

aid for "major public facilities" which meet threshold limits to be set by OCZM, and on other, "controversial" projects. Environmental assessments will be prepared for all other projects.

In addition, states applying to OCZM for assistance under Section 308(d) (1) and (2) for public facilities construction will have to include an environmental impact assessment with a discussion of alternatives and their estimated costs and environmental impacts.

Another issue not addressed by the draft regulations but apparently decided by OCZM officials is the allocation of funds authorized for prevention, reduction, or amelioration of "unavoidable" adverse environmental impacts under Section 308(d) (4) and for planning under Section 308(c). OCZM has asked for \$5 million for the two programs for fiscal 1977; \$3.5 million would go for planning and \$1.5 million would go for "unavoidable" environmental losses. OCZM officials expect that in the future, the amount needed for planning will decrease and the amount needed for environmental losses will increase.

"Unavoidable Loss" Defined

The draft defines "unavoidable" environmental loss as one for which a state is unable to collect the cost of prevention, reduction, or amelioration from those responsible and which cannot be reimbursed under another federal program.

Grants could not be used to prevent, reduce, or ameliorate a loss resulting from sale, lease, rental, or conversion of a public environmental resource, such as a beach, for energy facility use.

Consistency Regulations

Regulations (15 CFR 926) to provide for the consistency of federal actions with state CZM plans have been proposed by Commerce.

The proposal would require states to allow federal agency participation in the development of CZM plans and would require federal agencies to:

- Develop procedures to notify states and give them an opportunity to review the consistency of federally conducted or supported activities, including federal development projects, in the coastal zone;

- Not grant federal licenses or permits if the state agency objects to the license or permit applicant's certification that the proposed project is consistent with the state's CZM plan, unless the objection is overridden by the Secretary of Commerce; and

- Not grant federal assistance to local government applicant agencies if the state agency finds that the proposed activity is not consistent with the management program, unless the objection is overridden by the Secretary of Commerce.

OCZM would act as arbitrator between state and federal agencies, and if it could not resolve a dispute, the issue would be turned over to OMB.

The proposal will be published soon in the Federal Register.

Marine Affairs

EPA BLOCKS CAMDEN OCEAN DUMPING PERMIT: PERMITS CALLS FOR ENFORCEMENT ACTIONS

An Environmental Protection Agency hearing panel has recommended against reissuing an ocean dumping permit to Camden, N.J., saying the city has failed to comply with per-

mit conditions and citing the ecological threat posed by the sludge the city dumps.

The recommendations grew out of a July 21 public hearing conducted by the three-member panel to evaluate Camden's existing permit — which expires November 10 — to dump sludge off Cape May, N.J. Evidence of ocean dumping regulation violations and of an ecological threat to the marine environment was presented during the hearings, the panel told Daniel J. Snyder III, Region III administrator. Camden's sludge contains "high concentrations" of the pesticide chlordane, the panel said. In its recommendation against permit reissuance, the panel also cited the potential for development of commercial fisheries at the Cape May dump site.

Snyder is to decide by October 1 on whether to issue a new interim permit to Camden and the Camden County Municipal Utilities Authority.

The panel recommended that EPA bring enforcement proceedings on the alleged permit violations, but added that "due consideration" should be given to efforts Camden has made to end its ocean dumping.

Some Effort Made

The panel was chaired by Christopher K. Seglem, EPA regional counsel, who noted that Camden Mayor Angelo J. Errichetti and Governor Brendan T. Byrne have agreed to begin an experimental sludge composting program which, if successful, could put an end to the city's ocean dumping in 18 months.

The permittees, the panel said, have "violated numerous vital conditions of the permit." The panel cited in particular the city's failure, before the hearings began, to develop alternatives to ocean dumping raw sludge. The composting program will take too long to develop as an immediate ocean dumping alternative, an EPA official said, noting that dumping alternatives were to have been developed as a condition of the existing permit.

"The options discussed indicated that alternatives to continued dumping, even for 18 months, may exist," EPA said in a statement. The panel recommended that "available short-term land-based alternatives" found and used as much as possible.

Camden has not filed an application for a new interim permit and the panel's recommendations are an indication, according to a Region III official, that "Camden is getting its arm twisted, to say the least."

As a practical matter, the official noted, Camden's authority to ocean dump raw sludge ends when the current permit expires.

Enforcement

GE AGREES TO STOP USE OF PCBs. HELP PAY FOR HUDSON RIVER CLEANUP

The New York Department of Environmental Conservation and General Electric Company reached agreement September 8 by which the company will stop using polychlorinated biphenyls (PCBs) in the manufacture of capacitors by July 1, 1977, and will pay \$3 million toward cleaning up PCBs in the Hudson River.

The agreement, which settles a six-month state legal action against GE (Current Developments, February 13, p. 1767), does not impose any blame or penalties on GE. The state agreed to contribute \$3 million to a program to monitor discharges and to remove PCBs already in the river.

GE agreed to spend \$1 million on research, including assessments of the "environmental compatibility" of the substance chosen to replace PCBs in capacitors after July 1977, pilot plant studies on removal or treatment of PCBs in liquids and sediments dredged from the Hudson River, and evaluations of the environmental impact of other substances to be designated by the department.

In addition to the clean-up program, \$3.5 million will be spent by GE to construct a treatment facility that is to be in operation in April 1977. The plant is to be capable of reducing PCB discharges to one gram per day and will be used after July 1977 to treat discharges of the PCB substitute.

Several environmental groups who intervened in the state action against GE supported the settlement. A staff attorney for the Natural Resources Defense Council said the settlement is a "recognition" by GE and New York of "shared culpability" for the release of PCBs to the Hudson and an "important precedent" since it indicates that "even when government has been negligent in its regulatory function, industrial polluters still have to pay for the harms they cause to the environment."

PCBs in Georgia Waters

Environmental Protection Agency Region IV in Atlanta issued an order August 30 to Sangamo Electric Company, Piquette, S.C., to reduce the levels of PCB discharges into Lake Hartwell, S.C. and Ga., to one part per billion within 30 days. High amounts of PCBs found in the arm of the lake where the capacitor manufacturer is located led to an EPA advisory against eating fish taken from the lake.

In a separate action, the Georgia Department of Natural Resources closed to commercial fishing portions of the Etowah and Oostanaula Rivers and the Coosa River from the confluence of the Etowah and the Oostanaula to the Georgia-Alabama border because fish taken from the rivers were found to contain levels of PCBs higher than the Food and Drug Administration's tolerance of 5 parts per million.

Source of the PCBs in the rivers is the General Electric plant at Rome which has been manufacturing transformers and capacitors for 20 years, according to a department spokesman. GE officials are making efforts to minimize losses and spills into the environment, he said, and are "going the extra mile" to prevent erosion of already contaminated soil.

An official at EPA Region IV said EPA has taken no enforcement action against GE because Georgia has National Pollutant Discharge Elimination System permit authority. He added, however, that EPA and the state soon will begin sampling water and fish taken from the rivers.

The department said PCB levels are running higher in channel catfish than in other fish taken from the rivers, but warned against eating any fish taken from the rivers until further notice.

Economic Policy

COMPROMISE TAX REFORM LEGISLATION WOULD LIBERALIZE AMORTIZATION RULES

The compromise tax reform bill (HR 10812) adopted September 9 by a Senate-House conference committee includes a modified Senate provision for amortization of certain pollution control facilities.

From 1969 through 1975, an election for five-year amortization was available to a taxpayer who installed a new, identifiable, certified pollution control facility in connection

with property in operation before January 1, 1969. The amortizable basis of the facility was not eligible for the investment tax credit. The Senate bill would have provided a five-year amortization election for facilities installed in the past, would have made amortization available for facilities that will prevent the creation or emission of pollutants, and would have provided a two-thirds investment tax credit for such facilities placed in service after December 31, 1976.

The extension of the five-year amortization election and its availability for preventive facilities would have applied for taxable years beginning after December 31, 1975. The investment tax credit would have applied for taxable years beginning after December 31, 1976.

The House had no comparable provision.

The conference extended the amortization election to facilities that will prevent the creation or emission of pollutants when installed at the site of a plant or other property in existence before January 1, 1976, which do not lead to a "significant increase in output or capacity, a significant extension of useful life, or a significant reduction in total operating costs for such plant or other property (or any unit thereof), or a significant alteration in the nature of a manufacturing or production process or facility."

"Significant" is defined as a change of more than 5 percent.

Only one-half of the investment tax credit will be available for such pollution control facilities. In determining how significant the effect of a pollution control facility is on output, capacity, costs, and useful life of a facility, the relevant area for examination will be the operating unit "most directly associated with the pollution control facility."

The conference committee specified that the broader definition of pollution control facilities eligible for the amortization election would not apply in determining whether a facility is a pollution control facility eligible for tax-exempt industrial development bond financing.

Sewage Treatment

EDA CLARIFIES GRANTS PROCEDURES IMPLEMENTING PUBLIC WORKS JOBS LAW

Procedures (13 CFR 316) for obtaining grants under the recently enacted Local Public Works Capital Development and Investment Act were amended and clarified by the Economic Development Administration September 13 (41 FR 38998).

The regulations, which were adopted by EDA August 23 (Current Developments, August 27, p. 687), were amended to explain that an applicant who has partial funding is eligible to receive 100 percent of the additional funding needed to finance a project.

EDA said it believes that Congress' intent under the Act was not to require applicants with partial funding to provide matching funds, but rather to have them use state and local funds already available for financing.

The regulations were amended to drop from the program any projects which have a ratio between labor cost and total project cost of more than 80 percent and less than 10 percent to facilitate the underlaking of new construction projects.

Comments on the amendments should be submitted by October 13 to the Assistant Secretary for Economic Development, Department of Commerce, Room 7600 D, Washington, D.C. 20203.