EXHIBIT D

A REPORT BY THE
LOUISIANA CHEMICAL ASSOCIATION

BUDDY POLSON, CHAIRMAN
FRED LOY, PRESIDENT

ective

rease LCA's ability to respond effectively and promptly to portunities that serve to further the state grassroots and tional objectives of the chemical industry.

kground

. Chemical Industry Presence in Louisiana

A. The chemical industry is the largest state manufacturer. Directly employs approximately 30,000 workers (15% of all state manufacturing workers).

B. Represents about a $15 billion capital investment, about half of all capital investment in the state.

C. Third largest chemical producer in the nation. Value of shipments approximately $11 billion.

D. Purchase more than $1.5 billion annually in goods and services from local businesses. Approximately 2,000 local industrial service companies and other vendors depend heavily on the chemical industry.

I. Political Climate

A. The Louisiana legislature generally adheres to the populist political heritage advanced during the Huey Long era. Petroleum and chemical industries have been traditionally depended upon as "cash cows," but the troubled economy and dropping oil prices have legislators panicked.

The state raised taxes by almost $1 billion during 1984, but may still face a $1 billion deficit this year due to shrinking oil revenues. Gramm-Rudman will also compound the problem. Added to the fiscal woes is a more than 13% unemployment rate, the highest in the nation. This sets the stage for a potentially volatile political climate in 1986-87. There will be moves afoot to balance the state budget on the back of industry.

B. Although the legislature has taken a relatively moderate approach to environmental/health laws, and the laws are stringent, public confidence is low because it is perceived the state is not providing adequate resources for enforcement. The LCA has been successful so far in helping moderate environmental proposals, however, this climate could change. State environmental groups are attempting to band together this year under the La. Environmental Action Network (LEAN) to promote a unified agenda that includes:

1. Putting severe restrictions on hazardous waste incinerators, making them almost impossible to permit.

2. Offsetting budget cuts in the Department of Environmental Quality (DEQ) through large increases in permit, licensing, and certification fees.

3. Repealing or amending LCA-supported Right to Know legislation passed last year in an effort to impose criminal penalties, impose reporting fees and penalties, provide unlimited access to proprietary information, and transfer authority for the program from the State Police to DEQ.

4. Changing the hazardous waste tax formula from dry to wet weight, and dedicating the revenue to DEQ.

5. A move to place new and burdensome requirements on injection wells to make it almost impossible to obtain recertification.

III. LCA Organization

CMA President Robert Roland should be given credit for recognizing early that increased emphasis must be placed on developing strong state CICs if the chemical industry is to achieve both its state and national objectives. LCA is not a civic or general business organization with broad objectives (vis-a-vis Louisiana Association of Business and Industry, Baton Rouge Chamber of Commerce). It protects the specific interests of the chemical industry. Our message to prospective members is, "Don't depend on your competition or other associations to protect your interests, join LCA."

A. The LCA has a membership comprised of 61 chemical manufacturing companies operating at 79 sites throughout the state.

B. LCA's budget is approximately $400,000. For comparison, the budgets of other Louisiana business groups follow: La. Assoc. of Business and Industry, $2.5 million; Baton Rouge Chamber of Commerce, $1.5 million.

C. The association has a professional staff of four, including the President, and specialists in government, public relations, and environmental.

D. LCA has one of the most active memberships of any state chemical council. Committees are supported by approximately 400 active participants. Eighty percent of plant managers serve on committees. Organization includes eight major committees and numerous subcommittees.

LCA/National Collaborations

LCA has worked with national organizations on a variety of successful programs, primarily with CMA. Following are some examples:

A. CMA/LCA Joint Regional Communications Project - 1983. Funded by $100,000 grant from CMA, this intensive media relations campaign included one-on-one visits with 50 media outlets and production of a media Information Resource Book which is periodically updated. Opinion surveys revealed a positive impact on media perceptions of industry. Newspeople visited had a significantly higher opinion of chemical industry performance.

B. CMA/LCA Community Awareness and Emergency Response program (CAER) - 1985. CAER program included six public seminars, an Executive Management Conference on Industrial Accidents, and a booklet, "Making Chemicals in Your Community," distributed to 25,000 individuals. LCA received a $25,000 CMA grant to produce the booklet. Surveys indicated that those attending the CAER seminars had an overwhelming positive opinion of industry's ability to handle emergencies and efforts to cooperate with local communities.
number of key issues.

C. Superfund. Assisted CMA by arranging meetings with Sen. Russell Long, Rep. Henson Moore, and Rep. John Breaux. Actively lobby chemical industry position on Superfund in Louisiana.

D. LCA/American Industrial Health Council booklet, "Cancer and Cancer Risk in Louisiana" - 1983. With a small AIHC grant, LCA produced and distributed 30,000 of these booklets which proved very effective in clearing up misconceptions about Louisiana's cancer problem and neutralizing it as a major political issue. Booklet was mailed to all legislators, community leaders, media, and the medical community.

E. Other LCA/CMA collaborative efforts include:
   1. LCA Industrial Development Reception for CEOs in 1985, hosted by Gov. Edwards.
   2. CMA routinely provides speakers for state events: Chemical Industry Week, Executive Management Conference on Industrial Accidents, Conference on International Oil Markets.
   3. LCA/CMA co-sponsored recent Air Toxics Control and CAER workshops in Louisiana.

Recommendations

The increased emphasis on utilization of state CICs to achieve national objectives in addition to meeting state needs is putting great pressure on the leadership and resources of these organizations. The implementation of the CAER program and the new Air Toxics Control Policy are two examples.

Additionally, declining chemical industry employment in Louisiana has hurt the association revenue base, since the LCA dues formula is calculated on employment. LCA has considered further broadening of membership eligibility to make up the shortfall, but dilution of membership may inhibit our mission to serve chemical industry interests. A broad membership could also confuse our identity with political leaders. For example, Sen. Long is more likely to meet with the LCA's well-defined membership on Superfund than a hodgepodge group with ill-defined, perhaps conflicting interests. If we don't begin committing more resources to further our own specific interests, then our membership could become fragmented as we look to others for funding.

Based on the conclusions of CMA's Status Report on State Chemical Organizations and Programs which was presented to the Board in September, LCA's needs fall into two major categories of recommendations:

I. Leadership commitment.

   A. Corporate officers should encourage and support active plant manager participation in LCA committees and programs.

   B. Corporate officers should encourage plant managers to make LCA funding a budget priority.

   C. Corporate management holding CMA membership should insure that their Louisiana operations are also members of LCA.

II. Financial resources.

A. CMA should consider the continuation and expansion of the successful state matching grant program, which has been in existence for several years. All CICs should continue to be eligible to submit proposals for special governmental and public relations projects.

B. CMA should consider development of a State Assistance Revenue Sharing (STARS) program to provide annual supplemental income to state CICs for local execution of national initiatives, such as CAER, Air Toxics Control Policy and Federal Legislative Grassroots Support. The revenue distribution formula for STARS could be based on value of shipments, employment, etc.

Action Requested

I. Regarding our leadership recommendations, LCA requests an expression of support from the CMA Board and a communication of this support to the CMA membership.

II. Regarding our funding recommendations, LCA requests Board consideration of our financial resource programs in CMA's 1987-88 budget deliberations.

CMA
BD-6/4/86

EXHIBIT E

OUTLINE
REMARKS TO CMA BOARD ON CALIFORNIA'S TOXICS INITIATIVE

ACKNOWLEDGEMENTS

CALIFORNIA POLITICAL CAMPAIGN - 1986

GOVERNOR'S RACE.

- TV AND RADIO COMMERCIALS HAVE ALREADY STARTED.
- BRADLEY CLAIMS DEUKMEJIAN ACCEPTED OVER $500,000 IN CONTRIBUTIONS FOR TOXIC WASTE COMPANIES, THEN VETOED 21 TOXIC BILLS.
- ONLY ISSUE AVAILABLE TO BRADLEY (NO ECONOMICS, NO EDUCATION, NO CRIME).
- BRADLEY'S CAMPAIGN MANAGER SAID, ONLY WAY TO DEFLECT THE ROSE BIRD ISSUE.

PROP. 51 - "DEEP-POCKETS" INITIATIVE

- HEAVY TV AND RADIO COMMERCIALS FEATURING THE ATTORNEY GENERAL, CANDY LIGHTNER, AND RALPH NADER.
- VIOLENT MISREPRESENTATION OF EFFECTS OF PROP 51; "LETS TOXIC POLUTERS OFF THE HOOK".
- MISREPRESENTATION OF CHEMICAL INTEREST AND INVOLVEMENT.

PENDING LEGISLATION

- OPEN SECRET THAT LEADERSHIP INTENDS TO PUT AS MANY OF THE 150 PENDING TOXIC BILLS AS POSSIBLE ON THE GOVERNOR'S DESK TO FORCE LARGE NUMBER OF VETOES.

SCA 31 - TOXIC BILL OF RIGHTS

- CONSTITUTIONAL AMENDMENT NOT REQUIRING THE GOVERNOR'S SIGNATURE (CAN'T VETO),
- PART OF TOXICS INITIATIVE STRATEGY (IF PASSED, PROVIDES VOTERS AN ALTERNATIVE; IF FAILED, PROOF THAT LEGISLATURE WON'T ACT),
- MANDATES GOVERNMENT TO ASSURE A RISK-FREE SOCIETY TO CITIZENS;
- GRANTS EVERY CITIZEN THE RIGHT TO PARTICIPATE IN TOXICS DECISIONS THEREBY ABOLISHES REPRESENTATIVE FORM OF GOVERNMENT.

TOXICS INITIATIVE

CMA 075848

III. SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986

1. AUTHORS:

   - DAVID ROE OF THE ENVIRONMENTAL DEFENSE FUND.
   - CARL POPE, FORMERLY OF THE SIERRA CLUB.

2. OFFICIAL SPONSORS:

   - SENATOR ART TORRES (CHAIRMAN - SENATE TOXICS COMMITTEE, AUTHOR OF SCA 31, THREAT TO SENATE PRO-TEM ROBERTI'S LEADERSHIP POSITION);
   - ASSEMBLYMAN LLOYD CONNELLY (AN ASSEMBLYMAN GADFLY OF TOXICS LEGISLATION, PARTICULARLY PESTICIDES),
   - ASSEMBLYMAN GRAY DAVIS (PRIMARY CANDIDATE FOR STATE CONTROLLER, FORMER CHIEF OF STAFF AND IMAGE-MAKER FOR JERRY BROWN);
   - ASSEMBLYMAN TOM HAYDEN (ERSTWHILE CHICAGO SEVEN DEFENDANT, LEADER OF CITIZENS FOR ECONOMIC DEMOCRACY, HUSBAND OF JANE FONDA).

3. PROVISIONS:

   - REQUIRES GOVERNOR TO PROMULGATE A LIST OF ALL KNOWN CARCINOGENS, MUTAGENS AND TERATOGENS;
     - NO DEFINITION OF "KNOWN",
     - MAKES NO DISTINCTION BETWEEN ANIMAL AND HUMAN CARCINOGENS,
     - AT A MINIMUM, THE LIST WOULD INCLUDE THE 25 CHEMICALS LISTED BY NATIONAL TOXICOLOGICAL PROGRAM,
     - IT COULD COVER SEVERAL THOUSAND CHEMICALS CONTAINED IN THE CALOSHA DIRECTOR'S LIST.
   - PROHIBITS DISCHARGE OF THOSE CHEMICALS IN ANY WAY THAT THEY MIGHT ENTER DRINKING WATER SUPPLIES;
     - "LEVEL OF DETECTION" ESTABLISHED AS DISCHARGE STANDARD,
     - MIGHT BE ILLEGAL TO WATER CHEMICAL PLANT LAWNS WITH CHLORINATED WATER.
   - REQUIRES PRIOR WARNING TO EVERYONE WHO MIGHT BE EXPOSED TO ANY OF THOSE CHEMICALS;
     - APPLIES TO MANUFACTURING AND CONSUMER PRODUCTS; TO CALIFORNIA MANUFACTURED CHEMICALS AND THOSE ENTERING THE STATE, HENCE AFFECTS ALL MARKETERS,

CMA 075849

- NO CLEAR DEFINITION OF "WARNING"; MENTIONS LABELS, NEWSPAPER ADS, POSTED NOTICES, ETC.

- ESTABLISHES RIGHT FOR "ANY PERSON" TO SUE FOR ENFORCEMENT OF THE LAW;
  - NO REQUIREMENT FOR "STANDING" TO SUE,
  - WILL ENCOURAGE MASSIVE LITIGATION AGAINTS COMPANIES,
  - EXPOSES LOCAL AND STATE GOVERNMENTS TO INCREASED LITIGATION,
  - ESTABLISHES EXCELLENT FUND-RAISING TECHNIQUE FOR PUBLIC INTEREST GROUPS.
- PROVIDES FOR PAYMENT OF 25% OF PENALTIES ASSESSED FOR VIOLATION TO THE PERSON WHO SUES;
  - LITTLE NEED TO COMMENT ON THE IMPLICATIONS OF CREATING A CLASS OF "BOUNTY HUNTERS".
- PLACES BURDEN OF PROOF THAT NO HARM MIGHT HAVE BEEN CAUSED ON DEFENDANT;
  - OBVIOUSLY, THIS IS NO DEFENSE SINCE IT IS NOT POSSIBLE TO PROVE A NEGATIVE.
- LEVIES A $2,500 PER DAY PENALTY FOR EACH VIOLATION;
  - EACH PERSON NOT WARNED WOULD CONSTITUTE A SEPARATE VIOLATION.
- LEVIES PENALTIES OF $250,000 PER DAY AND 3 YEARS IN JAIL FOR KNOWING AND INTENTIONAL VIOLATIONS;

IMPLICATIONS:

- WOULD MATERIALLY DISRUPT ALL COMMERCE IN CALIFORNIA.
- WOULD MAKE CHEMICAL OPERATIONS IN CALIFORNIA VIRTUALLY IMPOSSIBLE.
- WOULD MATERIALLY RESTRICT THE CALIFORNIA MARKET (ABOUT 12% OF TOTAL U.S. MARKET).
- WOULD MOST LIKELY HAVE NATIONAL IMPLICATIONS.

STATUS:

- PROPONENTS REPORTEDLY FILED 640,000 SIGNATURES LAST WEEK WITH COUNTY CLERKS.
- QUALIFICATION REQUIRES 394,000 VALID SIGNATURES.
- VALIDATION PROCESS MUST BE COMPLETE BY JUNE 26 FOR INITIATIVE TO QUALIFY FOR NOVEMBER BALLOT.

CMA 075850

- IF VALIDATION PROCESS NOT COMPLETED BY THEN, INITIATIVE COULD STILL QUALIFY FOR A LATER BALLOT.

- MUST OPERATE ON THE ASSUMPTION IT WILL QUALIFY FOR NOVEMBER BALLOT.

IV. TWO-PHASED CALIFORNIA OPPOSITION

1. PHASE I - HAZARDOUS MATERIALS AND WASTE ASSESSMENT PROJECT: (ORGANIZED UNDER AUSPICES OF THE CALIFORNIA COUNCIL FOR ENVIRONMENTAL AND ECONOMIC BALANCE, CALLED CCEEB.)

2

- INITIATED PRIOR TO INITIATIVE DRIVE;
  - WORK PRODUCT IS NEEDED IRRESPECTIVE OF THE INITIATIVE;
  - INFORMATION WILL BE AVAILABLE TO THE CAMPAIGN COMMITTEE.
- THREE FUNCTIONS;
  - REGULATORY INVENTORY: A COMPREHENSIVE INVENTORY OF ALL STATE AND FEDERAL HAZARDOUS MATERIALS LAWS/REGULATIONS WHICH AFFECT ANY OF THE TWELVE INDUSTRY SEGMENTS WITHIN THE PURVIEW OF THE PROJECT.
  - REVIEW OF GOVERNMENT AND ACADEMIC REPORTS: A COMPREHENSIVE CRITIQUE OF THE 35 PUBLISHED REPORTS HAVING HAD A SIGNIFICANT IMPACT ON THE LEGISLATIVE HISTORY OF THE HAZARDOUS MATERIALS ISSUE.
  - PUBLIC OPINION SURVEY: AN INDEPTH STATEWIDE MEASUREMENT OF PUBLIC ATTITUDES AND UNDERSTANDING REGARDING HAZARDOUS MATERIALS AND WASTE MANAGEMENT.
- WORK IS ALREADY UNDERWAY AND THE INFORMATION IS NEEDED NOW.
- DUE TO SHORTAGE OF CONTRIBUTIONS, ITS $250,000 BUDGET HAS BEEN TRIMMED BACK TO $201,000.
- STILL NEEDS APPROXIMATELY $50,000 TO MEET THAT FIGURE.
- CONTRIBUTORS - 20 COMPANIES;
  - 6 - UTILITIES,
  - 6 - CHEMICAL COMPANIES,
  - 4 - ELECTRONICS COMPANIES,
  - 2 - OIL COMPANY,
  - 1 - MINING COMPANY, AND

CMA 075851

- 1 - WASTE DISPOSAL COMPANY.

- FUND-RAISING FOR PHASE I GOT UNDERWAY IN MARCH JUST AS WE BECAME AWARE OF THE TOXICS INITIATIVE. THIS RESULTED IN SOME CONFUSION ABOUT HOW MUCH MONEY WAS BEING SOUGHT AND WHAT IT WAS FOR. I HOPE THAT CONFUSION IS NOW ALLAYED.

- CONTRIBUTIONS OF $1000, $2000, $3000, $4000, $5,000 FROM ENOUGH COMPANIES TO TOTAL $50,000 ARE NEEDED AS QUICKLY AS POSSIBLE.

PHASE II - CAMPAIGN ORGANIZATION (CALIFORNIANS FOR A BALANCED FUTURE)

- A BROAD-BASED CAMPAIGN ORGANIZATION SPEARHEADED BY THE STATE CHAMBER OF COMMERCE AND REGISTERED UNDER CALIFORNIA ELECTION LAWS.

  - CHAIRED BY KIRK WEST, PRESIDENT OF THE CHAMBER;

  - VICE-CHAIRED BY TOM ELLECK, PRESIDENT OF CALIFORNIA MANUFACTURERS ASSOCIATION.

  - STEERING COMMITTEE INCLUDES EXECUTIVES OF CCEEB, THE CALIFORNIA FARM BUREAU, ELECTRONICS INDUSTRY, THE PETROLEUM COMPANIES' GROUP, AND CHEMICAL INDUSTRY COUNCIL OF CALIFORNIA, AS WELL AS THE PROFESSIONAL CAMPAIGN ORGANIZATION AND LAW FIRM REPRESENTING THE COMMITTEE.

  - A BROAD-BASED BOARD OF DIRECTORS WILL BE ESTABLISHED IN THE NEXT 30 DAYS TO INCLUDE OTHER INDUSTRY GROUPS, PROFESSIONAL ORGANIZATIONS AND, HOPEFULLY, LOCAL GOVERNMENT ORGANIZATIONS.

- A PRELIMINARY BUDGET OF $5 MILLION HAS BEEN PREPARED.

  - 75% FOR ADVERTISING,

  - 10% FOR FUND-RAISING,

  - 8% FOR RESEARCH, AND

  - 7% FOR ADMINISTRATION AND FIELD ACTIVITY EXPENSES.

- THERE ARE MANY, INCLUDING SOME IN OUR INDUSTRY, WHO DO NOT BELIEVE THAT IS ADEQUATE TO COMMUNICATE THIS ISSUE TO 26 MILLION CALIFORNIANS. WE ARE IN THE MOST EXPENSIVE MEDIA MARKET IN THE U.S.

PROPONENTS ARE LED BY TOM HAYDEN.

- WITH THE BACKING OF JANE FONDA.

- HER PRACTICE IS TO DIRECTLY ASSIGN A PERCENTAGE OF INCOME FROM HER MOVIES, BOOKS, AND VIDEO TAPES.

CMA 075852

- STRONG COALITION OF ENVIRONMENTAL AND HEALTH GROUPS TO PROVIDE A FIELD ORGANIZATION.

V. REQUEST TO CHEMICAL MANUFACTURERS ASSOCIATION

1. <u>INFORMATION SUPPORT</u>

   - ALERT AND INFORM OTHER NATIONAL INDUSTRY ASSOCIATIONS ABOUT THE INITIATIVE AND SOLICIT THEIR SUPPORT.

   - ENGAGE CMA'S ACCESS TO NATIONAL PRESS.

2. <u>FINANCIAL SUPPORT</u>

   - CAMPAIGN COMMITTEE NEEDS $150,000 BY THE END OF JUNE FOR FUND-RAISING, RESEARCH, ADVERTISING AND ADMINISTRATION.

   - MONEY WILL COME FROM SEVERAL DIFFERENT SOURCES, BUT TO ASSURE ITS AVAILABILITY, WE ASK 30 COMPANIES HERE TODAY TO CONTRIBUTE $5,000 EACH BY THE END OF JUNE.

   - IN THE UNLIKELY EVENT THE INITIATIVE FAILS TO QUALIFY, REFUNDS WILL BE MADE ON A PRO-RATA BASIS OF ALL FUNDS RECEIVED.

   - WE ASK ALL CMA COMPANIES TO COMMIT TO AN ADDITIONAL TO $650,000 PAYABLE DURING JULY, AUGUST AND SEPTEMBER. THAT WOULD REQUIRE AN AVERAGE CONTRIBUTION OF JUST $5,000.

   - AS CONTRIBUTIONS ARE RECEIVED, YOU WILL RECEIVE INSTRUCTIONS ABOUT COMPLIANCE WITH CALIFORNIA'S ELECTION CONTRIBUTION REPORTING LAWS.

3. WE FULLY APPRECIATE THE SACRIFICE OUR REQUEST ENTAILS, BUT FAILURE TO RESOUNDINGLY DEFEAT THIS INITIATIVE IN CALIFORNIA IS LIKELY TO RESULT IN COSTS MANY TIMES THE AMOUNT WE ARE SEEKING.

   WE MUST WIN THIS ONE -- AND WE CAN.

4. IN REALITY, THIS INITIATIVE IS SO BAD IT COULD BE GOOD.

   - CALIFORNIA IS THE NATIONAL BELL-WEATHER STATE FOR ENVIRONMENTAL ISSUES. UP UNTIL NOW, ITS INFLUENCE HAS BEEN MOSTLY EVIL.

   - DURING THE NEXT SIX MONTHS, CALIFORNIA'S ATTENTION WILL BE FOCUSED ON THE SPECIFICS OF THE TOXICS ISSUE AS IT HAS NEVER BEEN BEFORE. IT'S NO LONGER MOTHERHOOD-AND-APPLE-PIE; THE PUBLIC WILL HAVE TO MAKE SOME SPECIFIC DECISIONS.

   - ONCE YOU GET SOMEONE'S ATTENTION, EDUCATION CAN BEGIN TO TAKE PLACE.

   - HISTORICALLY, THE AMERICAN PUBLIC HAS A PRETTY GOOD RECORD FOR SOUND DECISION-MAKING WHEN IT IS PRESENTED WITH THE

CMA 075853

FACTS.

- THIS INITIATIVE CAMPAIGN WILL DRAW NON-CHEMICAL ALLIES TO OUR SIDE AS OTHERS RECOGNIZE THE PUBLIC POLICY IMPLICATIONS OF THE TOXICS ISSUE; ITS NO LONGER JUST A CHEMICAL ECONOMICS ISSUE.

- OUR INDUSTRY IS PRESENTED WITH A GOLDEN OPPORTUNITY TO BEGIN A REAL EDUCATIONAL PROCESS WHICH COULD BRING ABOUT A REVERSAL OF THE HORRORS OF THE PAST 10 YEARS.

- A CONCERTED PUBLIC EDUCATION EFFORT BY THE CHEMICAL INDUSTRY NOW COULD WELL PAY HANDSOME BENEFITS FOR THE FUTURE. UNIQUE MECHANISMS ARE IN PLACE TO DO THIS.

- OF COURSE, SUCH AN EXPANDED EFFORT WOULD REQUIRE SEPARATE FUNDING AND PERHAPS THAT JUST ISN'T FEASIBLE RIGHT NOW. BUT THE POSSIBILITIES ARE MIGHTY TEMPTING.

. THANK YOU FOR YOUR ATTENTION.

M AVAILABLE FOR ANY QUESTIONS YOU MAY HAVE.

CMA 075854

TWO INDUSTRY-SUPPORTED EFFORTS TO FIGHT TOXICS ISSUES IN CALIFORNIA

The Hazardous Materials and Waste Assessment Project

This project will produce a quality product for friendly legislators, office seekers, and companies doing business in California that will help stem the tide of onerous toxics activity. It will include:

- A comprehensive inventory of hazardous materials and waste laws and regulations to show the scope and magnitude of what has already been done;
- A critique of governmental and academic reports driving toxics legislation and initiatives in California; and
- An indepth statewide public opinion survey designed to assess public understanding of this issue and to assist companies, legislators and trade associations in communicating more effectively on the subject.

The project is now two-thirds complete and about three-quarters funded. The project budget, originally set at $250,000 has been pared down to $200,000. So far, $130,000 has been raised from 21 companies.

To support and receive copies of the final work product, send checks to:

California Council for Environmental and Economic Balance (CCEEB)
1512 14th Street
Sacramento, CA 95814

For more information, call CCEEB's President, Peter Fearey, (916) 443-8252

Campaign to Defeat the Toxics Ballot Measure

Estimated cost $4.5 - 5 million.

$150,000 "seed" money needed by June 25 to hire staff and complete initial research.

Recommended initial contribution for "seed" money $5,000 - 10,000.

Send contributions to:

Californians for a Balanced Future
Treasurer, John Hodgson
Nielsen, Hodgson, Parinello & Mueller
1030 Fifteenth Street, Suite 250
Sacramento, CA 95814

California Fair Political Practices Commission ID #: 861244

For more information, call Dick Davis of the Chemical Industry Council of California, (916) 442-1420.

WHY THE BOUNTY HUNTER INITIATIVE IS BAD LAW

Premise - that once evidence indicates a chemical substance may cause cancer or birth defects at a particular exposure level, then any concentration or amount of that chemical must be treated as equally dangerous.

- o Scientific and medical research do not support this conclusion and it contradicts common sense and experience.

The initiative would simply ban discharges of listed substances into a drinking water supply.

- o This one answer approach is in direct conflict with statutes such as the Clean Drinking Water Act and the Porter-Cologne Water Quality Act which sensibly allow controlled discharges at acceptable low levels.

The initiative's indiscriminate listing of substances does not provide any meaningful basis for distinguishing harmful from harmless.

- o Every substance on list is treated in the same fashion irrespective of relative toxicities.
- o A can of diet soda is on a par with a barrel of dioxin.

A warning to any individual who will be exposed to a listed substance is required.

- o Due to overbreadth of the list, a toxic warning would be required for a shoe shine or the sale of a peanut butter sandwich, as well as an exposure to pure benzene vapors or a dangerous pesticide.

The initiative provides a citizens suit/Bounty Hunter provision.

- o Potential plaintiffs need not demonstrate that they have any interest in or connection with the subject of the litigation in order to file suit.
- o An inducement to sue is provided by giving 25% of penalties imposed to plaintiff regardless of any harm or suffering incurred.
- o It is possible for a wholly unrelated and uneffected person to sue a business for a completely harmless act and make a handsome living doing so.
- o It would encourage nuisance suits against business and agri-business which have over 10 employees.

The broadly drafted citizen suit provision would limit the discretion/flexibility of government attorneys.

- o After a citizen litigant files notice, the government attorney only has 60 days to bring suit.
- o the citizen suit will compel the attorney to initiate suit prematurely, or abandon careful preparation already completed.
- o Notice by the citizen would undermine government's ability to conduct investigations without the knowledge of violators.

The initiative provides a rather vague provision which requires any "designated" government employee to report any illegal discharge or threatened discharge.

- o Penalty - forfeiture of job, imprisonment for up to 3 years and fines to $25,000.
- o Public employees can be punished more severely than polluters.

EXHIBIT F

OSHA Safety and Inspection Initiatives

BACKGROUND

The Occupational Safety and Health Administration, driven by the continuing public response to the tragedy at Bhopal, has initiated several activities with the potential to substantially impact the chemical industry.

The most significant in the short term has been the highly visible treatment of the agency's findings in its "wall to wall" inspection of the Union Carbide Corporation plant in Institute, West Virginia. The combination of a fine tooth comb inspection coupled with a new policy of attaching citations to each instance of a particular recordkeeping or program violation resulted in a record fine of over $1.3 million. The findings, presented by Secretary of Labor Brock at a press conference in Washington, painted a picture of a company that willfully risked the safety of its employees and attempted to cover up the results.

A related activity, the Special Emphasis Program (SEP) for the chemical industry, is now underway with 16 of the projected 80 chemical plant inspections completed. Initially, aimed at process safety and emergency response, the specially trained compliance teams are now also examining recordkeeping of injuries and illnesses. This demonstration program is to be evaluated and possibly expanded at year's end.

OSHA apparently intends to continue to cite some companies on an instance by instance basis using the alleged findings at Institute as a flexible yardstick for measuring seriousness. Whether these findings will be announced with a great deal of media exposure through the Labor Department in Washington, DC or left to the less visible area offices has not been decided with certainty.

OSHA has said they expect to invoke similar penalties at some other chemical plants already inspected under the SEP. We understand that OSHA does not believe the problem of underreporting is pervasive in the chemical industry. OSHA has indicated the automotive and defense industries can expect major recordkeeping citations in the near future.

A new regulation which is on the books, the Hazard Communication Standard (HCS), is already resulting in plant inspections for compliance with its labeling provisions. In addition, effective May 25 OSHA will be assessing the effectiveness of worker training programs.

Developments in the legislative environment have included the introduction of bills on worker notification, occupational disease compensation (asbestos), and a proposal for criminal penalties to be attached to management or supervisory practices in unsafe working conditions.

OSHA's request for permission to develop a new standard for the handling and storage of hazardous substances (the so-called "process safety standard") has been denied by OMB according to the recently published Regulatory Agenda. Notwithstanding this development, it is likely OSHA will continue to work on this project in a low visibility manner, with an objective of having it reinstated in the fall.

John Pendergrass' nomination to head OSHA was the subject of a Senate hearing on May 16. All indications are that he will be confirmed and installed in office the week after Memorial Day.

ISSUE

The SEP findings, if handled in the same manner as the results of the Union Carbide inspection, could result in another round of numerous citations and extremely high fines for failing to accurately record workplace injuries. These citations would further fuel an ongoing debate over the chemical industry's safety record, already being investigated by the National Academy of Science's special panel. Its members believe there is widespread intentional underreporting in the chemical industry.

If these attacks on the industry's record continue, it is likely to result in two parallel trends:

1. A gradual increase in the numbers of illnesses and injuries reported by companies as a result of citations for underreporting, valid or not, and

2. An increase in public concerns over the safety of the industry as it affects its workers and its host committees.

Just three possible impacts of such trends would be:

1. A push for greater workers' compensation in occupational disease cases. A parallel could be drawn to the federal Black Lung Act and federal or state administration of an industry fund for exposed workers.

2. Increased inspection of plants and operations, with funding for inspectors being placed on industry's back.

3. Licensing of chemical plants with government approval required in the design stage, as in the nuclear industry.

CMA PROGRAM AND RESPONSE

The Health and Safety Committee is mapping an advocacy strategy of which several elements have been identified:

- o consolidate and expand existing lines of communication with OSHA,
- o urge member companies to conduct audits of their internal guidelines for injury and illness recordkeeping,
- o participate in an advisory counsel on recordkeeping proposed by the Secretary of Labor,
- o maintain an active role in the development of a "performance language" process safety standard,
- o evaluate and, if possible, endorse the newly revised BLS 412 guidelines on illness and injury reporting, and
- o assuming endorsement is given, pursue a joint seminar with OSHA and BLS on the new requirements as a vehicle for eliminating areas of confusion.

ACTION REQUIRED

No action required, for information only.

CMA
BD-6/4/86

EXHIBIT G

Superfund Status Report
Legislative Review
By Wells Denyes, Eastman Kodak Company

After several months with numerous meetings of the Superfund conferees, little headway had been made in resolving the many differences between the programmatic portions of the House and Senate bills. As a result, Senator Stafford directed his staff to prepare a second offer. This was done, and on April 24, 1986, the Senate conferees agreed to a package and it was sent to the House. In the view of most in the business community it represented an extreme anti-industry position on most of the major issues contained in Superfund, and therefore did not represent a reasonable compromise between the two bills.

On April 30, 1986, the House conferees met to consider this offer, and voted 20 to 9 to reject the proposal. Following that decision, the House conferees discussed a new proposal that had been released by conference Chairman Dingell and agreed, by a vote of 19 to 1, to submit that proposal to the Senate.

Since the above date, the House and Senate conferees have met often and significant headway is being made to resolve the differences on several key issues. The conferees are optimistic that final resolution will be achieved by May 22, which is the beginning of Memorial Day recess. If not, it is believed that final resolution can be achieved by early June.

On funding, the programmatic conferees have agreed to a five year, $8.5 billion program and have relayed this agreement to Chairmen Rostenkowski and Packwood. As a result, serious discussion has begun to resolve the difference in funding mechanisms between the House and Senate bills. It now appears likely that an agreement will also be reached on funding before the Memorial Day recess.

CMA continues to be actively involved in working with the conferees and committee staffs on both the programmatic and funding portions of the Superfund bills. Special attention is being given to cleanup standards, settlements procedures, cleanup schedules, and the emissions reporting requirement. On funding, CMA's efforts focus on the unfairness and inequity of the House passed bill and the need to include a broad based source of revenue as part of the final package.

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EXHIBIT H

TAX REFORM ADVOCACY

BACKGROUND:

Senate Finance Committee Chairman Bob Packwood scored a major personal triumph as he withdrew his initial tax reform package and introduced a second, more far-reaching proposal. The Finance Committee reviewed the second Packwood proposal in closed door meetings and gave it unanimous approval on May 7.

As ordered reported by the Finance Committee, the tax revision bill:

- o Incorporates many of the favorable capital formation and foreign tax decisions reached during the consideration of the first tax proposal offered by Chairman Packwood
- o Offers tax rates for individuals and corporations that are substantially below those proposed by President Reagan or in the House-passed tax bill, H.R. 3838 (15 and 27 percent for individuals; maximum corporate rate of 33 percent)

The new rate reductions would be financed by:

- o Repealing the investment tax credit with an effective date 18 months in advance of corporate tax rate reductions
- o Repealing the capital gains tax for individuals
- o Repealing the Individual Retirement Account (IRA) deduction
- o Imposing a strong new 20 percent alternative minimum tax on both individuals and corporations

In addition, the bill would:

- o Limit certain itemized individual deductions, including consumer interest payments
- o Impose a new limitation on artificial losses from tax shelter investments
- o Allow business taxpayers to continue to deduct excise tax and tariff payments

Although the initial response to the Finance Committee tax package generally has been favorable, Senate passage of the bill is by no means a certainty. The revenue neutrality of the bill, which is required under the procedures mandated by the Gramm-Rudman-Hollings Act, is dependent upon the Senate's willingness to repeal two very popular individual tax provisions--the IRA deduction and the deduction of consumer interest payments. Senate floor action on the bill is expected to begin in early June.

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CMA PROGRAM AND DEVELOPMENTS:

At its May 7 meeting the Executive Committee directed the Tax Policy Committee and the GRC Taxation Task Group to review possible amendments to the Senate Finance Committee minimum tax provision that would reduce its severe impact on capital intensive manufacturers. In response to this directive, the Tax Policy Committee and GRC Taxation Task Group are developing a policy and strategy on amendments to the minimum tax. In general, it is believed that amendments to modify items in the list of preferences subject to the minimum tax have a greater probability of success than amendments to strike or to reduce the rate of the minimum tax. Moreover, it is believed that capital intensive taxpayers have a strong equitable argument that any repeal of the investment tax credit should be more closely related in time to corporate tax rate reductions than is presented in the Finance Committee bill.

CMA is actively participating in business coalitions to modify the minimum tax. At present it is unlikely that broad scale opposition to the Senate bill as a whole will develop. Thus, the Tax Policy Committee and GRC Taxation Task Group are developing a strategy for the House-Senate Conference on this legislation.

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