

MCA

MANUFACTURING CHEMISTS ASSOCIATION

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SEP 1 - 1970

EDDONLEY'S OFFICE

WILLIAM J. DRIVER
President

September 10, 1970

TO MEMBERS OF THE MCA BOARD OF DIRECTORS

Subject: Letter to the Chairman of the House Ways &
Means Committee on the Proposed Tax on
Lead Additives in Gasoline.

Gentlemen:

Enclosed for your approval or comment is a draft of a letter to the Chairman of the House Ways and Means Committee opposing the Administration's proposal for a tax on lead additives. This letter was prepared by the MCA Tax Policy Committee.

Hearings before the Ways and Means Committee on this tax proposal began yesterday with Administration witnesses urging passage of the measure. The Committee will receive testimony from public witnesses on Monday, September 14, 1970.

Our statement must reach the Committee by September 18, 1970. May I have your comments or concurrence, by wire, telephone, or letter, prior to that date.

Sincerely,

W. J. Driver
W. J. Driver

Enclosure

Dick - any views?

*4/14
Carnes - RF called him*

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Honorable Wilbur D. Mills
Chairman
Committee on Ways and Means
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

The Manufacturing Chemists Association wishes to take this opportunity to present its views on the President's proposal for a tax on lead additives used in the refining of gasoline. The Manufacturing Chemists Association is a nonprofit trade association of 170 United States member companies representing more than 90 percent of the production capacity of basic industrial chemicals within this country.

The legislation in question would impose a tax of \$4.25 per pound on lead used in motor fuel additives. The objective of the tax, according to the Secretary of the Treasury, is "to create an immediate, effective incentive for the rapid conversion to gasoline with a low, and eventually lead-free content." The proposed tax is called a vital element in the Administration's priority program to reduce air pollution.

This Association recognizes that the problem of controlling air pollution is of major concern to all--State and Federal governments, industry, and the public at large. Extensive hearings

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on this subject have been conducted by committees of this Congress and previous Congresses. Almost three years ago Congress enacted the Air Quality Act of 1967, which dealt comprehensively with the entire problem of air pollution, including the subject of fuels and fuel additives. In June of this year the House of Representatives passed H.R. 17255, the Clean Air Act Amendments of 1970, which would tighten controls further. The Senate Public Works Committee now has a related version of this measure under consideration, and passage of this legislation in this session of Congress is likely. We believe that this is the proper way to address the issue of air pollution control--not by a piecemeal measure which singles out one alleged pollutant and attempts to tax it out of existence by a tax which is 450 percent of the present sale price of lead used in gasoline.

The chemical industry is not opposed to strict air pollution controls; in fact, it is strongly in favor of the development of a sound approach to accomplish this objective. We believe that legislation concerning the subject of motor fuels and additives should be considered along with all related air pollution problems. For example, a determination should be made of the consequences of shifting to lead-free gasoline. In a May 1970 report, the Interior Department released the results of a study which showed that the

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removal of lead from gasoline would seriously worsen the major pollution problems of automobiles rather than remove them. This study showed that the photo-chemical reactivity of automotive emissions was found to be increased by as much as 25 percent when fuel was changed from typical U. S. leaded gasoline to prototype unleaded gasoline of comparable octane quality. The increase was attributed to characteristics of the blending components that were used to obtain the required octane quality without using lead.

Presumably
given route
may or may
not be
followed

The basic justification offered for proposing the elimination of lead alkyls from motor fuel is that more effective and longer lasting emission control devices could then be developed for general use. However, catalytic mufflers that could benefit from the use of lead-free fuel are not now available. Thus the immediate effect of lead reduction would be to increase all emissions (except lead), with a resultant increase in air pollution, as indicated in the above-mentioned Interior study report.

Miss Steiner

The purpose of this tax proposal is to encourage each gasoline refiner to accomplish the transition from leaded gasoline to unleaded gasoline as soon as possible. This is done by imposing this tax so as to increase the cost of formulating gasoline with a lead additive. It is estimated that the proposed tax will result in a first year revenue gain of approximately \$1.6 billion,

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which will diminish as the incentive takes effect and lead-free or low-level lead gasoline is marketed in greater volume. But this tax is eminently unfair. It is imposed on only one fuel additive--lead--and leaves alone any other fuel components without imposing any tax on them. This is a discriminatory tax which has a unique purpose behind it. Generally, taxes are designed to raise revenue. This tax is designed to raise revenue only for a short period of time after which it is hoped that all of the gasoline refined in this nation will be unleaded; thereafter no revenue would be received under these provisions. As has been noted by many people commenting on this particular tax, if the tax does accomplish its objective then there will be no revenue gain as a result of this imposition. On the other hand, if it does produce the desired revenue, it will have been a failure as a means of pollution abatement.

The chemical industry is in favor of taking steps to protect our environmental resources and to repair the results of past neglect. However, this Association believes that the proposed tax would be discriminatory as a revenue producing measure and ineffective in achieving significant improvement in the quality of our air or the health of our citizens. In our opinion, it is a

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piecemeal approach without a proper evaluation of the adequacy or the need for legislation in this area.

Sincerely,

W. J. Driver

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THE JOURNAL OF COMMERCE, Friday, September 4, 1970

Internal Combustion Engine Tops in Race

By MARVIN R. MACK
PASADENA, Calif., Sept. 3—
The internal combustion engine spreadeagled the field in the clean air car race. Awards for the transcontinental clear air car race were announced here tonight at a banquet at the California Institute of Technology, which sponsored the race with the Massachusetts Institute of Technology.

Relying on Engelhard Industries' "PTX" catalytic converters as a key element in cleaning up their exhaust, the internal combustion engine came out on top, out-performing its contemporaries—steam, electricity, propane, alcohol, and turbine, diesel and hybrid engines.

Public Is Winner

David Ragone, chairman of the judging committee, who is the dean of the D. Thayer School of Engineering at Dartmouth, in announcing the winners said:

"The public is another of the winners of this race." He added that the dedication on the part of the students and the engineering ingenuity which went into the race will point the way toward a near "pollution-free" environment.

It was the consensus here that the race demonstrated:

No substitution for the internal combustion engine is on the horizon.

More than 90 per cent of the pollutants can be removed from the combustion engine by simply developing technology.

Points the Way

The precious metal exhaust gas purifier is a clear leader in the race to develop devices which will accomplish this clean up.

Engelhard exhaust gas purifiers were on 26 of the 37 entries which finished and on all the internal combustion entries which were winners.

The Catalytic Converter is a platinum catalyst deposited on

a ceramic honeycomb structure contained in a stainless-steel housing. It is placed on the automobile as close as possible to the exhaust manifold. The hydrocarbons and carbon monoxide in the exhaust are reduced to water and carbon dioxide by the action of the platinum catalyst.

Richard C. Cogau, president of Engelhard Industries said, following the announcement of the awards:

"Automobiles, trucks and buses account for more than half of all the air pollution in this country. In the cities, it is up to 90 per cent.

"We hope the Engelhard exhaust gas purifier makes a contribution toward cleaning up the air in our cities and countryside. We are working toward that end."

Winners

A 1971 Capri entered by Wayne State University, Detroit, was named the overall winner over 32 low pollution vehicles.

The driving team of the Capri, which was powered by an internal combustion engine burning unleaded gasoline, was Brian Geraghty, Mike Riley, John Karol and Alden Raquepau, all Wayne State students.

Performance, elapsed time and pollution emission were computed to determine the winner. Class winners were:

—Internal combustion, liquid propane gas, Worcester Polytechnic Institute, 1970 Nova, Stephen Hunter, Edward C. Lowe, Edward Kaleskas.

—Internal combustion, other single fuels, Stanford University, Stanford, 1970 Gremmin burning alcohol, Dana Andrews, Henry Adelman, Sid Wax, Robert Byer.

—All electric, Cornell University, Ithaca, N.Y. 1970 EFP sedan, Mark Hoffman, Jane Hershey, Foster Hinshaw, Peter Lord.

—Gas turbine MIT, 1970 Chevrolet C-10, Michael L. Bennett, Stanley Bone, George K. Negoro, Dieter R. Herrmann.

—Steam no entrants finished.

Dick Fleming

9/14

cc: J. Carnes
MCA

"re: our conversation today"

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