STATEMENT ON "CLEAN AIR TAX ACT OF 1970"

PRESENTED BY

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BEFORE

Committee on Ways and Means
U. S. House of Representatives
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J. L. Kimberley

before

HOUSE WAYS & MEANS COMMITTEE

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ABSTRACT

This statement in opposition to the Clean Air Tax Act of 1970 states certain facts concerning:

1. The high and punitive nature of the proposed tax.
2. Heavy refining industry conversion to "low or no-lead gasoline without the impetus of any tax.
3. Uncertainties surrounding the "promise" of catalytic control devices.
4. Progress made and indicated on controls to achieve the emission standards for 1975 and 1980 using leaded gasoline.
5. The likelihood of a new and aggravated threat if lead is removed.
6. Sources for claim that there is no threat to health at present or foreseen.
7. Final statement covering five conclusions and recommendations.

Mr. Chairman, gentlemen:

Introduction

My name is John L. Kimberley, executive vice president of the Lead Industries Association, Inc. I am presenting this statement in opposition to the Clean Air Tax Act of 1970 on behalf of the LIA's 60 member companies engaged in the mining, smelting and refining, manufacturing and fabricating of lead and lead products. A full membership list is attached to all copies of this statement as Appendix A.

It is perfectly obvious from the July 30 message to Congress from the Secretary of the Treasury that the tax proposal is not primarily or essentially a revenue measure. Its stated purpose is to tax out of existence the product on which the tax is imposed. Thus the more effective the tax, the quicker will that source of revenue diminish. I will leave to you gentlemen to decide whether such an approach to taxation makes sense from the money-raising point of view.

Impact of Tax

It would be interesting to explore how much presently existing revenue to the government from other sources would be lost through the economic disturbances that would inevitably result from this tax.

Consider its punitive levels and probable effects on a relatively small but important industry and on the gasoline consuming public.

1. A tax of $4.25 per lb. of lead consumed for the manufacture of additives is 28-1/3 times the raw material price of 15 cents per lb. of pig metal.

2. The estimated $1.6 billion first year revenue is 3.84 times the market value of all lead consumed in the U.S. during 1969 (2.78 billion pounds at 15 cents per lb. or $417 million -- tonnages U.S. Bureau of Mines).

3. This $1.6 billion of estimated 12 month revenue is over 19 times the market value of lead consumed for additives in the U.S. during 1969 (540 million lbs. at 15 cents per lb. or $81 million -- tonnages U.S. Bureau of Mines). The U.S. metal normally used for the manufacture of lead additives if of primary origin that is, newly mined.

4. The $1.6 billion annual revenue is equivalent to 2.3 cents per gallon to the consumer at the pump. (This is a government estimate which checks well with data available to us.) Assuming an average present nationwide price of 37 cents for gasoline -- 2.3 cents is about a 6.2 percent increase in the cost of this important consumer item. And this comes at a time when we are all concerned about rising costs and inflation.

But this is not the only basis for our opposition. As members of the House Ways and Means Committee you are being asked by the Administration to advance the resolution of an exceedingly complex environmental issue -- much more than a simple revenue raising matter.

We maintain that the rationale for the proposed tax is not well-founded. That rationale is set forth in the Secretary of the Treasury's letter of transmittal to the Speaker of the House. But the Secretary's arguments do not stand up in light of the full facts.

Conversion Incentive Already Exists

> The Secretary says, "(The tax) will create an immediate, effective incentive for the rapid conversion to gasoline with a low and eventually lead-free content."

The fact is that no lead tax has been necessary to stimulate the oil companies to produce low or lead-free fuels. An Oil Daily survey of August 18, 1970, showed that 14 major oil companies have already added a line of a low-lead or no-lead gasoline since April 3, and more can be expected. According to the Lundberg Gallonage survey these companies represent 54 percent of the gasoline market. This is enough to show that no tax incentive is needed.

Uncertainties Surrounding Catalytic Controls

> The Secretary says, "This conversion (to low-lead and lead-free gasoline) is necessary to provide assurance now that the development of emission control systems for automobiles... may go forward without delay...

Under present technology, the devices will not operate satisfactorily with gasoline containing lead..." The Secretary later makes clear he is referring to the catalytic reactor, only one approach to auto pollution control.

The Secretary is wrong on several counts.

It is significant that no specific catalytic emission control system, using non-leaded gasoline, has yet been proven -- let alone adopted. In fact some automakers have testified at other hearings before this Congress that they do not have an economical and efficient emission control device, but they hope to in the future.

These are the same hopes that the Administration's proposed lead tax is built on.

Controls with Leaded Gasoline

However, there are devices, including those developed by DuPont, Ethyl Corporation and Mobil Oil that will operate on leaded fuels and reduce automotive emissions significantly.

The California Air Resources Board recently tested a DuPont manifold reactor system on a car using leaded gasoline that "meets nearly all of the 1980 proposed federal emission standards." And it already comes well within the California goals for 1975. Specifically -- as related to 1975 standards more than 50 percent better than requried for hydrocarbons, 33 percent better with respect to carbon monoxide and more than 50 percent better with oxides of nitrogen.

Further, our industry and others are continuing to seek ways to control emissions of not just the smog forming gases, but also of the particulates, including lead, as exhausted from automobiles. DuPont and Ethyl have developed particulate traps which capture most of the particulates before they are emitted. Just a few weeks ago Texaco announced the development of a lead filter involving alumina on stainless steel wire that would capture a substantial amount of the lead resulting from combustion of leaded gasoline. A major California company concerned with aircraft has also developed a promising trapping system for use on leaded fuels, involving chemical scrubbing from the gaseous state ahead of any catalytic reactor. These are important current developments indicating that there is much progress being made in developing control systems that work effectively with leaded gasoline and that would also be capable of reducing lead and other particulate emissions.

The Administration's lead tax would certainly discourage further research and development of those systems which do operate on leaded fuels. The tax would result in narrowing research to unproven -- in some cases drawing board catalytic devices.

New Threat by Eliminating Lead

But there is another basic consideration. The Secretary said, "If lead were removed, additional octane could be provided only by higher concentrations of more expensive blending compounds."

This is extremely important -- but the Secretary seems to have totally missed the point. If the lead tax is made law, there would be more stimulus for the public to purchase lead-free gasoline -- made, as the Secretary says, "with higher concentrations of more expensive blending components," a majority of these are known as aromatics.

The public has been exposed to massive propaganda suggesting that to "get the lead out" will cure everything wrong with the atmosphere. This is just not so. No responsible and technically qualified person has said lead contributes to smog formation. Smog is caused by a photochemical reaction between oxides of nitrogen and unburned hydrocarbons in the presence of sunlight. Such photochemical reactivity is aggravated if the unburned hydrocarbons are "aromatic" in nature.

There will be no new devices on cars until 1974 or 1975 -- lead in gas or not. Smog will go on and may become worse particularly if aromatics increase. These "aromatics" are now the most readily available form of gasoline to improve octane if lead is removed.

The most telling commentary on this point comes from the U.S. Bureau of Mines' Report #7390, published in May 1970, on "Comparative Emissions from Some Leaded and Prototype and Lead-Free Automotive Fuels." The most pertinent comment from this report is in its summary:

"The photochemical reactivity of automobile emissions was found to be increased 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 is attributed to characteristics of the blending components that were used to obtain the required octane quality without using lead."

To paraphrase this, the type of emission the report refers to is that which causes the Los Angeles-type, eye-irritating smog. And this tax bill would encourage the greater use of aromatic fuel components that produce these increased pollutants. A copy of the complete Summary and Conclusions of this Bureau of Mines' report is attached as Appendix B.

This means that if you recommend a tax designed to force a more rapid conversion from leaded to non-leaded fuels, something else will have to be added to gasolines to maintain octane levels for many millions of today's cars. And we believe that this would result in a worsening, rather than an improvement of the smog situation.

No Threat to Health

> The Secretary says, "We must act promptly to reduce, and eventually eliminate, the lead content of gasoline to deal with this danger to our national health levels."

There have been a number of studies on the health effects of lead in the atmosphere since the 1920's and none has shown a danger to national health from lead in the atmosphere -- no matter what its source.

These studies and reports have included: U.S. Surgeon General (1926 and 1959); data without comment from the National Air Sampling Network (starting 1957); World Health Organization (1965); U.S. Public Health Service (1965); American Medical Association (1966), and the American Industrial Hygiene Association (1969).

All have come to the conclusion -- there is not now nor is there foreseen a threat to health from lead as out of automotive emissions.

Time does not permit a reading of the various conclusions stated in the reports from the organizations cited. They are included in the brochure "Facts About Lead and the Atmosphere" attached hereto as Appendix C.

All this notwithstanding, the lead industry and additive manufacturers are continuing their research and surveillance of lead in the atmosphere.

CONCLUSIONS

Enactment of the proposed tax on lead in gasoline would aggravate rather than alleviate a major problem -- control of auto exhaust emissions.

1. The tax would be punitive against a relatively small industry and would be a disappearing rather than continuing source of revenue.

2. The tax is not necessary to encourage low-lead or no-lead fuels, even if these are desirable. We are already getting them from companies representing over 50 percent of the gasoline market.

3. The tax would narrow rather than broaden efforts to develop more effective auto emission control systems, by focusing attention on no better than experimental devices working with non-leaded fuel only. Systems have already been successfully demonstrated that work with leaded fuels.

4. The tax would encourage immediate wider use of gasolines having a higher aromatic content, which is known to be smog-causing.

5. Lead is only a fraction of 1 percent of total automobile emissions and in itself has not been shown to be a major factor in emissions and is not a factor in smog formation. There has not been any showing of a health hazard to the general public as a result of lead emissions from automobiles. Systems to control lead emissions, however, as well as noxious gas emissions have been developed, tested and are being improved.

The Treasury's rationale for the lead tax raises grave questions as to its soundness. Not only self-defeating but more importantly, if could backfire and cause even more pollution. We urge its rejection.

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