capacity for "certified units," which, in brief, are coal-fired units of 400 MW capacity or more on which scrubbers are installed and which meet new source performance standards (NSPS). Subsidies of $25 per KW may be provided for "partially certified units."

. The tax of $55 per ton of industrial SO2 emissions and subsidy payments are in 1989 $ and would be subject to upward CPI adjustments.

C. MAGNITUDE OF THE TAX AND WHERE BURDEN WOULD FALL.

Based on NAPAP estimates of 1985 industrial SO2 emissions, the proposed new tax would raise about $300 million per year, $3 billion over 10 years, or $4.5 billion over 15 years, all in 1989 $.

1. Burden by State. Attachment #1 is a table showing estimated tax burden by state in 1989 dollars, based on NAPAP estimates of 1985 SO2 emissions from industrial facilities. The 10 states with the highest tax burden would be:

Texas	Arizona	Indiana	Illinois	Ohio
Louisiana	New Mexico	Missouri	Pennsylvania	Alabama

2. Burden by Industry. While detailed data on SO2 emissions are not readily available for all industrial emissions, it appears that industries with significant emissions and potential tax burden include:

Chemical manufacturing	Iron & steel	Copper & lead
Petroleum refining	Pulp & paper	Rubber
Motor vehicle manufacturing	Textiles	Stone, clay & glass

3. Small emitters. Apparently, sources emitting less than 100 tons of SO2 would not be taxed. Again, detailed data are not available on such sources. However, Attachment #2 identifies the approximate amounts of coal or oil that would result in SO2 emissions of 100 tons per year.

D. NINE REASONS WHY THE PROPOSED NEW TAX AND SUBSIDY PROGRAM SHOULD BE OPPOSED BY UTILITIES, THEIR CUSTOMERS, AND VARIOUS INDUSTRIES AND REGIONS.

While the new proposal, as currently drafted, appears not to be as far reaching as earlier ones, there are many reasons why a new tax and subsidy program should not be established, including the following:

1. Subsidies are not warranted to help pay for cleaning up high SO2 emitting utilities.

Despite claims of unfair burden, a valid case has not yet been made why people not served by the high SO2 emitting utilities should be taxed to help pay the cost of cleaning up the remaining high SO_2 emitting utilities. In fact:

- Coal-fired electric generating plants using low cost, high sulfur coal are the principal source of SO_2 emissions in the U.S. According to National Coal Association (NCA) data, SO_2 emissions from coal-fired utility plants in 1987 accounted for about 67% of all U.S. SO_2 emissions.

- Coal-fired plants in 10 states, according to NCA data (Attachment #3), accounted for about 70% of all 1987 SO_2 emissions from U.S. coal-fired plants.

Further, as documented by numerous studies, utilities using low cost, high sulfur coal:

- Have lower overall fossil fuel costs than those of utilities that have already reduced SO_2 emissions (Attachment #4);

- Have saved hundreds of millions of dollars in fuel for their customers by using high sulfur coal, compared to utilities that have already reduced SO_2 emissions. In fact, recent analyses have shown that some high SO_2 emitting utilities have saved enough -- just in the period from 1984 through 1988 -- to cover the estimated cost of installing scrubbers (Attachment #5); and

- Generally, have lower electric rates than utilities that have already reduced SO_2 emissions (Attachment #6).

In short, customers of the high SO_2 emitting utilities facing new Federal SO_2 reduction requirements should expect to pay higher electric bills. They should not expect better treatment than customers of utilities that have already paid for reduced SO_2 emissions. This is particularly true because those who have already paid to clean up still face increased costs as Federal or state requirements are tightened and as low sulfur fuel costs are bid up when the high SO_2 emitting utilities begin their cleanup.

2. <u>Under the President's proposal, high SO_2 emitting utilities receive a substantial benefit in the form of large SO_2 allowances that can be used or sold.</u>

High SO_2 emitting utilities would receive substantial SO_2 emission "allowances" under the President's proposal (HR 3030). High SO_2 emitting utilities often can reduce emissions at much lower cost per ton than sources with lower emissions. The high SO_2 emitting utilities would have an opportunity to sell excess SO_2 emission "allowances" at a price above the utilities' SO_2 reduction costs, make a profit and use the proceeds to help pay for scrubbers.

Additional economic assistance ("Cost Sharing") should not be necessary.

3. New taxes would drain money, economic activity and jobs from areas and industries for the benefit of high SO2 emitting utilities.

   Areas and companies subject to the proposed new \$55 per ton tax would experience a loss of money, economic activity and jobs. Companies (and customers) benefitting from the subsidies would gain competitive advantage over areas and firms required to pay the new tax.

   Paragraph C, above, identifies areas and industries that could be hurt by the proposed new tax.

4. The "Camel's Nose" Problem: Once a new tax is approved the rate can be increased and the scope extended -- including to electric utilities.

   As now drafted, the new tax proposed by Congressman Sharp would not apply to electricity generation or SO2 emissions from utilities and, therefore, appears less burdensome and unfair than some earlier proposals that have surfaced.

   However, once adopted in principle, it is quite possible for the Congress to increase the tax rate and/or broaden the base to include others, including utilities, as the bill moves through the Congress (or in future years). This is a particular problem in the case of the acid rain provisions which may, for all practical purposes, be written in a House-Senate Conference Committee.

5. While new limits on industrial SO2 emissions are not included in HR 3030 or the Sharp proposal, tighter limits are likely during the period covered by the proposed new tax.

   Proposals have already surfaced for applying new regulatory requirements to industrial SO2 emissions. Even if not adopted as a part of the pending acid rain bill, it would not be unreasonable to expect that tighter SO2 limitations will be imposed on industrial sources by Federal or state law or regulation at some time during the period covered by the proposed new tax.

6. A new tax, in this case, on industrial SO2 emissions, would place an additional burden on industries that must meet a variety of new environmental requirements.

   A new tax on industrial SO2 emitters would put another drain on financial resources at a time when industry will be facing a number of new environmental requirements, including those likely to be adopted in other parts of pending Clean Air Act amendments.

   As shown in Attachment #2, some \$3 billion (1989 \$) would be taken from various industrial emitters of SO2 during the next 10 years.

7. <u>In some states, the proposed new tax would present a special political problem because it would shift costs from certain electric utilities to industrial companies.</u>

Utilities in the high SO2 emitting states -- such as Ohio, Indiana, Illinois, Missouri, Alabama, Pennsylvania -- would be eligible for the new subsidies under the Sharp proposal.

However, as shown in Attachment #1, these same states have high SO2 emissions from industrial sources and the industrial emitters would be subject to the new tax.

In these states, the effect would be to shift costs from one firm that may wish to avoid costs to another that undoubtedly has the same goal.

8. <u>The "polluter pays" principle that has been followed since the Clean Air Act was first enacted should be maintained.</u>

Most U.S. programs for reducing pollution of the environment are based on the fundamental principle that the "polluter pays." That is, the owner of a polluting facility and, ultimately, those who benefit from the product or service provided by a polluting facility -- not those affected by the pollution -- should pay the costs of pollution reduction.

Following the "polluter pays" principle helps assure that the social costs of pollution are internalized in the cost of producing the products or services provided by the polluting facilities. The costs are then passed on to customers through the price they pay for those products or services.

Providing subsidies to utilities with high emissions would violate the "polluter pays" principle and remove the cost of pollution reduction from those who benefit from products or services created by the polluting facility.

The SO2 emission limits proposed in H.R. 3030 for high emitting utilities are no more stringent -- and, in some cases, less stringent -- than those already in effect in many states.

Deviating from the "polluter pays" principle by establishing a new tax and providing subsidies to high SO2 emitting utilities would set a bad precedent. It would suggest that a polluter should benefit by delaying action to reduce emissions -- or be rewarded for delaying action.

9. <u>Claims that pending acid rain legislation would unfairly burden certain states and utility systems are incorrect.</u>

Some high SO2 emitting utilities have argued that they are being called upon to bear an unfair share of clean-up costs. They have claimed that the clean-up costs they face are disproportionate to their share of total U.S. emissions.

Those making the "disproportionate burden" argument seem to ignore several important facts:

a. First, utilities that have already reduced SO2 emissions (and their customers) have, over the past 20 years, incurred billions of dollars of higher cost for low sulfur fuel, pollution control equipment and operating expenses to achieve their low emissions. These past clean-up actions and expenditures should not be ignored.

b. Second, even the low emitting utilities will bear high costs when acid rain legislation takes effect. Utilities with low emissions will face significantly higher cost for lower sulfur fuels because there will be greater competition for those fuels -- including from utilities that will be required to make large emission reductions.

c. Third, the Administration's acid rain proposal (and most others pending in the Congress) focus on remaining high emitting coal-fired generating plants because:

   - These plants account for an overwhelming share of remaining U.S. SO2 emissions, and

   - Emissions from large SO2 emitting sources can be reduced at a much lower cost per ton than small industrial sources of SO2.

ESTIMATED TAX BURDEN BY STATE FROM PROPOSED $55 PER TON TAX ON INDUSTRIAL SO2 EMISSIONS

BASED ON NAPAP ESTIMATES OF 1985 SO2 EMISSIONS FROM INDUSTRIAL FACILITIES

STATE	SO2 EMISSIONS (IN 000 TONS)	TAX BURDEN (in 1985 $) 1 YEAR	10 YEARS
TEXAS	861	$47,355,000	$473,550,000
ARIZONA	589	$32,395,000	$323,950,000
INDIANA	401	$22,055,000	$220,550,000
ILLINOIS	304	$16,720,000	$167,200,000
OHIO	298	$16,390,000	$163,900,000
LOUISIANA	272	$14,960,000	$149,600,000
NEW MEXICO	185	$10,175,000	$101,750,000
MISSOURI	176	$9,680,000	$96,800,000
PENNSYLVANIA	167	$9,185,000	$91,850,000
ALABAMA	153	$8,415,000	$84,150,000
NEW YORK	148	$8,140,000	$81,400,000
TENNESSEE	145	$7,975,000	$79,750,000
VIRGINIA	141	$7,755,000	$77,550,000
WEST VIRGINIA	118	$6,490,000	$64,900,000
MICHIGAN	115	$6,325,000	$63,250,000
WISCONSIN	110	$6,050,000	$60,500,000
NORTH CAROLINA	105	$5,775,000	$57,750,000
KENTUCKY	91	$5,005,000	$50,050,000
CALIFORNIA	86	$4,730,000	$47,300,000
GEORGIA	85	$4,675,000	$46,750,000
FLORIDA	83	$4,565,000	$45,650,000
SOUTH CAROLINA	77	$4,235,000	$42,350,000
WASHINGTON	68	$3,740,000	$37,400,000
NORTH DAKOTA	68	$3,740,000	$37,400,000
IOWA	67	$3,685,000	$36,850,000
MONTANA	62	$3,410,000	$34,100,000
WYOMING	60	$3,300,000	$33,000,000
MISSISSIPPI	59	$3,245,000	$32,450,000
DELAWARE	55	$3,025,000	$30,250,000
MAINE	55	$3,025,000	$30,250,000
OKLAHOMA	53	$2,915,000	$29,150,000
MARYLAND	47	$2,585,000	$25,850,000
KANSAS	42	$2,310,000	$23,100,000
UTAH	38	$2,090,000	$20,900,000
ARKANSAS	36	$1,980,000	$19,800,000
MASSACHUSETTS	35	$1,925,000	$19,250,000
MINNESOTA	35	$1,925,000	$19,250,000
IDAHO	29	$1,595,000	$15,950,000
NEW JERSEY	29	$1,595,000	$15,950,000
OREGON	20	$1,100,000	$11,000,000
COLORADO	11	$605,000	$6,050,000
CONNECTICUT	8	$440,000	$4,400,000
NEBRASKA	7	$385,000	$3,850,000
NEW HAMPSHIRE	5	$275,000	$2,750,000
SOUTH DAKOTA	4	$220,000	$2,200,000
VERMONT	2	$110,000	$1,100,000
NEVADA	2	$110,000	$1,100,000
RHODE ISLAND	2	$110,000	$1,100,000
TOTALS	5609	$308,495,000	$3,084,950,000

Attachment #2

WHICH INDUSTRIAL FACILITIES WOULD HAVE TO PAY THE NEW TAX?

The new tax on industrial SO2 emissions in the Sharp proposal would be applied to industrial facilities emitting more than 100 tons of SO2 per year.

Unlike the case with electric utilities, good data are not publicly available on SO2 emissions from specific industrial companies and facilities.

However, the table below shows the approximate amount of oil or coal burned annually that would result in 100 tons of SO2 emissions. Specifically:

Sulfur Content of Fuel (by weight)	Quantity Burned Annually
Coal*:	
. 1.0% sulfur	5,200 tons
. 2.5% sulfur	2,100 tons
. 4.5% sulfur	1,200 tons
Oil**:	
. .3% sulfur	95,000 barrels
. .5% sulfur	58,000 barrels
. .7% sulfur	41,000 barrels
. 1.0% sulfur	29,000 barrels
. 2.0% sulfur	14,300 barrels

* Assumes 12,000 Btu's per lb. of coal and 5% of sulfur retained with ash.
** Assumes 6,300,000 Btu's per barrel of oil.

1987 SULFUR DIOXIDE EMMISSIONS, EMISSION RATES AND COAL CONSUMPTION BY STATE
Coal-fired powerplants of 50 megawatts or more

STATE	SO2 EMISSIONS: EMIS. RANK 1987	SO2 EMISSIONS: THOUSAND TONS	SO2 EMISSIONS: % OF U.S. TOTAL	EMISSION RATES: LBS EMITTED PER MMBTU	COAL CONSUMPTION: THOUSAND TONS	COAL CONSUMPTION: % OF U.S. TOTAL
OHIO	1	2,182.3	14.68%	3.88	47,304.7	6.61%
INDIANA	2	1,314.0	8.84%	3.28	36,787.0	5.14%
PENNSYLVANIA	3	1,197.6	8.06%	2.37	41,207.4	5.75%
WEST VIRGINIA	4	925.4	6.23%	2.43	30,605.3	4.27%
GEORGIA	5	908.3	6.11%	2.75	27,128.4	3.79%
MISSOURI	6	879.2	5.92%	3.61	22,893.5	3.20%
ILLINOIS	7	878.6	5.91%	2.87	28,760.1	4.02%
TENNESSEE	8	818.2	5.50%	3.30	20,696.8	2.89%
KENTUCKY	9	758.8	5.11%	2.30	28,536.0	3.98%
ALABAMA	10	574.2	3.86%	2.26	20,744.8	2.90%
TOP 10		10,436.6	70.22%		304,664.0	42.54%
FLORIDA	11	525.9	3.54%	1.87	22,598.3	3.16%
TEXAS	12	458.1	3.08%	0.81	78,802.1	11.00%
MICHIGAN	13	427.7	2.88%	1.21	30,605.8	4.27%
NORTH CAROLINA	14	312.2	2.10%	1.44	17,255.3	2.41%
WISCONSIN	15	283.3	1.91%	1.68	17,496.0	2.44%
MARYLAND	16	234.5	1.58%	2.25	8,227.8	1.15%
NEW YORK	17	208.1	1.40%	2.08	7,827.7	1.09%
IOWA	18	188.7	1.27%	1.60	12,924.9	1.80%
SOUTH CAROLINA	19	166.9	1.12%	1.46	9,018.8	1.26%
KANSAS	20	151.3	1.02%	1.16	14,925.5	2.08%
SECOND 10		2,956.7	19.89%		219,684.2	30.68%
TOP 20		13,393.3	90.11%		524,348.2	73.22%
VIRGINIA	21	147.1	0.99%	1.38	8,297.3	1.16%
MISSISSIPPI	22	114.6	0.77%	1.99	4,557.8	0.64%
NORTH DAKOTA	23	110.1	0.74%	0.96	17,434.3	2.43%
WYOMING	24	98.9	0.67%	0.51	22,047.8	3.08%
MASSACHUSETTS	25	98.4	0.66%	1.76	4,267.0	0.60%
OKLAHOMA	26	88.3	0.59%	0.78	12,860.5	1.80%
ARIZONA	27	85.0	0.57%	0.63	12,706.3	1.77%
MINNESOTA	28	75.8	0.51%	0.66	13,235.5	1.85%
NEW JERSEY	29	75.3	0.51%	1.89	3,006.1	0.42%
LOUISIANA	30	70.6	0.48%	0.86	10,028.7	1.40%
COLORADO	31	70.4	0.47%	0.51	14,007.2	1.96%
ARKANSAS	32	66.3	0.45%	0.65	11,763.8	1.64%
WASHINGTON	33	66.0	0.44%	1.49	5,468.4	0.76%
DELAWARE	34	55.9	0.38%	1.32	3,236.4	0.45%
NEVADA	35	51.5	0.35%	0.68	6,806.7	0.95%
NEW HAMPSHIRE	36	49.4	0.33%	3.17	1,163.2	0.16%
NEW MEXICO	37	42.1	0.28%	0.32	14,316.1	2.00%
NEBRASKA	38	39.6	0.27%	0.71	6,428.0	0.90%
UTAH	39	27.2	0.18%	0.21	11,165.6	1.56%
MONTANA	40	20.4	0.14%	0.32	7,529.7	1.05%
SOUTH DAKOTA	41	9.1	0.06%	2.15	698.4	0.10%
CONNECTICUT	42	7.5	0.05%	0.73	786.9	0.11%
REMAINING 22		1,469.8	9.89%		191,811.8	26.78%
TOTAL		14,863.1	100.00%		716,160.2	100.00%

There were no coal-fired powerplants of 50 MW or more burning coal in eight states during 1987: Alaska, California, Hawaii, Idaho, Maine, Oregon, Rhode Island and Vermont

COMPARISON OF ELECTRIC UTILITIES' AVERAGE FOSSIL FUEL IN 10 STATES HAVING HIGH SO2 EMISSIONS WITH 10 STATES HAVING RELATIVELY LOW SO2 EMISSIONS

As indicated on page 3, utilities in high SO2 emissions states tend to have low fossil fuel costs while utilities in low SO2 emission states have high costs because they use low sulfur fuels.

The table below shows average fossil fuel (coal, oil and gas) costs in 1987 for the ten states with highest SO2 emissions from coal-fired power plants. For comparison, the table also shows ten other states that have high average fossil fuel costs and low SO2 emissions. These fuel costs have an important effect in determining whether customers' monthly electric bills are high or low.

State	Avg. 1987 Delivered Cost of Fossil Fuels ($/MMBtu)	State	Avg. 1987 Delivered Cost of Fossil Fuels ($/MMBtu)
Ohio	1.566	California	2.511
Indiana	1.471	Connecticut	2.816
Pennsylvania	1.543	New York	2.464
West Virginia	1.431	New Jersey	2.409
Georgia	1.798	Florida	2.224
Missouri	1.422	Massachusetts	2.317
Illinois	2.069*	Maine	2.937
Tennessee	1.371	New Hampshire	2.203
Kentucky	1.264	Oklahoma	2.057
Alabama	1.929	Texas	1.804

* Illinois has relatively high average fossil fuel costs because its largest utility, serving over half the State's population, uses high cost, low sulfur coal and has low SO2 emissions.

5-YEAR FUEL SAVINGS BY UTILITIES THAT USE LOW COST, HIGH SULFUR COAL

Two recent analyses* calculated the amount of savings in fossil fuel costs achieved during the period from 1984-88 by three Midwest utilities that use low cost, high sulfur fuel and have high SO2 emissions -- compared to fuel costs paid by utilities that have already reduced SO2 emissions.

In each case, the amount of the savings for customers on fuel costs in just 5 years approached or exceeded the utilities' estimates of the costs that they would have to incur to install scrubbers needed to meet emission limitations proposed by the President (in HR. 3030).

In brief, these analyses showed the following savings for customers on fossil fuel costs during the 1984-88 period compared to the reference groups shown below:

	Savings in fuel cost by burning high sulfur coal - 1984 - 1988		
Reference Utility or Group	Utility A	Utility B	Utility C
	Savings in $ Millions		
Commonwealth Edison (Ill.)	$2,018	$1,205	$694
All Utilities in:			
New York	$1,830	$1,041	$594
California	$2,928	$1,679	$1,020
Texas	$868	$473	$218
Florida	$1,303	$732	$388
New England	$1,893	$1,073	$615
Total U.S.	$579	$301	$104

* Analysis of Public Service Indiana's arguments in support of acid rain "cost sharing."

COMPARISON OF MONTHLY ELECTRIC BILLS FOR TYPICAL 500 KWH PER MONTH RESIDENTIAL CUSTOMERS OF HIGH SO2 EMITTING UTILITIES WITH BILLS FOR CUSTOMERS OF UTILITIES THAT HAVE ALREADY CLEANED UP.

The table below shows typical monthly bills for a 500 kilowatt-hour per month residential customer as of January 1, 1988 and January 1, 1989 for:

- Several utilities that rely heavily on low cost, high sulfur coal and have high SO2 emissions, and
- Several utilities that have already cleaned up SO2 emissions.

In brief, these data show:

- Bills for other high SO2 emitting utilities have stayed about level or, in one case, declined sharply.
- Bills for high SO2 emitting utilities are well below the utilities listed below that have already acted to reduce SO2 emissions.
- Monthly bills for the utilities that have already reduced emissions rose -- some sharply -- from January 1, 1988 to January 1, 1989.

In short, customers of the high SO2 emitting utilities listed are continuing to get a substantial price break compared to the utilities that have already cleaned up.

	Typical Monthly Bills - 500 KWH Per Month Residential Customers	
	1/1/88*	1/1/89**
Example bills for High SO2 emitting utilities in other states		
. Public Service of Indiana	$47.11	$43.52
. Illinois Power Company	$34.73	$34.91
. Central Illinois Public Svs. Co.	$38.78	$39.13
. Ohio Power Company (Ohio)	$36.24	$35.85
. Union Electric (St. Louis)	$38.44	$38.86
. Monongahela Power Co. (WV)	$34.55	$33.61
Example bills for utilities that have already reduced SO2 emissions		
. Consolidated Edison (New York City)	$62.35	$63.74
. Long Island Lighting Co.	$60.81	$62.58
. Southern California Edison	$43.10	$49.63
. Pacific G&E (San Francisco)	$45.73	$51.31
. Orange & Rockland (New York)	$58.87	$60.44
. Commonwealth Edison (Illinois)	$43.09	$52.36
. Arizona Public Service Co.	$47.62	$48.83
. Connecticut L&P (Northeast Utilities)	$47.56	$49.15
. United Illuminating (Connecticut)	$54.76	$55.95

* Typical Electric Bills, U.S.DOE/EIA, Table 21 (DOE/EIA-0040(88).
** Residential Electric Bills, Winter 1988-89, NARUC, January 10, 1990.

Some of the creative solutions - and there are many - can be fostered by a flexible policy that can accommodate innovations from state and local governments and the private sector.

The Bush Administration recognizes the need for a policy that protects our wetlands, but also provides flexibility and allows for creative new solutions - without in any way diminishing the President's goal of no net loss. I believe that allowing some discretion translates into a stronger policy. By considered, thoughtful development of a policy -- including participation by all affected interests -- we will emerge with a policy that balances our country's environmental concerns and continued economic growth.

MIRO M. TODOROVICH
410 Riverside Drive, Apt. 82A
New York, New York 10025

February 15, 1990

Dr. John H. Sununu
Chief of Staff
The White House
Washington, DC 20500

Dear John,

I just saw your note.

Some may ask, "why don't these right-thinking scientists speak out on their own?"

Answer: If they do (and many have done it) privately or even within their associations, they remain simply ignored by the media. Only a discourse elevated to an official decision-making level becomes news "fit to print" or material for the evening news.

Incidentally, Allan often needs some nudging plus; also, his Council is good for the advancement of science but for questions at the interface of science applications and governmental policies, one needs differently committed people with specific knowledge of a contended field (be it global warming, pesticides, radiation danger to pilots and their passengers, or alternating currents) and a willingness to take a stand under fire.

I remember the simpler days in New Hampshire when I had your home address and could reach you there on weekends by phone.

Cordially,

Miro M. Todorovich

The Greenhouse Crisis Foundation

John Sununu
Chief of Staff
The White House
Washington, D.C. 20500

February 26, 1990

Dear Mr. Sununu:

This letter is written in response to your remarks before a conference of House Republicans in Princeton, N.J. on Friday, February 23, 1990. According to press accounts, you singled me out as representative of dissenters whose ability to testify in Congress you would like to suppress. Frankly, this approach is strongly reminiscent of the campaign initiated twenty tears ago by Vice-president Spiro Agnew to chill dissent on the Vietnam War -- only this time the target appears to be environmentalists and others who might oppose this administration's science and technology policies.

Putting aside the fact that my own views on global warming and other environmental issues are far more in tune with scientific consensus than are those of the Administration, I wish to strongly challenge your elitist view that major policy decisions should be left exclusively to the "experts." The strength of our democracy lies in the fact that public activists and concerned citizens have always enjoyed open access to Congress and elected officials. It was not automotive engineers who started the movement for safer cars; it was activist-attorney Ralph Nader. It was not toxicologists who set off the alarm about Love Canal, it was housewife Lois Gibbs. Nor was it political scientists who advanced the cause of Civil Rights, or who stopped the War in Vietnam, rather it was courageous activists often directly confronting City Hall or the White House.

It is ironic that while the White House is praising and encouraging dissident leaders and activists in Eastern Europe, such as Czech playwright Vaclav Havel and Polish labor leader Lech Walesa, you seem determined to eliminate meaningful dissent by activists in this country who might oppose the official White House view and/or the view of the "experts."

I therefore challenge you to a public debate on the appropriate role of activism and dissent in the formulation of public policy. I suggest that this discussion focus particularly on the issue of science and technology decision-making. The discussion should also include the role that activists have played, and should play in the future, in Congress and in the courts.

I look forward to your response.

My Best,

Jeremy Rifkin

The Greenhouse Crisis Foundation, 1130 Seventeenth Street, N.W., Suite #630, Washington, D.C. 20036
Telephone: (202) 466–2823; FAX Line: (202) 429–9602; International TELEX: 904059–WSH

123940

National Conference of State Legislatures

1050 Seventeenth Street
Suite 2100
Denver, Colorado 80265
303/623-7800 - FAX 303/893-0705

Lee A. Daniels
House Minority Leader
Illinois
President, NCSL

Patrick J. O'Donnell
Clerk of the Legislature
Nebraska
Staff Chair, NCSL

William T. Pound
Executive Director

March 13, 1990

Mr. John Sununu
Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C.

Dear Governor Sununu:

I am pleased to respond to your request for the position of the National Conference of State Legislatures (NCSL) concerning the recently-proposed National Transportation Plan, announced last week by Secretary of Transportation Sam Skinner. A comprehensive transportation plan which takes into account the positions and problems of the individual states has long been needed and, for this reason, it is very welcome.

The attached statement from NCSL is a comprehensive summary from NCSL, based upon our initial understanding of the content of the National Transportation Plan (NTP). The NCSL, as well as each individual State, will have a contribution to make in the finalization of the plan, but certain broad agreements, however general, are possible at this point.

In the interest of brevity, the salient points of the attached statement are:

1. The NTP is highly successful at reflecting the State perspective of an appropriate Federal role in addressing transportation needs.

2. The NCSL recognizes that there are many complex "trade-offs" which will occur in the implementation of this, or in any altered form of the NTP. The NCSL recognizes that parity in this redistribution of cost and responsibility will be difficult but essential, in order to keep the plan fair and constructive.

Washington Office: 444 North Capitol Street, N.W. • Suite 500 • Washington, D.C. 20001 • 202/624-5400 • FAX: 202/737-1069

3. The NTP is a welcome move away from inflexible Federal categorical funding and other restrictive requirements. The NCSL supports this movement.

4. The NTP allows states more flexibility to determine areas of need, from the perspective of the state. This is vigorously endorsed by NCSL.

5. The financial base envisioned in the NTP allows much needed flexibility in financing mechanisms (e.g. toll roads and other user fees). While NCSL does not welcome increased costs to citizens, the decision to utilize use-sensitive financing mechanisms should rightfully be made by those who would pay the fees.

6. The NTP calls for no new taxes. The NCSL supports the concept of "pay as you go".

Equally important in the NCSL response is a dependance upon the Federal government to release current trust fund balances in order to meet investment levels called for in the Transportation Plan. The NCSL believes this is imperative to the success of the plan and would rely upon Secretary Skinner to support this, as well as State delegations who would legislate or expedite these transfers.

Although the plan will be subject to a great deal of comment and compromise, NCSL is appreciative of the flexibility which has gone into the plan's structure. The NCSL looks forward to participating in the finalization of the plan. We see it as workable and a long-needed readjustment in the nation's transportation policy.

Sincerely,

Lee A. Daniels
Minority Leader
Illinois House of Representatives
President
National Conference of
State Legislatures

LAD:lmd
Enclosure

National Conference of State Legislatures

1050 Seventeenth Street
Suite 2100
Denver, Colorado 80265
303/623-7800 - FAX 303/893-0705

Lee A. Daniels
House Minority Leader
Illinois
President, NCSL

Patrick J. O'Donnell
Clerk of the Legislature
Nebraska
Staff Chair, NCSL

William T. Pound
Executive Director

FOR IMMEDIATE RELEASE
MARCH 12, 1990

FOR MORE INFORMATION, CONTACT
SUSAN SELADONES OR KATHLEEN PROA
NCSL PUBLIC AFFAIRS OFFICE
(202) 624-5400

STATEMENT BY NCSL PRESIDENT LEE DANIELS IN RESPONSE TO THE RELEASE OF THE NATIONAL TRANSPORTATION POLICY BY TRANSPORTATION SECRETARY SAMUEL K. SKINNER.

THE NATIONAL CONFERENCE OF STATE LEGISLATURES (NCSL) COMMENDS SECRETARY SKINNER FOR HIS DILIGENCE AND FORESIGHT IN DEVELOPING A NATIONAL TRANSPORTATION POLICY (NTP). THE OUTREACH TO BOTH THE PUBLIC AND THE PRIVATE SECTOR THAT WENT INTO ITS DEVELOPMENT ASSURES THE NTP OF A PROMINENT PLACE IN THE UPCOMING DEBATE ON A POST-INTERSTATE FEDERAL-AID PROGRAM.

WHILE THE NTP TAKES A COMPREHENSIVE APPROACH BY INCORPORATING ALL MODES OF TRANSPORTATION, REALISTICALLY THIS PROPOSAL WILL BE CONSIDERED WITHIN THE CONTEXT OF FEDERAL HIGHWAY, MASS TRANSIT AND AVIATION PROGRAM REAUTHORIZATION. NCSL HAS BEEN PARTICIPATING IN AN EFFORT TO DEFINE THE STATE LEGISLATIVE PERSPECTIVE ON AN APPROPRIATE FEDERAL ROLE IN ADDRESSING NATIONAL TRANSPORTATION NEEDS. NCSL IS HEARTENED THAT, TO A LARGE EXTENT, THIS STATE PERSPECTIVE IS REFLECTED IN THE NTP.

NCSL IS PLEASED THAT THE NTP RECOGNIZES THE INCREASED FINANCIAL CONTRIBUTIONS ALREADY UNDERTAKEN AT THE STATE AND LOCAL LEVELS. ACCORDING TO THE NTP, THIS LEVEL OF CONTRIBUTION IS EXPECTED TO BE INCREASED. HOWEVER, IT IS IMPORTANT TO NOTE THAT THE PLAN FOR INCREASED STATE FUNDING COMES WITH A CONCOMITANT REDUCTION IN FEDERAL REQUIREMENTS.

THE COMMITMENT TO A LESS INTRUSIVE FEDERAL ROLE SIGNALS AN IMPORTANT RETURN TO THE PRINCIPLES OF FEDERALISM. THE PROPOSED MOVE AWAY FROM INFLEXIBLE CATEGORICAL FUNDING AND ONEROUS FEDERAL REQUIREMENTS HAS LONG BEEN SOUGHT BY THE STATES. STATE OFFICIALS ARE BEST ABLE TO DETERMINE THE NEEDS IN THEIR INDIVIDUAL STATES. IT MAKES NO SENSE TO BE FORCED TO SPEND MONEY IN ONE AREA WHILE ANOTHER MORE CRITICAL INFRASTRUCTURE NEED IS NOT MET. WE APPLAUD SECRETARY SKINNER FOR HIS EFFORT TO REALIGN ROLES AND RESPONSIBILITIES.

THE FINANCIAL BASE ENVISIONED IN THE NTP WOULD ALLOW FOR GREATER FLEXIBILITY IN FINANCING MECHANISMS EMPLOYED BY STATES (SUCH AS TOLL ROAD). EQUALLY IMPORTANT, IT DOES NOT CALL FOR AN INCREASE IN THE FEDERAL GAS TAX. IN THE ABSENCE OF FULL EXPENDITURE OF THE EXISTING TRANSPORTATION TRUST FUND BALANCES, NO NEW REVENUE SHOULD BE COLLECTED. STATE LEGISLATORS URGE SECRETARY SKINNER TO WORK WITH US FOR RELEASE OF THE CURRENT TRUST FUND BALANCES, WHICH WOULD GREATLY ASSIST STATES IN MEETING THE INCREASED INVESTMENT CALLED FOR IN THE NTP. IN GENERAL, NCSL ENDORSES THE CONTINUED RELIANCE ON "USER FEES" FOR FEDERALLY ASSISTED TRANSPORTATION PROGRAMS.

MORE

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UNDER THE NTP, THE BULK OF NEW CAPITAL INVESTMENT WOULD FALL TO STATE, LOCAL AND PRIVATE SECTOR BENEFICIARIES. FEDERAL CONTRIBUTIONS WOULD BE FOCUSED IN AREAS OF NATIONAL SIGNIFICANCE, SUCH AS MAINTAINING THE INTEGRITY OF EXISTING SYSTEMS. IN THOSE CAPITAL PROJECTS DEEMED TO BE IN THE NATIONAL INTEREST, A DISPROPORTIONATE SHARE OF FUNDING RESPONSIBILITY SHOULD NOT FALL SOLELY ON THE GEOGRAPHIC RECIPIENT.

THE DOMINANT THEME OF FLEXIBILITY THROUGHOUT THE NTP TRANSLATES INTO INCREASED EMPHASIS ON BETTER PLANNING, COORDINATION AND INTEGRATION OF ALL MODES OF TRANSPORTATION. NCSL BELIEVES THAT THESE LAUDABLE OBJECTIVES SHOULD NOT BE MISINTERPRETED AS A NEED FOR NATIONAL UNIFORMITY. IT IS THE ABILITY OF ALL LEVELS OF GOVERNMENT TO DEVELOP UNIQUE RESPONSES TO SPECIFIC NEEDS THAT WILL BE THE HALLMARK OF A SUCCESSFUL NATIONAL TRANSPORTATION NETWORK.

THE NTP AS PROPOSED BY SECRETARY SKINNER SHOWS A MUCH-NEEDED ORIENTATION TOWARD RESULTS, NOT METHODS. THE CHALLENGE IN PARLAYING THE NTP INTO NATIONAL POLICY WILL BE IN BALANCING THE INTERESTS OF TRANSPORTATION USERS WITH SUCH DIVERSE AREAS AS THE ENVIRONMENT AND THE ECONOMY. THE MEMBERS OF NCSL LOOK FORWARD TO UPCOMING CONGRESSIONAL DELIBERATIONS OVER THE NTP AND APPRECIATE THE OPPORTUNITIES PROVIDED TO PARTICIPATE IN THE NTP DEVELOPMENT PROCESS.

###

Reasons the Administration Supports Nickles/Heflin/Dole Amendment on Permitting and Enforcement.

- As stated by the Attorney General, Nickles/Heflin/Dole has strong citizen provisions (stronger than the clean water act); EPW's amendment has unconstitutional citizen provisions.

- Nickles/Heflin/Dole has a viable "shield", which properly balances the industry's need for certainty, while still giving the states and EPA the right to bring enforcement actions when necessary. Contrary to allegations made on the floor, our "shield" is nearly identical to the Clean Water Act.

- EPW's language gives virtually no "shield" at all for businesses, stifling economic growth and causing loss of jobs.

- EPW's language would create an unworkable permit and enforcement system.

- EPW's language would force the courts to micromanage EPA, while forcing EPA to micromanage the activities of the states.

THE WHITE HOUSE
WASHINGTON

Date: April 2, 1990

FOR: Governor Sununu

FROM: **ANDY CARD** AC/

XXX Action

☐ Your Comment

☐ Let's Talk

☐ FYI

It was suggested by John Schmitz that we contact these Governors to help on the Nickles/Heflin/Dole Amendment.

Attachments

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09. Outline	House Clean Air Strategy Meeting ~~Margin notes redacted~~ (1 pp.)	5/21/90	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - Miscellaneous (1990) [2]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 5/12/05

Date Closed:	12/9/2004	**OA/ID Number:**	29155-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

8 HRS. GENERAL DEBATE
RULES MEETS TUESDAY ON THE AMENDMENT -
STILL IN COMMITTEE & ON FLOOR ?!!?

THE WHITE HOUSE

WASHINGTON

May 21, 1990

HOUSE CLEAN AIR STRATEGY MEETING

I. STATUS OF LEGISLATION

- Eight hours of general debate scheduled today.
- Rules Committee meets Tuesday on amendments.
- Vote on amendments expected to begin Wednesday.
- Ways and Means and Public Works have referral until today.

II. ANTICIPATED AMENDMENTS

Committee Agreements

- Richardson-Waxman-Madigan Reformulated Gasoline Mandate 9 CITY = 2.7/0.8%
- ? Tauzin Alternative Fuel Fleet Amendment
- Wyden Visibility Amendment 10% LOOK @ UNSCRUBBED PLANTS
- Permits and Enforcement

Amendments Currently Being Negotiated

- Outer Continental Shelf BILIRAKIS
- Waxman-Lewis Automobile Sales Mandate
- Bates CFCs (Administration bashing expected on funding issue)
- Automobile Warranty Amendment
- Air Toxics MACT Amendment

THE WHITE HOUSE
WASHINGTON

Date: Mar 30

TO: Andy C.

FROM: JOHN P. SCHMITZ
Deputy Counsel
to the President

Two sets of talking points for the Governors, and Sen. Nickles's list.

Fri 3/30

TALKING POINTS FOR CALLS TO GOVERNORS
RE: NICKLES, HEFLIN, DOLE
PERMITTING & ENFORCEMENT

This is not an environmental issue. This is not even primarily a matter of environmental benefits versus costs to the industry.

We feel this is a matter of good government and regulatory flexibility versus burdensome, rigid and unworkable regulatory scheme. It is also a matter of letting the states play a major front-line role in policing environmental compliance and letting EPA oversee, with a proper degree of deference, state decisions versus forcing the EPA to micromanage state environmental programs.

To Dispel Some Misconceptions about N-H-D:

We have strong citizen suits provisions, the government can go aggressively after polluters, the states play a major role in policing both permitting and enforcement (cooperative federalism), EPA's expertise is utilized, industry has the full benefits of administrative hearings, judicial review is provided at appropriate stages. Significantly, the "shield" conferred by permits is strong enough to give businesses much needed certainty,while still giving the states and EPA the right to bring enforcement actions whenever environment or public health are threatened. (In fact, our approach is tougher than the one we took in the Clean Water Act.)

EPW's language results in an unworkable permit title, unduly porous permit "shield", unduly burdensome regulatory scheme that will stifle economic growth and cause loss of jobs, force the courts to micromanage EPA, while forcing EPA to micromanage activities of the states.

In this regard, let me give you a couple of examples:

Under our proposal, a vast majority of state permit decisions (on the so-called codifying permits -- permits which merely implement SIPs) would not be subject to judicial review. This, in turn, will ensure that EPA will not try to second-guess the vast majority of state permit decisions; by contrast, should codifying permit determinations be subject to judicial review, EPA would be certain to spend a great deal more time reviewing them and second guessing state decisions.

Our proposal does not impose any arbitary deadlines for states to approve permit applications; the other proposal does. Under our approach, sources, once they file complete permit applications, can operate and states can take the necessary time to make an informed decision on the application. Forcing states to decide by a date certain is unworkable. It is not surprising that those state permitting agencies -- e.g., Georgia, that have taken time to study our proposal support it.

Wed 3/28

TALKING POINTS
RE: NICKLES, HEFLIN, DOLE
PERMITTING & ENFORCEMENT

I understand that there were two very close votes yesterday (49-48) on the so-called Nickles/Heflin/Dole amendment. And I want to extend my deepest appreciation to Senators Dole and Nickles for their good work on this amendment.

- o This is not an environmental vote. This is not even primarily a matter of environmental benefits versus costs to the industry.

- o We feel this is a matter of good government and regulatory flexibility versus burdensome, rigid and unworkable regulatory scheme.

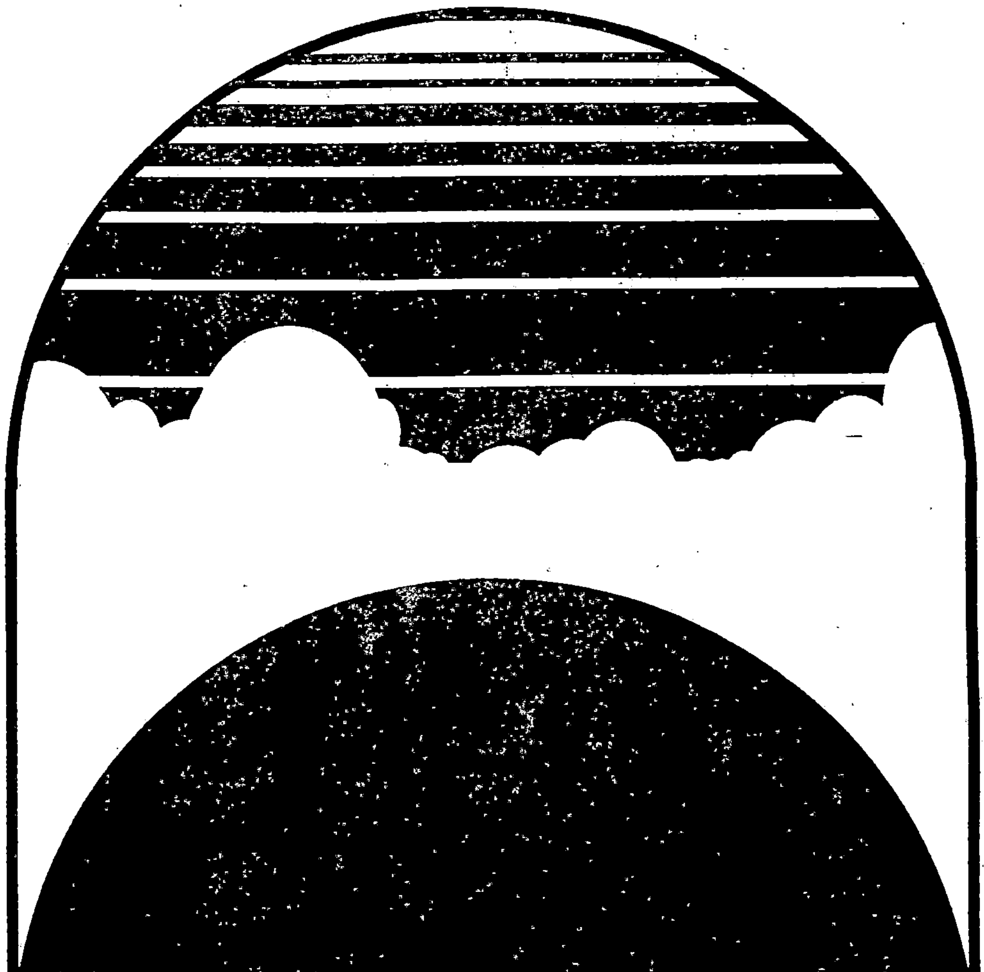
- o I'm told there are two major areas of disagreement. Citizen suits and our so-called permit "shield".

- o We have strong citizen suits provisions, the government can go aggressively after polluters, the states play a major role in policing both permitting and enforcement (cooperative federalism), EPA's expertise is utilized, industry has the full benefits of administrative hearings, judicial review is provided at appropriate stages.

- o Our "shield" is strong enough to give businesses much needed certainty, while still giving the states and EPA the right to bring enforcement actions whenever environment or public health are threatened.

- o Bill Reilly believes that Senator Chafee's language is unworkable, unduly burdensome and will force the courts to micromanage EPA, while forcing EPA to micromanage activities of the states.

- o And Dick Thornburgh believes that Senator Chafee's language contains unconstitutional provisions that enable private parties to challenge wholly discretionary decisions of the government.



GREENHOUSE

New Technologies, Business Opportunities, and Strategies for Reducing U.S. Greenhouse Gas Emissions

Sponsored by

U.S. Environmental Protection Agency

University of Maryland's Center for Global Change

Harvard University Kennedy School -
Energy and Environmental Policy Center

Princeton's Center for Energy and Environmental Studies

The National Institute for Emerging Technology

June 19 - 21, 1990
Sheraton Premiere • Tysons Corner, Virginia

The role of this conference will be to explore ways for the U.S. government and industry to address the challenge of economic growth and climate change during the coming decades.

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The first international co
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June 19-21, 1990 in the Wa
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New Technologie
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While research continues on complex scientific questions concerning global climate change and its impacts, there is a growing interest in identifying technologies and strategies that can reduce the risks associated with the buildup of greenhouse gases at reasonable cost. Working together, the private sector and government can define the incentives and technologies necessary to address the challenge of global warming, fulfill consumer and environmental needs, and provide market opportunities for business. The role of this conference will be to explore ways for the U.S. government and American industry to address the challenge of economic growth and climate change during the coming decades.

As Secretary of State Baker noted in 1989, it makes good sense to take those actions today that can be justified on other grounds. Studies by the U.S. EPA, DOE, and other institutions suggest that a host of off-the-shelf or nearly commercial technologies have promise for reducing expected growth in emissions of greenhouse gases consistent with other economic and environmental objectives. In some cases, these technologies are being adopted rapidly as a consequence of market forces. In other cases, acceptance of these technologies has been slowed by market barriers, regulatory impediments, or other factors and some government assistance may be needed. Moreover, policies adopted in the near-term may help shape the incentives necessary to develop and use still better technologies for the future.

Experience with the regulation of chlorofluorocarbons, a greenhouse gas and threat to the ozone layer, has shown that technology can improve rapidly when suitable incentives are created by government action. Flexible policies, such as emission trading, have shown that such strategies can reduce costs and promote innovation much more effectively than traditional regulation. In addition, government policies such as utility regulatory programs that promote conservation, procurement requirements that emphasize life-cycle cost investment practices, and proposed alternative liquid fuel development can fulfill the desired goals of economic development and environmental protection.

The U.S. must also be cognizant of actions by other countries to develop new technologies to reduce their emissions of greenhouse gases. The growing environmental concern in Western Europe, the Soviet Union, Eastern Europe, and many developing countries suggests that there will be a large global market and a competitive benefit to those companies that produce technologies compatible with societal economic and environmental goals.

The first international conference on **New Technologies, Business Opportunities, and Strategies for Reducing U.S. Greenhouse Gas Emissions** will be held June 19-21, 1990 in the Washington D.C. area at the Sheraton Premiere at Tysons Corner, Va. The event will be sponsored by the U.S. Environmental Protection Agency, University of Maryland's Center for Global Change, Harvard University Kennedy School - Energy and Environmental Policy Center, Princeton's Center for Energy and Environmental Studies, and the National Institute for Emerging Technology.

Corporate officers, government officials and experts from around the world will discuss, during the three days of panels and sessions, how business can combat global warming, providing economic and environmental benefits by reducing pollutants with cost saving new technologies.

New Technologies, Business Opportunities, and Strategies for Reducing U.S. Greenhouse Gas Emissions

PROGRAM

EXHIBITION INFORMATION

The exhibition will be limited to table top exhibits. Requests for space will be accepted on a first come, first served basis. Dedicated time will be allotted for attendees to view the exhibition. The exhibition will offer attendees a chance to interact with and meet one-on-one with industry experts. There is no better time or place to announce new technologies or developments and reinforce your company's commitment to a healthier environment.

For more information on exhibiting, please contact Peggy Scutt at (301) 662-9400, ext. 115.

TUESDAY, JUNE 19, 1990

8:00 a.m. - 12:00 p.m.

Keynote Speaker

Session I
Industry and government cooperation to reduce CFCs

- Government and industry success dealing with CFCs including DOD
- Research and development success stories
- Examples of government and industry cooperative ventures
- State and local initiatives
- Corporate economic success stories

12:00 p.m. **Lunch**

2:00 p.m. - 5:00 p.m.
Session II
Industry and government cooperation to increase energy efficiency

- Government and industry success stories dealing with energy efficiency:
  - Successful development of high efficiency light bulbs
  - Utility success in the northwest and New England
  - DOE plans for government efficiency in procurement
- Research and development success stories
- Examples of government and industry cooperative ventures
- State and local initiatives
- Corporate economic success stories

Session III
Industry and government cooperation to reduce air pollution and improve forestry

- Clean coal, high efficiency turbines, tree planting
- Research and development success stories
- Examples of government and industry cooperative ventures
- State and local initiatives
- Corporate economic success stories

5:30 p.m. - 7:30 p.m.
Reception

WEDNESDAY, JUNE 20, 1990

8:00 a.m. - 12:00 p.m.
Session IV
The Market Abroad

I. Developing countries, Eastern Bloc and technology transfer

II. Industrialized country markets: policy initiatives in Europe

12:00 p.m. Lunch

2:00 p.m. - 5:00 p.m.
Breakout Sessions

- Buildings
- Transportation
- Industrial energy use
- Fossil energy use
- Renewable energy
- Nuclear power
- CFCs
- Forestry

THURSDAY, JUNE 21, 1990

8:00 a.m. - 12:00 p.m.
Breakout Sessions: continue

12:00 p.m. Lunch

2:00 p.m. - 4:00 p.m.
Plenary Session

I. Plenary resumes to review reports from breakout sessions and summarize policy conclusions

II. Policy conclusions, based on breakout sessions, are presented to appropriate persons from various Federal agencies as well as Capitol Hill staff for reaction and discussion

PROGRAM

SPONSORSHIP INFORMATION

In addition to exhibits, we offer a limited number of opportunities for companies who wish to show their support by sponsoring an event at the conference.

For more details on sponsorships, please contact Jan McCusker at (301) 662-9400, ext. 111.

GEORGE BUSH LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 11 LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE WITHDRAWL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER INFORMATION.

8 HRS. GENERAL DEBATE
RULES MEETS TUESDAY ON THE AMENDMENT -
STILL IN COMMITTEE & ON FLOOR ?!!?

THE WHITE HOUSE

WASHINGTON

May 21, 1990

HOUSE CLEAN AIR STRATEGY MEETING

I. STATUS OF LEGISLATION

- Eight hours of general debate scheduled today.
- Rules Committee meets Tuesday on amendments.
- Vote on amendments expected to begin Wednesday.
- Ways and Means and Public Works have referral until today.

II. ANTICIPATED AMENDMENTS

Committee Agreements

- Richardson-Waxman-Madigan Reformulated Gasoline Mandate 9 cities = 2.7/0.8%
- Tauzin Alternative Fuel Fleet Amendment
- Wyden Visibility Amendment 10% Look @ unscrubbed plants
- Permits and Enforcement

Amendments Currently Being Negotiated

- Outer Continental Shelf Bilirakis
- Waxman-Lewis Automobile Sales Mandate
- Bates CFCs [redacted]
- Automobile Warranty Amendment
- Air Toxics MACT Amendment

<u>Amendments Not Subject to Negotiation</u>

- Wise Unemployment Benefits Amendment
- Research and Development Amendment from the Science and Technology Committee

III. **ADMINISTRATION POSTURE ON AMENDMENTS WHERE AGREEMENTS HAVE BEEN REACHED**

- Letter to House on amendments and bill

IV. **ADMINISTRATION STRATEGY ON WISE AMENDMENT**

- List of targeted Members

CLEAN AIR EMPLOYMENT TRANSITION PROGRAM

Proposed Amendment to H.R.3030, Clean Air Act Amendments
Rep. Bob Wise (D-WV)

The Clean Air Employment Transition Program will help American workers make the shift to new employment if they find themselves displaced because of the effect of the new Clean Air Act Amendments. This program, which is modeled after the existing Trade Adjustment Assistance Program under the Trade Act, will provide retraining opportunities and limited additional cash benefits to workers in transition.

The Clean Air Employment Transition Program will operate as follows:

* Affected workers must apply to the Secretary of Labor (through state employment offices) to be certified as eligible for benefits and retraining. All workers are potentially eligible, including but not limited to aerospace, aluminum, automobile, chemical, coal, petrochemical, steel, textile and utility workers.

* In order to meet eligibility requirements, workers must prove that the new requirements under the Clean Air Act were an "important contributing factor" in causing job displacement.

* Once certified as eligible, workers would be entitled to six extra months of unemployment benefits, called Clean Air Employment Transition Allowances (CAETA). These CAETA benefits would be in addition to the six months of federal Unemployment Insurance to which workers are already entitled. The weekly benefit amount would differ according to each state's statutory limit.

1. EVERYBODY
2. LIKE TRADE ADJUSTMENT. 6 MO ↑
3. REQUIRES TRAINING IF 6 MO ↑

* Eligible workers would be required to enter a retraining program in order to receive the CAETA benefits. Such retraining would be paid for under the Clean Air Employment Transition Program and could last as long as two years. It could take many forms, including on-the-job training, vocational school, programs under the Job Training Partnership Act or programs approved by private industry councils or by the U.S. Department of Labor.

* In limited circumstances, workers could be provided with job search expenses and relocation expenses.

* A GAO study of the employment effects of the Clean Air Act Amendments is commissioned to provide a database of job displacements caused by the new requirements.

* The Clean Air Employment Transition Program is authorized for five years only (fiscal years 1992 to 1996) and $250 million is authorized in the aggregate for both the income maintenance and retraining portions of the program. ←

DRAFT

The Honorable Thomas Foley
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As the full House prepares to consider H.R. 3030, the clean air bill which has been reported by the Committee on Energy and Commerce, we would like to offer the Administration's views on both the bill as reported by the Committee and several likely amendments.

The Administration's goal is to secure passage of clean air legislation which obtains the urgently needed environmental benefits called for in the President's original bill in the most efficient and cost-effective manner possible. Although the Administration did not participate in the negotiations which brought forth the Committee bill, we are pleased that the bill neverthless incorporates many of the features which were included in the President's proposal for the purpose of achieving this goal.

We are particularly pleased that the bill contains the following central features:

- An acid rain control program which will achieve a *permanent* reduction in sulfur dioxide emissions of 10 million tons below 1980 levels by the year 2000; which will allow utilities the freedom to choose how to achieve the required reductions; and which incorporates the concept of emissions trading in order to reduce the impact on the nation's electric ratepayers;

- A program to reduce air toxics emissions by 75 to 90 percent in the first phase by adopting a technology standard, Maximum Available Control Technology (MACT), similar to that proposed by the President; and

- o Provisions designed to bring the overwhelming majority of America's cities into attainment with standards for ozone, carbon monoxide, and particulate matter within 10 years; and provisions suggested by the President to ensure steady progress toward attainment by requiring annual percentage reductions in ozone-forming emissions.

We do, however, have several concerns with the Committee bill and with several amendments that may be offered on the House floor.

On January 19th, the President sent a letter to the leadership of the Senate outlining five minimum tests of balance and reasonableness that must be met in any Clean Air legislation which he would sign. Specifically, the President believes that:

- o The environmental protections in the Administration's bill must be maintained and preserved over time;

- o The bill should not impose aggregate costs on the economy which exceed those embodied in the Administration's bill by more than 10 percent;

- o Controls in the bill should achieve reductions in the most cost effective way;

- o The system of acid rain emissions trading must be preserved and *allowed to work*; and

- o The legislation must not include a national electricity tax to pay for controls.

It should be noted that the Committee bill is already at or slightly above the cost threshold outlined in the President's letter. Unfortunately, a number of amendments reportedly planned for floor consideration could, if adopted, cause the bill to violate this and several other of the President's tests. These amendments are discussed below. Several additional concerns that the Administration has with the Committee bill as reported are discussed in the attachment.

Terminated Worker Assistance:

Representative Wise is planning to offer an amendment which is similar to the Byrd Admendment that was defeated in the Senate, and which the Administration opposes for similar reasons. This amendment would create an open-ended liability for the Federal government by providing 6 months of extended unemployment insurance benefits to workers who are deemed to have lost their jobs as a result of implementation of the Act.

The amendment contains no effective means of distinguishing whether workers lose their jobs because of the Clean Air Act or because of other factors, and thus contains no effective cap on Federal outlays. This is no small matter when one considers that, for example, employment in the coal industry has declined by over 100,000 in the last ten years for reasons totally unrelated to clean air.

This amendment sets a terrible precedent that would have massive budget implications if similarly applied to workers affected by job shifts as a result of any environmental initiatives or, for that matter, other Federal actions. It would open a multi-billion dollar deficit-increasing door that will never be closed.

Permitting and Enforcement:

The Administration is concerned about the unduly rigid and inflexible approach to permitting and enforcement embodied in an amendment that may be offered by Representatives Waxman and Bryant. The Administration believes that any acceptable permitting and enforcement scheme must both serve to bolster protection of the environment *and* avoid impeding economic growth, disrupting the acid rain trading system, or imposing an undue regulatory burden on small business.

The Administration's preliminary review of the amendment indicates that it will remove the ability of the EPA to make discretionary judgements, enable businesses and citizen groups to challenge every EPA action, and unfairly remove most administrative and judicial protection for parties against which the EPA is pursuing orders. The Justice Department believes that the amendment's citizen lawsuit and related provisions may raise constitutional questions. The Administration believes that the permitting and enforcement section should be written in such a way as to allow the Congress and the President to direct environmental policy, rather than the courts.

Alternative Fuels and Vehicle Production Requirements:

Representative Waxman is planning an amendment with automobile production mandate requirements which go far beyond those proposed in either the Administration's original bill or the Senate-Administration compromise. The amendment effectively dictates certain types of fuels and violates the "fuel neutrality" principle on which both the Administration and Senate-passed bills were based.

The Administration has consistently favored *any* combination of vehicles and fuels which achieves needed environmental benefits, with an option provided to the states to increase the contribution of alternative fuels toward cleaner air if this is needed to come into attainment.

Unilateral CFC Production Restrictions:

Representative Bates is planning an amendment which contains phaseout and other requirements for chloroflourocarbons (CFCs), halons, and methyl chloroform that go far beyond what is likely to be agreed to under the Montreal Protocol negotiations. This amendment may not be technically feasible, and in any event ties the hands of U.S. negotiators who are now seeking *multilateral* agreement on a worldwide phaseout of CFCs.

A unilateral phaseout will have little environmental effect, and if pursued on the schedule required in the amendment, could actually *impede* the development of safe substitutes. <u>The Administration believes that any unilateral provisions adopted in the bill should be superceded by the terms of the ongoing Montreal Protocol negotiations if a successful outcome is achieved.</u>

Accidental Releases:

Amendments may be offered to the bill's provisions for dealing with chemical accident prevention which would add costly and unnecessary bureaucratic requirements to this section. The amendments would require the preparation of 65,000 risk management plans, many for substances which are not appropriate for accidental release control. They would also set up an unnecessary additional bureaucracy in the form of a new investigation board, which would duplicate current efforts by separating the board from EPA and OSHA activities. These amendments would unecessarily add hundreds of millions of dollars per year to the cost of implementing the bill.

Visibility:

An admendment planned by Representative Wyden would require the EPA to set "regional haze" regulations before the major acid rain control program contained in the bill has had the opportunity to work, and thus could upset the balance of emissions allowances that was carefully negotiated during Committee consideration of the bill. The EPA and the Interior Department believe that the amendment may not be necessary, precisely because the existing provisions of the acid rain title will result in substantial visibility improvements. The practical effect of this amendment may be to mandate scrubbers that would otherwise not be required on certain plants around the country.

The Administration believes that any "visibility" amendment should not disrupt the trading system that is the cornerstone of any cost-effective acid rain control program or unnecessarily raise the cost of the acid rain title of the bill.

Reformulated Gasoline:

We have carefully analyzed the Richardson amendment that failed in full committee action and, at one point, was considered for introduction on the floor. The Administration strongly opposes that amendment since the total ten year cost of $35 Billion and per gallon increase of at least $.10 per gallon would clearly violate the President's cost test.

We are encouraged by recent House negotiations that have significantly reduced the scope of the program; however, to meet the President's third test for cost effectiveness, the program has to include a reasonable phase-in for reformulation, a trading program, a process for certifying equivalent or cleaner fuels, a provision allowing areas which can come into attainment with carbon monoxide standards to opt out of any oxygenate requirement, and must avoid a mandatory fuel recipe.

Conclusion:

The Administration, the House, and the Senate have all devoted a remarkable amount of time to consideration of clean air legislation during the current Congress. We believe that the outlines of a consensus bill that affords significantly increased environmental protection in a cost-effective manner are clear.

We now have an opportunity to break a 13 year logjam on clean air. It would be a shame if this unique opportunity were lost due to the adoption of unnecessarily costly amendments which provide little incremental environmental benefit.

We urge Members of the House to support a bill which meets the President's five tests of balance and reasonableness so that clean air legislation can be signed at the earliest opportunity this year.

Thank you very much for your consideration.

Sincerely,

William K. Reilly
Administrator
Environmental Protection Agency

John H. Sununu
Chief of Staff

ATTACHMENT

KEY ADMINISTRATION CONCERNS WITH
COMMITTEE BILL AS REPORTED

FIP's: The House has deleted language that relieved EPA of its current obligations to complete federal implementation plans (FIP's). If current FIP obligations are not relieved, EPA must impose across-the board, draconian measures devastating the country's largest industrial area. In light of the new regime for state plan submissions, it makes no sense for EPA to impose FIPs before the states have had a chance to meet their new obligations. For these reasons, the Administration strongly objects to the Committee's approach.

In addition to current FIP obligations, the House Committee bill requires EPA to promulgate future FIPs whenever a state fails to do so, regardless of how unworkable such federal measures would be or how impracticable it would be for EPA to implement the FIP. This requirement ignores the dismal history of the current attainment-FIP requirement, including the public uproar and virtual collapse of Title I of the Act that resulted from previous FIPs. It would be counterproductive for us to signal in this new law that states can avoid their new obligations by sitting back and waiting for EPA to impose the necessary controls. As in the past, attainment FIPs would be an excuse for state inaction and an albatross around EPA's neck. It would be more responsible for the law to recognize the limitations EPA faces in this area and either allow partial FIPs on a discretionary basis or, as in the Senate bill, mandate only partial FIPs that would assure progress toward attainment.

Controls on Small Businesses in Non-Attainment Areas: The Committee bill extends controls on small businesses much further than under current law. By altering the definition of a "major source" from the current 100 tons per year of VOC emissions to 50, 25, and even 10 tons per year in many cities, the bill will extend controls to thousands of small businesses, greatly expanding both technology and paperwork requirements on small businesses and further restricting economic growth.

Offsets and Netting: The Committee bill requires any plant wishing to expand in most of America's largest cities to offset new VOC emissions by more than 1 to 1. The higher offset ratios will restrict economic growth in these cities more than either the Senate or Administrative proposals. Since progress toward attainment is guaranteed by the recent reduction requirements, these restrictions reduce flexibility and drive up the cost of the bill needlessly.

Permitting Veto: H.R. 3030 no longer includes authority for EPA to veto state permits, which was in the Administration's proposal to enhance the EPA's ability to enforce the Clean Air Act. Without this authority, violations of the Clean Air Act will occur more often and for up to a year before concluding the time-consuming revocation proceeding. Additionally, H. R. 3030 does not include the numerous enhancements made to the operating permits program through recent Administration changes. The key Committee omission is the so-called "codifying/modifying" permits scheme, which greatly simplifies the permits title, while maintaining necessary federal oversight.

Enforcement: H.R. 3030 should include provisions that were in the Administration's bill authorizing EPA to stop the operation of new sources which are violating new source review requirements. Additionally, H.R. 3030 should provide a process for challenging administrative compliance orders under Sections 113(a), 167, and 303 of the Act. The appropriate balance between swift enforcement and opportunities to challenge these orders is to provide administrative hearings, with such decisions appealable to federal district court for review on the administrative record.

Clean Coal Technologies: By restricting the use of Federal Clean Coal Technology (CCT) Demonstration funds to companies which own Phase I plants, the full benefits of the CCT program will not be realized. It is short-sighted and detrimental to the national interest to prevent projects which could provide long-term economic and environmental benefits from competing for these funds simply because they are not owned by one of 62 companies affected by Phase I, and located in one of the 21 states.

Acid Rain Implementation: The committee amendments of Title V confuse the trading system and will drive the industry toward more conservative and costlier responses. Because of the numerous reserves, special allowance allocations, alternative allocation elections, and ratchet provisions, no company can be sure of it emission reduction obligations until all other companies have selected their control actions and EPA has recalculated and reallocated allowances. Under such uncertainty, companies are more likely to overcontrol and/or hoard allowances, and less likely to use innovative pollution reduction technologies. Litigation with its attendant uncertainty is likely to be greater, and the economic benefits of the market-based approach are likely to be lost.

Progress Waiver: There are no provisions to allow waivers from the 3% requirement after the first 6 years for high cost controls or where lesser reductions are needed to attain. By adopting relevant provisions from the Administration bill that allow less than 3% after the first 6 years on the basis of feasibility (including costs) or attainment, more fair and realistic expectations will be placed on local agencies. For example, this provision could result in controls in many areas equivalent to those required in Los Angeles, despite the dramatic differences between the nonattainment problems in Los Angeles and those experienced elsewhere.

Mobile Source Toxics: The Administration opposes the requirement that EPA regulate emissions of formaldehyde and benzene, regardless of the results of a mobile source study on regulating mobile source toxic air emissions. The original Administration proposal required EPA to conduct such a study, but enabled the Administrator to determine whether regulations were appropriate. That discretion should be restored.

NOx Requirements: The Committee bill encourages EPA to promulgate regulations to control NOx from power plants which go far beyond the cost-effectiveness of low NOx burners by requiring a 2.5 million ton reduction. The additional cost of such measures would be far out of proportion to the additional benefits which they would provide.

123940

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Lee A. Daniels
House Minority Leader
Illinois
President, NCSL

Patrick J. O'Donnell
Clerk of the Legislature
Nebraska
Staff Chair, NCSL

William T. Pound
Executive Director

March 13, 1990

Mr. John Sununu
Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C.

Dear Governor Sununu:

I am pleased to respond to your request for the position of the National Conference of State Legislatures (NCSL) concerning the recently-proposed National Transportation Plan, announced last week by Secretary of Transportation Sam Skinner. A comprehensive transportation plan which takes into account the positions and problems of the individual states has long been needed and, for this reason, it is very welcome.

The attached statement from NCSL is a comprehensive summary from NCSL, based upon our initial understanding of the content of the National Transportation Plan (NTP). The NCSL, as well as each individual State, will have a contribution to make in the finalization of the plan, but certain broad agreements, however general, are possible at this point.

In the interest of brevity, the salient points of the attached statement are:

1. The NTP is highly successful at reflecting the State perspective of an appropriate Federal role in addressing transportation needs.

2. The NCSL recognizes that there are many complex "trade-offs" which will occur in the implementation of this, or in any altered form of the NTP. The NCSL recognizes that parity in this redistribution of cost and responsibility will be difficult but essential, in order to keep the plan fair and constructive.

3. The NTP is a welcome move away from inflexible Federal categorical funding and other restrictive requirements. The NCSL supports this movement.

4. The NTP allows states more flexibility to determine areas of need, from the perspective of the state. This is vigorously endorsed by NCSL.

5. The financial base envisioned in the NTP allows much needed flexibility in financing mechanisms (e.g. toll roads and other user fees). While NCSL does not welcome increased costs to citizens, the decision to utilize use-sensitive financing mechanisms should rightfully be made by those who would pay the fees.

6. The NTP calls for no new taxes. The NCSL supports the concept of "pay as you go".

Equally important in the NCSL response is a dependance upon the Federal government to release current trust fund balances in order to meet investment levels called for in the Transportation Plan. The NCSL believes this is imperative to the success of the plan and would rely upon Secretary Skinner to support this, as well as State delegations who would legislate or expedite these transfers.

Although the plan will be subject to a great deal of comment and compromise, NCSL is appreciative of the flexibility which has gone into the plan's structure. The NCSL looks forward to participating in the finalization of the plan. We see it as workable and a long-needed readjustment in the nation's transportation policy.

Sincerely,

Lee A. Daniels
Minority Leader
Illinois House of Representatives
President
National Conference of
State Legislatures

LAD:lmd
Enclosure

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FOR IMMEDIATE RELEASE
MARCH 12, 1990

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(202) 624-5400

STATEMENT BY NCSL PRESIDENT LEE DANIELS IN RESPONSE TO THE RELEASE OF THE NATIONAL TRANSPORTATION POLICY BY TRANSPORTATION SECRETARY SAMUEL K. SKINNER.

THE NATIONAL CONFERENCE OF STATE LEGISLATURES (NCSL) COMMENDS SECRETARY SKINNER FOR HIS DILIGENCE AND FORESIGHT IN DEVELOPING A NATIONAL TRANSPORTATION POLICY (NTP). THE OUTREACH TO BOTH THE PUBLIC AND THE PRIVATE SECTOR THAT WENT INTO ITS DEVELOPMENT ASSURES THE NTP OF A PROMINENT PLACE IN THE UPCOMING DEBATE ON A POST-INTERSTATE FEDERAL-AID PROGRAM.

WHILE THE NTP TAKES A COMPREHENSIVE APPROACH BY INCORPORATING ALL MODES OF TRANSPORTATION, REALISTICALLY THIS PROPOSAL WILL BE CONSIDERED WITHIN THE CONTEXT OF FEDERAL HIGHWAY, MASS TRANSIT AND AVIATION PROGRAM REAUTHORIZATION. NCSL HAS BEEN PARTICIPATING IN AN EFFORT TO DEFINE THE STATE LEGISLATIVE PERSPECTIVE ON AN APPROPRIATE FEDERAL ROLE IN ADDRESSING NATIONAL TRANSPORTATION NEEDS. NCSL IS HEARTENED THAT, TO A LARGE EXTENT, THIS STATE PERSPECTIVE IS REFLECTED IN THE NTP.

NCSL IS PLEASED THAT THE NTP RECOGNIZES THE INCREASED FINANCIAL CONTRIBUTIONS ALREADY UNDERTAKEN AT THE STATE AND LOCAL LEVELS. ACCORDING TO THE NTP, THIS LEVEL OF CONTRIBUTION IS EXPECTED TO BE INCREASED. HOWEVER, IT IS IMPORTANT TO NOTE THAT THE PLAN FOR INCREASED STATE FUNDING COMES WITH A CONCOMITANT REDUCTION IN FEDERAL REQUIREMENTS.

THE COMMITMENT TO A LESS INTRUSIVE FEDERAL ROLE SIGNALS AN IMPORTANT RETURN TO THE PRINCIPLES OF FEDERALISM. THE PROPOSED MOVE AWAY FROM INFLEXIBLE CATEGORICAL FUNDING AND ONEROUS FEDERAL REQUIREMENTS HAS LONG BEEN SOUGHT BY THE STATES. STATE OFFICIALS ARE BEST ABLE TO DETERMINE THE NEEDS IN THEIR INDIVIDUAL STATES. IT MAKES NO SENSE TO BE FORCED TO SPEND MONEY IN ONE AREA WHILE ANOTHER MORE CRITICAL INFRASTRUCTURE NEED IS NOT MET. WE APPLAUD SECRETARY SKINNER FOR HIS EFFORT TO REALIGN ROLES AND RESPONSIBILITIES.

THE FINANCIAL BASE ENVISIONED IN THE NTP WOULD ALLOW FOR GREATER FLEXIBILITY IN FINANCING MECHANISMS EMPLOYED BY STATES (SUCH AS TOLL ROAD). EQUALLY IMPORTANT, IT DOES NOT CALL FOR AN INCREASE IN THE FEDERAL GAS TAX. IN THE ABSENCE OF FULL EXPENDITURE OF THE EXISTING TRANSPORTATION TRUST FUND BALANCES, NO NEW REVENUE SHOULD BE COLLECTED. STATE LEGISLATORS URGE SECRETARY SKINNER TO WORK WITH US FOR RELEASE OF THE CURRENT TRUST FUND BALANCES, WHICH WOULD GREATLY ASSIST STATES IN MEETING THE INCREASED INVESTMENT CALLED FOR IN THE NTP. IN GENERAL, NCSL ENDORSES THE CONTINUED RELIANCE ON "USER FEES" FOR FEDERALLY ASSISTED TRANSPORTATION PROGRAMS.

MORE

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UNDER THE NTP, THE BULK OF NEW CAPITAL INVESTMENT WOULD FALL TO STATE, LOCAL AND PRIVATE SECTOR BENEFICIARIES. FEDERAL CONTRIBUTIONS WOULD BE FOCUSED IN AREAS OF NATIONAL SIGNIFICANCE, SUCH AS MAINTAINING THE INTEGRITY OF EXISTING SYSTEMS. IN THOSE CAPITAL PROJECTS DEEMED TO BE IN THE NATIONAL INTEREST, A DISPROPORTIONATE SHARE OF FUNDING RESPONSIBILITY SHOULD NOT FALL SOLELY ON THE GEOGRAPHIC RECIPIENT.

THE DOMINANT THEME OF FLEXIBILITY THROUGHOUT THE NTP TRANSLATES INTO INCREASED EMPHASIS ON BETTER PLANNING, COORDINATION AND INTEGRATION OF ALL MODES OF TRANSPORTATION. NCSL BELIEVES THAT THESE LAUDABLE OBJECTIVES SHOULD NOT BE MISINTERPRETED AS A NEED FOR NATIONAL UNIFORMITY. IT IS THE ABILITY OF ALL LEVELS OF GOVERNMENT TO DEVELOP UNIQUE RESPONSES TO SPECIFIC NEEDS THAT WILL BE THE HALLMARK OF A SUCCESSFUL NATIONAL TRANSPORTATION NETWORK.

THE NTP AS PROPOSED BY SECRETARY SKINNER SHOWS A MUCH-NEEDED ORIENTATION TOWARD RESULTS, NOT METHODS. THE CHALLENGE IN PARLAYING THE NTP INTO NATIONAL POLICY WILL BE IN BALANCING THE INTERESTS OF TRANSPORTATION USERS WITH SUCH DIVERSE AREAS AS THE ENVIRONMENT AND THE ECONOMY. THE MEMBERS OF NCSL LOOK FORWARD TO UPCOMING CONGRESSIONAL DELIBERATIONS OVER THE NTP AND APPRECIATE THE OPPORTUNITIES PROVIDED TO PARTICIPATE IN THE NTP DEVELOPMENT PROCESS.

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