



Baton Rouge Area Chamber®

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**Subcommittee on Energy and Power and Subcommittee on Commerce,
Manufacturing, and Trade joint hearing entitled “EPA’s Proposed Ozone Rule:
Potential Impacts on Manufacturing”**

Good Morning Chairman Whitfield, Chairman Burgess, and Members of the Joint Subcommittees. My name is Erin Monroe Wesley and I serve as the Executive Vice President and Chief Operating Officer for the Baton Rouge Area Chamber (BRAC). I appreciate the opportunity to testify before this joint hearing of the Subcommittee on Energy and Power and the Subcommittee on Commerce, Manufacturing, and Trade regarding the EPA’s proposed ozone rule change and its detrimental impact on economic development and manufacturing. On behalf of BRAC’s 1,400 investors and the region’s business community, we stand before you today to express our significant concern regarding the proposed National Ambient Air Quality Standards (NAAQS) for ozone rule issued by the Environmental Protection Agency (EPA) on November 25, 2014.

The Baton Rouge Area Chamber adamantly opposes the proposed reductions in ambient air quality standards from the current level of seventy-five parts per billion (ppb). Our opposition is based on three main points:



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- 1) The proposed standards have already cost our region thousands of jobs and billions of dollars in capital investment;**
- 2) The standards would drive eighteen of the nation's twenty top-performing metropolitan economies into non-attainment and damage U.S. competitiveness for business investment, especially foreign direct investment; and**
- 3) The vast majority of US counties will meet the EPA's proposed standards by 2025 with practices already in place.**

BRAC believes in and stands for cleaner air and environmental stewardship. For roughly ten years, BRAC has supported and hosted the Baton Rouge Clean Air Coalition. On April 4, 2014, thanks in large part to the Coalition's efforts, the Louisiana Department of Environmental Quality announced that the EPA determined that the Baton Rouge Area attained the 2008 eight-hour ozone standard. The region has decreased ground-level ozone, improving air quality and human health for its 800,000 plus residents. Preliminary air quality data for 2014 shows that the area continues to meet the current ozone standard. Louisiana is now developing a plan to show how the Baton Rouge area can maintain compliance with the ozone standard for the next ten years.



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Our successes and progress environmentally make the negative effects of the proposed standards even more painful. In 2014, BRAC worked with four chemical manufacturers that were investigating major investments in the region, including two companies that executed purchase agreements on large industrial sites with intent to develop. Since the EPA first proposed lowering the ozone NAAQS to the sixty-five to seventy ppb range in November of 2014, all four of these companies indicated that the proposed new standards - as well as the unavailability of emission reduction credits - influenced their decisions to look elsewhere or otherwise not proceed.

In other words, the proposed standards have cost the region at least 2,000 direct and indirect jobs, and caused more than \$7 billion in capital investment to be put on hold or moved elsewhere. New payroll created from the projects themselves would have totaled over **\$86 million annually.**

Let me be very clear: These projects were put on hold or lost at the *mere prospect* of lowering ozone air quality standards to the sixty-five to seventy ppb range. Should these proposed standards be adopted, the Baton Rouge Area will be thrust into non-attainment status; economic development professionals have projected that under this



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scenario, the Baton Rouge Area will not even be approached for these types of projects, much less compete for them.

Baton Rouge would not be alone in suffering economically, should the proposed standards be adopted. If the EPA were to lower the ozone standard to 65 ppb, **all but two of the nation's top twenty metropolitan area economies, as ranked by the Brookings Institution, would be relegated to non-attainment status.**¹ Like with the examples above for the Baton Rouge Area, the increased compliance costs associated with non-attainment create a disincentive for companies to enter these markets, as well as for companies existing within the markets to expand. These proposed standards would stifle the growth, investments in U.S. manufacturing, exports, and development taking place in the metropolitan areas that have been the most successful in helping the country get back its footing economically. The proposed actions to lower the ozone NAAQS rule run counter to the U.S. government's interest to grow the national economy, attract foreign direct investment, and increase U.S. exports. As has been shown, this action would hurt U.S. competitiveness, and harm the fastest growing economies in the nation. Because of this, BRAC's efforts in opposing the proposed

¹ BRAC analysis of regional ozone levels compared to Brookings Institution's Metro Monitor rankings of regional economic performance



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standards have been backed by economic development organizations across the country, including those from other top-performing metro areas such as Houston, Omaha, Charleston, and Grand Rapids. A significant number of letters of opposition were submitted from regions and states across the country during the public comment process in early 2015.

Clean air is a priority for the Baton Rouge Area's business community. Economic development and environmental stewardship do not have to be mutually exclusive goals; this region's businesses are committed to both, as evidenced by the efforts put forth to gain attainment status. Policies that have a significant adverse effect on local economies, as the proposed NAAQS rule does, should be enacted sparingly, only when absolutely necessary. Unfortunately, the rule at hand spares nothing, and is patently unnecessary.

While the EPA enacted stricter ozone standards six years ago, the Agency effectively suspended implementation of those standards from 2010 to 2012, as it unsuccessfully pursued reconsideration. Because of this delay, states are considerably behind in putting the current standards into effect, meaning that we have yet to see the full impact of the current standard's implementation, including the reduction of ozone



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precursor emissions and the lowering of ozone levels. In fact, the EPA provided a map in a December 2014 webinar concerning the proposed standards, which showed that **the vast majority of US counties will meet the proposed standards by 2025 with the rules and programs in place, and activities already under way.**

This information, which purports to support the new standards, actually undermines them. Despite the EPA's own assertion that a vast majority of the country will be in compliance with the regulations by 2025 under the current regulatory scheme, the Agency seeks to enact rules that will immediately bring the punitive status of non-attainment to areas around the country. A non-attainment status creates significant compliance costs, which serve as a deterrent to businesses looking to move to or expand in an area. This cuts to the heart of how arbitrary and unnecessary the proposal to lower the ozone standard is, especially considering its cost in economic growth. We cannot stand by and allow our economy to be collateral damage.

It is our strong recommendation that the standard not be reduced from 75 ppb. Prior to implementing any future reductions to the ozone NAAQS, the EPA should consider new and innovative ways for achieving lower standards of emissions and implementing emissions control mechanisms. This could include a nationwide rule allowing inter-



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pollutant trading, inter-source trading, or a system to match up companies requiring emission reduction credits with potential emission reduction projects requiring investment.

Mr. Chairman, this concludes my prepared statement. I will be pleased to answer any questions that you or the members of the subcommittees may have.

Respectfully submitted,

Erin Monroe Wesley
Executive Vice President & Chief Operating Officer