

STAFF REPORT

by

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The Senate Finance Committee has approved the tax elements of the President's economic stimulus program, including a \$50 tax rebate for most taxpayers for 1976, a change in the standard deduction benefiting lower- and middle-income persons and business tax credits aimed at encouraging more capital investment in production facilities.

The committee's version of this legislation (H.R. 3477) gives business an option to take a 12 percent investment tax credit instead of the present 10 percent, or a "new jobs credit" for each new worker hired in 1977 and 1978, up to a maximum credit of \$1,050 per new worker.

The Finance Committee also delayed for one year the provision of the Tax Reform Act of 1976 that phased out the tax exemption on income earned abroad.

The Senate is expected to begin floor consideration of this tax measure on April 18.

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MCA played a conspicuous role in responding to the U.S. Environmental Protection Agency's strategy document "Assessment and Control of Chemical Problems" at public meetings attended by 400 participants, nearly all representatives of industry, in Washington on March 22 and 23. A team of Chemical Regulations Advisory Committee members presented MCA's views to this "Approach to Implementing the Toxic Substances Control Act." George Dominguez, chairman of the committee, addressed the first plenary session on "Overall Program Direction." He commended EPA for recognizing the economic effects of this act, especially on research and development in the chemical industry. He was critical, however, of EPA's plans to require annual renewal of premanufacturing notices and thus assume authority to reject them, along with assuming other powers in excess of congressional intent. In three concurrent sessions, MCA considered merits and faults in EPA's proposed regulatory authorities to control new chemicals, plans to control existing chemicals, to acquire and disseminate information and to assess risks to health and environment.

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MCA has emphasized again the chemical industry's long-standing position that some provisions of the Clean Air Act of 1970 are "rapidly leading our nation to untimely and overly restrictive limitations on industrial growth." George Polzer again presented the Association's views before a congressional unit, this time on March 11 to members of the Subcommittee on Health and Environment of the House Interstate and Foreign Commerce Committee, which is considering amendments to the act. His testimony was similar to that made before the Senate in February.

We also asked permission to submit later a more thorough analysis of H.R. 4151. On March 25, detailed comments, particularly of Titles I and III, relating to stationary sources and miscellaneous amendments, were sent to the subcommittee. We expressed concern, for example, that naming certain contaminants in the bill effectively prejudices the need for controls, and "all elements of doubt will be resolved in favor of control, whether or not hearings and studies demonstrate an affirmative need for them."

Regarding zero risk and risk/benefit, we endorsed the wording used in the Toxic Substances Control Act, i.e., "will not cause or significantly contribute to an unreasonable risk to public health." We supported an economic impact statement for all regulations in the act and also recommended greater flexibility in meeting compliance deadlines.

Regarding Title II, the amendments relating to mobile sources, MCA noted the disproportionate amount of hydrocarbon emissions released by motor vehicles and fuel marketing. "We hope," we said, "the frustrations involved in attacking mobile source and solvent use problems will not be vented toward the stationary source manufacturers, who are less than one-eighth of the problem."

At the close of the question period that followed the testimony on amendments to the Clean Air Act, the subcommittee invited industry to give written answers to three questions.

MCA answered the questions, in part, on March 21 as follows:

Q: "How would you suggest we bring about clean air in nonattainment areas?"

A: "By insisting upon use of Best Available Control Technology for all modifications, expansions, modernizations and new installations," we replied, "emissions from stationary sources (of all sizes) will be minimized. Common sense dictates that is all that can be done, regardless of popular pretensions to the contrary."

Q: "Would two percent additional investment by 1990 be intolerable?"

A: No, but we emphasized, "the answer should not be misconstrued and the increment should not be viewed as trivial or inconsequential." A two percentage point increase will bring the current rate of 11 percent to 13 percent, MCA noted. That rate of investment until 1990 would produce a total investment of \$33 billion and the annual investment rate would be \$2.9 billion in pollution abatement facilities.

Q: "Do you support last year's Rooney Amendment?" (The amendment placed primary responsibility on the states for granting variances for expansion or new construction in areas where the national standard is being exceeded.)

A: "We do not support the Rooney Amendment as it was proposed September 9, 1976." We feel that the amendment could be interpreted as requiring trade-offs.

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We have recommended that the Occupational Safety and Health Administration draft a new proposal for guidelines regulating carcinogens in the workplace that includes proper safeguards. In an April 5 statement that supplements testimony given February 17 before the National Advisory Committee on Occupational Safety and Health, MCA said the chemical industry is dedicated to protecting its workers from known hazards.

On the other hand, we held that occupational cancer "is not the major public health spectre some have suggested." Cancer is a "complex subject," we pointed out. "Qualified experts see the subject in perspective, and through perspective we believe the problem and its reduction can be addressed properly."

Our three major recommendations to the committee were as follows:

(1) The establishment of a committee of cancer experts to study available facts and proposed scientific/medical guidelines for us by OSHA in this area. Those composing the committee should be drawn from academia, industry, labor, toxicology groups and government.

(2) General regulations should not be established as applicable to all chemicals under all circumstances of exposure. Judgment is needed and each chemical must be addressed on a case-by-case basis by qualified experts.

(3) Required performance rather than specific routes to desired performance should be stated clearly in regulations. Further, nonmandatory routes could be suggested.

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MCA has supported OSHA's "ABC" plan for workplace safety. The plan grades companies on their safety. "C" companies would have demonstrably effective safety programs and would have considerable latitude in applying OSHA regulations. "A" companies would have ineffective programs and would have to comply with all OSHA regulations. "B" companies would fall in between on both effectiveness and compliance.

Peter Simmons of Dow Chemical U.S.A., member of the Safety and Fire Protection Committee, testified for MCA.

The "ABC" proposal, MCA believes, would provide industry incentives to increase safety effectiveness in three ways.

One, the proposal would allow work to be done by methods that are equal or superior to government regulations. These regulations would be guidelines only and not be considered as the only ways to attain the goals of the safety and health act.

Second, the enforcement officials would be able to concentrate on "A" companies. Third, incentives could be offered for improved safety performance of companies in the "B" category.

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MCA has urged OSHA to institute a hazardous labeling system that would include in-plant hazard identification and job safety and health training. The recommendation came in a March 28 letter concerning a rule proposed by the Standards Advisory Committee on Hazardous Materials Labeling.

The committee wants a five-part "total system concept" that would be required for all employers under all circumstances. MCA holds that many employers "already experience death and injury rates so low that the national averages appear extremely high." We based our proposal on the "proven practices of these exemplary employers," while the "total system concept" is just another attempt to regulate diverse workplaces with rigid standards.

We recommended:

Using definitions of hazardous materials set forth in ANSI Z129.1.

Integrating hazardous material identification into an overall employee training program.

Adopting the word labeling in ANSI Z129.1.

Basing job safety and health evaluation and training on the above items.

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The Senate's Republican whip will be the Chemical Forum speaker on May 10. Ted Stevens, Alaska's senior senator, is also ranking minority member of the Interior and Military Construction Subcommittees of the Appropriations Committee and ranking minority member of the Civil Service and General Services Subcommittee of the Government Affairs Committee. He is also a member of the board of the Office of Technology Assessment.

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David C. Williams has retired from MCA after more than seven years of service, during which time he has been secretary of the Economic Policy Review, Energy Conservation and Industrial Relations Advisory Committees. He was instrumental in organizing our very successful energy conservation reporting program.

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