A G E N D A

MEETING OF THE CMA BOARD OF DIRECTORS
Tuesday, April 3, 1984
10:30 a.m. to 12 Noon
2:00 p.m. to 4:00 p.m.
CMA Board Conference Room
Washington, D. C.

		TAB
1.	Call to Order and Approval of Minutes of January 23-24, 1984, Meeting -- Chairman Fernandez	
2.	Report of Executive Committee -- Chairman Holmer	
3.	Treasurer's Report -- G. C. Herrman	1
4.	Report of Finance Committee -- H. A. Sorgenti	
5.	Report of Nominating Committee -- Chairman Fernandez	
6.	Report of Membership Committee -- R. F. Bentele McCloskey Varnish Company	
7.	CMA Committee Appointments -- R. A. Roland	2
8.	Report of the President -- R. A. Roland	
	a. Proposed Special Programs: (1) Butadiene; (2) Hydroquinone/Quinone	3
	b. Schedule of Meetings Fiscal 1984-85 -- Board of Directors, Executive Committee, and Finance Committee	4
9.	Superfund Reauthorization Update -- Stacey Mobley, E. I. du Pont de Nemours & Company	5
10.	Report of Task Group on Superfund Funding Alternatives -- Thomas G. Singley, Shell Oil Company	6
11.	Report of Special Programs Advisory Committee -- Chairman: Gary A. Sunshine, ICI Americas Inc.	
12.	Reports of the Vice Presidents:	
	a. Technical Director -- G. V. Cox	7
	b. Director of Communications -- J. C. Holtzman	8
	c. Director of Government Relations -- W. M. Stover	9
	d. General Counsel -- D. F. Zoll	10
13.	New Business	
14.	Adjournment	

Next Meeting of the Board of Directors: Wednesday, June 6, 1984, at 5:30 p.m., in the Eisenhower C Room, The Greenbrier, White Sulphur Springs, West Virginia, followed by cocktails at 7:00 p.m. in the Eisenhower Reception Area and Dinner at 8:00 p.m. in the Eis nhower A Room.

MINUTES of the two-hundred ninety-seventh meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at CMA Headquarters, Washington, D. C., Tuesday, April 3, 1984.

Directors:	Louis Fernandez, Chairman	
	George J. Sella, Jr., Vice Chairman	
	Richard G. Askew	Edwin C. Holmer
	Max S. Bass	P. W. Ifland
	Alan Belzer	John W. Johnstone, Jr.
	Raymond F. Bentele	Robert D. Kennedy
	Louis W. Cabot	Sidney M. Leahy
	Paul W. Chellgren	John S. Ludington
	W. H. Clark, Jr.	Robert H. Malott
	Lester E. Coleman	Fred W. Montanari
	Ralph S. Cunningham	John D. Ong
	Carl R. Eckardt	Thomas E. Reilly, Jr.
	John T. Files	Robert A. Roland
	Joseph P. Flannery	David L. Rooke
	Robert C. Forney	Vincent A. Sarni
	Floyd D. Gottwald, Jr.	James F. Schorr
	Vincent L. Gregory	Harold A. Sorgenti
	Ben C. Hayton	Charles E. Stewart
	Paul F. Hoffman	J. R. Street
Secretary:	Charles W. Van Vlack	
Treasurer:	Gary C. Herrman	
General Counsel:	David F. Zoll	
By Invitation:	Stuart T. Allen, SOCMA, E. I. du Pont de Nemours & Company	
	David L. Baird, Jr., Exxon Chemical Company	
	Timothy F. Burns, CMA	
	Geraldine V. Cox, CMA	
	Robert B. Hill, CMA	
	Jon C. Holtzman, CMA	
	Stacey J. Mobley, E. I. du Pont de Nemours & Company	
	Victor H. Peterson, CMA	
	Vernon R. Rice, E. I. du Pont de Nemours & Company	
	James H. Senger, Monsanto Company	
	Thomas G. Singley, Shell Chemical Company	
	David S. Smallwood, ARCO Chemical Company	
	Richard G. Stoll, CMA	
	William M. Stover, CMA	
	Julianne H. Van Egmond, American Cyanamid Company	

1. The meeting was called to order by Chairman Fernandez.

2. <u>MINUTES OF THE LAST MEETING</u>

The minutes of the January 23 and 24, 1984, meeting were approved as distributed.

3. CORPORATE SECRETARY

Mr. Roland announced the appointment of Charles W. Van Vlack as Corporate Secretary of the Association, replacing Bruce M. Barackman who has retired.

ON MOTION, duly made and seconded, it was

VOTED: That Charles W. Van Vlack be confirmed as Corporate Secretary.

4. REPORT OF EXECUTIVE COMMITTEE

Chairman Holmer's reports on the specific actions taken by the Executive Committee at its meeting earlier that same morning were deferred and made part of the discussions of the corresponding Board agenda items.

5. TREASURER'S REPORT

Mr. Herrman indicated that the full report had been previously mailed, and reported in summary that the use of reserves in the current fiscal year ending May 31, 1984, will be reduced to approximately $200,000 as a result of increased revenue and continuing control of expenditures. In addition, Mr. Herrman presented two resolutions and recommended their adoption.

ON MOTION, duly made and seconded, it was

VOTED: That the resolutions relating to signature requirements and the use of a facsimile signature machine for drawing on the Association's bank accounts, as set forth in Exhibit A, be approved.

6. REPORT OF FINANCE COMMITTEE

Mr. Sorgenti reviewed the proposed budget which had been revised as a result of discussions at the March Executive and Finance Committee meetings. The proposed budget, as distributed, contains an overall increase of 4.7%; provides some program changes; identifies a number of unfunded items; and authorizes an increase in personnel in the State Affairs and Federal Grassroots program areas. With respect to the unfunded items, the Finance Committee identified five projects totaling $165,000 which should be given consideration for funding if actual revenues received during the 1984-85 fiscal year exceed projections.

During the course of the Finance Committee's discussion, it identified the Engineering Standards program as one which might be transferred to some other appropriate organization. The Engineering Advisory Committee and staff will explore possibilities in this area. All other program areas were considered to be continuing priorities.

Nominating Comm

The Finance Committee also recommended not tapping reserves in excess of $500,000 and seeking to build the level of those reserves to 40-50% of the annual budget.

There was discussion of the dues being assessed to Canadian members and whether those dues remain appropriate. The Finance Committee agreed to review the matter and report back to the Board at a future meeting.

Mr. Sorgenti, on behalf of the Finance Committee, then recommended approval of:

- A fiscal year 1984-85 budget of $13,543,200 per Exhibits B, C, and D.
- Funding through the current fee schedule, per Exhibit E.

ON MOTION duly made and seconded, it was

VOTED: To approve the recommendations as presented by the Finance Committee.

Chairman Fernandez commended Mr. Sorgenti and the entire Finance Committee for their efforts.

7. REPORT OF NOMINATING COMMITTEE

Chairman Fernandez presented, for information only, the slate of proposed directors to be elected by the membership at the Annual Meeting in June. The proposed slate will be sent to the membership with the official notice of the Annual Meeting.

8. REPORT OF MEMBERSHIP COMMITTEE

Mr. Bentele advised that the Membership Committee had examined the qualifications of the McCloskey Varnish Company and recommended their election.

ON MOTION, duly made and seconded, it was

VOTED: That the McCloskey Varnish Company be elected to membership in the Association.

9. COMMITTEE APPOINTMENTS

Mr. Roland presented the list of proposed chairmen and new members f the Association's standing committees and the list of interim committe appointments. Dr. Fernandez reported that the Executive Committee had agreed that continuing effort was needed to spread the committee chairmanships among a wider number of companies.

ON MOTION, duly made and seconded, it was

VOTED: To approve the lists of interim and new committee chairmen and members of the Association's standing committees as set forth in Exhibits F and G.

10. REPORT OF THE PRESIDENT

Mr. Roland presented proposed programs on butadiene and on hydroquinone/quinone.

ON MOTION, duly made and seconded, it was

VOTED: To approve the proposed programs on butadiene and on hydroquinone/quinone as set forth in Exhibit H.

Mr. Roland also reported on the schedule of Association meetings for the Board of Directors, Executive Committee and Finance Committee for fiscal year 1984-85, as set forth in Exhibit I.

11. SUPERFUND REAUTHORIZATION

Mr. Holmer summarized the deliberations and conclusions of the Executive Committee at its March 6 meeting on the Superfund Issue. It was agreed at the March meeting that:

- Mr. Roland be given the authority and the flexibility to respond to any congressional initiatives regarding a new Superfund reauthorization bill which takes us away from the onerous provisions of the Florio and Lent bills.
- The spending level of the new bill should not exceed $640 million, the Administration's 1985 budget figure.
- Funding alternatives will be provided by CMA's Superfund Funding Task Group.
- No official CMA position will be taken without Board approval which is contemplated at its April 3 meeting.
- If legislative developments present a situation of extreme urgency requiring action before April 3, there will be no CMA policy commitment or public announcement until the matter is discussed with the CMA Officers and Executiv Committee and a decision made as to th appropriate course of action to be taken.

Mr. Holmer then reviewed recent developments which require that some adjustments be considered in how the Association's strategy is being implemented. These developments include the release that morning (April 3) of a revised Florio bill; the scheduling of a committee markup session on April 4; and the call from sympathetic House subcommittee members for more specific positions and language from CMA.

After considerable discussion at its meeting earlier that morning, Mr. Holmer reported that the Executive Committee had unanimously agreed to the following general principles for consideration by the Board:

- Continue to authorize Association representatives to approach subcommittee members to discuss substantive provisions and language consistent with the Association's adopted positions.

- Authorize Association representatives to agree to an annual taxing level of approximately $600 million.

- Advocate waste-end tax funding at the level of $300 million per year, based on a rate of $50 per dry weight ton.

- Recognize that continuing the current CERCLA feedstock tax (with appropriate amendments) may be necessary to generate an additional $300 million per year.

- Authorize EPA to borrow up to an additional $300 million per year to supplement the fund.

- Defer a final decision on the appropriateness of a gross receipts tax to provide additional funding. Request the Superfund Funding Task Group to explore the issue further and report back to the Executive Committee.

- Public Compensation remains an unacceptable part of Superfund reauthorization.

Mr. Mobley then reported on the details of developments in Congess during the past month (Exhibit J). Major points of his presentation included:

- CMA's testimony by Dr. Fernandez before the Florio subcommittee was effective and well received.

- EPA Administrator Ruckelshaus' testimony was not inconsistent with CMA's position. EPA will be prepared by December to discuss specific recommendations on reauthorization.

- The full Senate Committee may begin hearings on April 11.

- A draft of the new Florio bill will be available today (April 3). The redraft is likely to delete the fertilizer and mining industries from the funding provisions and further shift the burden to feedstocks. Public compensation will remain and the fund size is unlikely t be reduced. Markup has been tentatively scheduled for April 4 at 1:30 p.m.

- The Government Relations Committee Superfund Task Group requests authorization to approach the House subcommittee with specific legislative language.

Mr. Singley reported on funding alternatives as set forth in Exhibit K. The funding report contained four options to raise approximately $600 million per year. This would be in addition to maintaining the government's general fund contributions at their current 12.5 percent rate. Each of the four options contained two common provisions:

- $300 million waste-end tax levied at the rate of $50 per dry weight ton.

- Authority for EPA to borrow up to $300 million annually to be paid back from future fund revenues and cost recoveries.

The four funding alternatives presented were:

- Impose a gross receipts tax.

- Continue current feedstock tax with caps; gasoline additives exempted; and technical amendments.

- Expand feedstock tax utilizing a broader base of taxable substances.

- Increase petroleum tax to 5 cents per barrel.

Mr. Smallwood made a presentation specifically on the gross receipts tax, as per Exhibit L. With respect to the gross receipts tax, a letter from the Tax Policy Committee was noted opposing the use of such a tax (Exhibit M).

The Board adjourned at noon and reconvened the same day at 2:00 p.m.

There was considerable discussion on the policy, strategic, and tactical elements of the issue. Although a variety of viewpoints and suggestions were expressed, a consensus emerged on the appropriate posture for the Association to take at this time.

ON MOTION, duly made and seconded,
it was

VOTED: That the following elements
constitute the Association's program
and position on Superfund reauthorization:

- Association representatives be given the authority and flexibility to approach Representative Florio and/or other members of his subcommittee to present and discuss substantive language consistent with the Association's positions on fund size; funding source alternatives; and other Superfund issues for which the Association has adopted a position.

- Public compensation provisions continue to be an unacceptable part of Superfund legislation.

- With respect to fund size, authorize Association representatives to agree to an annual taxing level of approximately $600 million, to be raised as follows:

  - $300 million dollars from a waste-end tax at a rate not exceeding $50 per dry weight ton.

  - $300 million from the current CERCLA feedstock tax with the following modifications:

    - Exempt hydrocarbons used in gasoline.

    - Cap feedstock revenues at current levels.

    - Adopt CMA technical amendment package.

  - In addition, allow fund borrowing of up to $300 million per year.

- The Superfund Funding Task Group should continue its efforts to define and develop further acceptable funding alternatives which will broaden the tax base, including further consideration of a gross receipts tax. The Executive Committee will review the merits of that tax at a future meeting.

- The Association should pursue an overall strategy that will:

  - Maintain and enhance the positive image and credibility established over the last several months on Superfund issues.

  - Continue to identify and exploit opportunities to delay the movement through the process of an unacceptable bill.

12. REPORT OF SPECIAL PROGRAMS ADVISORY COMMITTEE

In Mr. Sunshine's absence, Mr. Roland referenced the report of the Special Programs Advisory Committee (SPAC) which had been distributed separately. Mr. Roland reported that there are currently 31 special programs in operation. He also reported that the Executive Committee had approved the reorganization of SPAC effective June 1, 1984. The new advisory committee will consist of three CMA Vice Presidents (Technical, Legal, and Administration) and two Association Directors, to be appointed by the Chairman of the Board. Pursuant to the Bylaws, Board approval is required for Directors to serve on standing committees; therefore,

> ON MOTION, duly made and seconded, it was
>
> VOTED: That two Directors be authorized to serve as m mb rs of the reorganized Special Programs Advisory Committee.

13. REPORTS OF THE VICE PRESIDENTS

a. Technical Director. Dr. Cox's report is attached as Exhibit N. Additionally, she reported on the Hazardous Materials Spills Conference which will convene in early April.

b. Director of Communications. Mr. Holtzman's report is attached as Exhibit O. He expanded on his report by highlighting the media visits that were under way to support the Association's effort on Superfund. He solicited additional cooperation from Board members and their associates to participate directly in this program by agreeing to meet with the media in key media markets and congressional districts.

c. Director of Government Relations. Mr. Stover's report is attached as Exhibit P. He emphasized the need to reach the media in the next several weeks to obtain the maximum benefit in the Superfund debate.

PRIVILEGED MATERIAL REDACTED

14. NEW BUSINESS

Chairman Fernandes reported on developments relating to the "Entity" project. Although there have been preliminary reports in the press, an official announcement is planned for the end of May. Dr. Fernandes will report to the Board later this year on what additional resources will b required to implement the "Entity" effort. It was agreed that the full membership would be briefed at the Annual Meeting in June.

On motion, duly made and seconded, the meeting adjourned at 3:50 p.m.

Charles W. Van Vlack
Corporate Secretary

Certified correct:

Louis Fernandes
Chairman of the Board

EXHIBIT A

CHEMICAL MANUFACTURERS ASSOCIATION

BANK RESOLUTIONS

Background: In order to improve the efficiency of CMA's disbursement process, it is recommended that the Association begin using a check signing machine on its two commercial checking accounts. The resolutions to effect this change would be as follows:

RESOLVED: that the Association's Commercial Checking Account at National Savings and Trust (No. 019-204403-0) may be drawn on only by check signed by any two of the following: Robert A. Roland, President; Gary C. Herrman, Vice President-Treasurer; or Peter R. Agnew, Controller. The facsimile signature of Robert A. Roland may be used to countersign checks drawn by Gary C. Herrman or Peter R. Agnew (not to exceed $10,000 per check).

RESOLVED: that the Association's Payroll Checking Account at National Savings and Trust (No. 019-204309-9) may be drawn on only by check signed by one of the following: Robert A. Roland, President; Gary C. Herrman, Vice President-Treasurer; or Robert A. Roland/facsimile.

CMA
EC-4/3/84
BD-4/3/84

EXHIBIT B

CHEMICAL MANUFACTURERS ASSOCIATION

EXECUTIVE SUMMARY AND RECOMMENDATIONS ON FUNDING

PROPOSED BUDGET

Fiscal Year Beginning June 1, 1984 and Ending May 31, 1985

I. The proposed FY 84/85 budget anticipates a deficit and use of reserves to the extent of $496,200. Total program expenditures of $13,534,200 are requested and total revenues of $13,038,000 are anticipated. Authorized personnel of 153 are requested, an increase of seven staff from the current fiscal year. Summaries of programs as recommended for funding are presented at tabs #2 and #3 of this document. The specific budget recommendation is:

> Approval of a fiscal year 1984/85 budget of $13,534,200 as indicated in the budget documentation which will require the use of reserves to the extent of $496,200.

II. Funding to support the FY 84/85 budget of $13,534,200 assumes continuation of the schedule of fees as presented on page 3 of this tab. The specific funding recommendation is that the fee schedule remain unchanged.

> Approval of the schedule of fees per page 3 of this tab.

If approved, CMA reserves as adjusted for capital acquisitions and depreciation are estimated to be:

	Estimated Current Contribution To Reserves	Investment In Fixed Assets	Current Year Depreciation	Approximate Cash Reserves	Reserve %
Actual Reserves June 1, 1983	$ N/A	$ N/A	$ N/A	$ 6,252,400	47.9
FY 83/84 Projected	(271,500)	(152,300)	128,700	5,957,300	44.0
FY 84/85 Estimated	(496,200)	(170,000)	144,500	5,435,600	39.0
FY 85/86 Estimated	235,500	(150,000)	150,000	5,671,100	38.8
FY 86/87 Estimated	309,500	(150,000)	150,000	5,980,600	38.9
FY 87/88 Estimated	394,700	(150,000)	150,000	6,375,300	39.5
FY 88/89 Estimated	492,400	(150,000)	150,000	6,867,700	40.8

> CMA policy is that reserves should remain in the range of 25% to 50% of general operating expenses. However, in order to be able to fund selected unanticipated projects should they become necessary and be authorized by the Board or Executive Committee during the course of a fiscal year, future year planning provides that reserves should remain at the high end of this range, i.e., approximately 40% to 50%. As is detailed under tab #2 for future years' estimates, reserves increase in future years assuming approximately a 9% increase in dues revenue in FY 85/86 and 6% increases thereafter. Assuming approximately 5% increases in general expenses, the ratio of reserves to general operating expenses will be maintained within guidelines.

III. As directed by the Finance and Executive Committees, the expenses, revenue and personnel of the separately funded Special Programs area are costed and presented as a separate operating activity. Actual staffing and expenses in this area will be dependent on the number and level of special programs undertaken and supported by specific product manufacturer and user groups. Details are per tab #24 of this document.

IV. In conforming to previous guidelines that use of reserves be held below $500,000, certain recommended items remain unfunded. Should actual revenues received during the fiscal year exceed budget projections, the Finance Committee has recommended subsequent review and consideration be given to the possibility of funding the five top priority projects listed. These requests are presented at tab #21 of this document.

V. In preparing this year's proposed budget, we have continued a process begun last year which is designed to group CMA activity into broad program categories. The goal is to achieve enhanced clarity of presentation across the full range of activities. Beginning with tab #4, the program categories include:

- Commercial Production of Chemicals
- Waste Handling and Disposal
- Incidental Chemical Exposure & Public Health
- Occupational Safety & Health
- Clean Water
- Clean Air
- Chemical Product Distribution
- Energy & Feedstock Supplies
- Taxation & International Trade
- Plant Management & Design
- Patents and Protection of Technology
- State Legislative and Regulatory Network
- Multi - Program Activities

CMA's budget and the 1,400 member employees working through the Committees and Task Groups assist the industry in each of these program areas to:

- Research, Analyze and Develop Positions on Individual Issues
- Initiate or Modify Regulatory Events
- Initiate or Modify Legislative Events
- Communicate to the Industry and Through the Media
- Litigate Adverse Results
- Multiply Impact Through Other Organizations with Mutual Interests

CHEMICAL MANUFACTURERS ASSOCIATION
SUMMARY OF REVENUE, DIRECT PROGRAM AND MANAGEMENT
AND SUPPORT ACTIVITIES
FY 82/83 Actual, Current Year Budget & Projection,
Proposed FY 84/85 Budget, Estimated Future Years

EXHIBIT C

SUMMARY TOTALS OF
REVENUE, DIRECT PROGRAM,
MANAGEMENT & SUPPORT ACTIVITIES

	FY 82/83 Audited Results	Amended FY 83/84 Budget	Projected FY 83/84 Actual Results	Proposed FY 84/85 Budget	ESTIMATED FUTURE YEARS FY 85/86 Estimated	FY 86/87 Estimated	FY 87/88 Estimated	FY 88/89 Estimated
REVENUE:								
Membership Dues & Assessments	$12,081,200	$11,000,000	$11,174,500	$11,712,200	$12,839,900	$13,610,300	$14,426,900	$15,292,500
Investment Revenue	1,397,100	900,000	1,235,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000
Meetings (Net of Expenses)	208,600	155,600	217,900	165,300	165,300	165,300	165,300	165,300
Revenue from or (Dues Support to) Special Program Area	84,100	--	30,000	--				
All Other	18,000	13,700	3,700	500				
TOTAL REVENUE	$13,789,000	$12,069,300	$12,661,100	$13,038,000	$14,165,200	$14,935,600	$15,752,200	$16,617,800
DIRECT PROGRAM ACTIVITIES:								
Health, Safety and Chemical Regulations	$ 668,500	$ 691,400	$ 692,800	$ 730,300	$ 768,800	$ 806,200	$ 845,400	$ 887,700
Environmental Activities	656,400	687,800	674,200	720,700	756,700	794,600	834,300	876,000
Distribution - Including the Chemical Transportation Emergency Center (CHEMTREC)	744,800	768,700	737,000	785,100	824,400	865,600	908,900	954,300
Energy and Engineering	200,300	212,300	202,700	210,000	220,500	231,500	243,100	255,300
Technical Administration	266,000	275,600	276,900	317,800	333,700	350,400	367,900	386,300
Outside Consulting	661,600	1,431,000	1,493,100	834,000	594,500	624,200	655,500	688,200
Federal Legislative Activities	959,000	1,122,200	1,110,100	1,247,600	1,310,000	1,375,500	1,444,300	1,516,500
Coalitioning Activities	18,000	80,000	61,000	130,500	137,000	143,800	151,000	158,600
Federal Grassroots Network	183,600	100,000	168,000	335,700	352,500	370,100	388,600	408,000
State Legislative & Regulatory Affairs	291,800	441,700	456,600	607,400	637,800	669,700	703,100	738,300
Communications Program	2,380,600	2,461,900	2,230,800	2,431,800	2,553,400	2,681,000	2,815,000	2,955,800
General Counsel	907,900	1,009,700	1,001,400	1,106,400	1,161,700	1,219,800	1,280,800	1,344,800
Outside Legal Fees	1,497,100	1,600,000	1,596,000	1,600,000	1,680,000	1,764,000	1,852,200	1,944,900
Member & State Services	136,400	147,200	149,800	160,500	168,500	177,000	185,800	195,100
Association Liaison	146,000	162,500	159,800	177,400	186,300	195,600	205,400	215,700
TOTAL	$ 9,718,000	$11,192,000	$11,010,200	$11,396,200	$11,683,800	$12,268,030	$12,881,300	$13,525,530
UNALLOCATED MANAGEMENT AND GENERAL SUPPORT ACTIVITIES:								
Executive Department	$ 782,700	$ 739,900	$ 758,100	$ 806,200	$ 846,500	$ 888,800	$ 933,300	$ 979,900
Meetings & Conventions	203,000	230,600	210,600	225,600	236,900	248,700	261,200	274,200
Accounting and Business Services	492,400	476,000	483,300	514,600	540,300	567,300	595,700	625,500
Computer and Internal Information Services	237,900	241,300	263,200	370,400	388,900	408,300	428,800	450,200
Printing & Distribution	209,000	205,400	207,200	222,200	233,300	245,000	257,200	270,100
TOTAL	$ 1,925,000	$ 1,893,200	$ 1,922,400	$ 2,139,000	$ 2,245,900	$ 2,358,100	$ 2,476,200	$ 2,599,900
TOTAL EXPENSES	$11,643,000	$13,085,200	$12,932,600	$13,534,200	$13,929,700	$14,626,100	$15,357,500	$16,125,400
Contribution to (Use of) Reserves	$ 2,146,000	$(1,015,900)	$ (271,500)	$ (496,200)	$ 235,500	$ 309,500	$ 394,700	$ 492,400

AUTHORIZED PERSONNEL	146	146	146	153	153	153	153	153

ACTIVITIES NOT FUNDED BY FULL MEMBERSHIP AND NOT INCLUDED ABOVE

SPECIAL PROGRAM STAFF	16	16	16	16	16	16	16	16
SPECIAL PROGRAM REVENUE LESS EXPENSES	$ 84,100	$ --	$ 30,000	$ --	$ --	$ --	$ --	$ --

CMA 038079

EXHIBIT D

CHEMICAL MANUFACTURERS ASSOCIATION

PROPOSED BUDGET SUMMARY OF

REVENUE AND EXPENSES

BY NATURAL EXPENSE CLASSIFICATION

FY 82/83 Actual, Current Year Budget & Projection,
Proposed FY 84/85 Budget, Estimated Future Years

	Actual FY 82/83 Results	Approved FY 83/84 Budget	Projected FY 83/84 Actual Results	Proposed FY 84/85 Budget	ESTIMATED FUTURE YEARS FY 85/86 Estimated	FY 86/87 Estimated	FY 87/88 Estimated	FY 88/89 Estimated
REVENUE:								
Membership Dues & Assessments	$12,081,200	$11,000,000	$11,174,500	$11,712,200	$12,839,900	$13,610,300	$14,426,900	$15,292,500
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Meetings (Net of Expenses)	208,600	155,600	217,900	165,300	165,300	165,300	165,300	165,300
Revenue from or (Dues Support to) Special Program Area	84,100	--	30,000	--	--	--	--	--
All Other	18,000	13,700	3,700	500	--	--	--	--
TOTAL	$13,789,000	$12,069,300	$12,661,100	$13,038,000	$14,165,200	$14,935,600	$15,752,200	$16,617,800
GENERAL EXPENSES:								
Salary & Related Expense	$ 4,349,300	$ 4,768,100	$ 4,716,800	$ 5,180,100	$ 5,439,100	$ 5,711,100	$ 5,996,600	$ 6,296,400
Employee Benefits	924,900	1,020,500	1,061,200	1,185,400	1,244,700	1,306,900	1,372,200	1,440,900
Travel & Staff Training	301,200	368,300	336,800	412,100	432,700	454,300	477,100	500,900
Dues, Subscriptions & Publications	82,300	75,200	76,500	101,900	107,000	112,300	118,000	123,900
Computer Services	87,300	90,000	133,500	213,100	223,700	234,300	246,700	259,000
Meetings & Workshops	44,000	86,900	69,200	99,500	104,500	109,700	115,200	120,900
Outside Media & Public Relations	75,400	143,600	126,300	89,500	94,000	98,700	103,600	108,800
Media Tours	250,800	345,000	299,000	355,000	372,700	391,400	410,900	431,600
Advertising	377,200	100,000	50,000	--	--	--	--	--
Targeted District Communications	183,600	100,000	135,000	180,000	189,000	198,500	208,400	218,800
Regional Communications Program	49,700	100,000	50,000	55,000	57,700	60,700	63,600	66,900
Outside Printing, Art, & Graphics	326,700	324,700	307,000	397,900	417,800	438,700	460,600	483,600
Audio Visual & PSA's	355,600	411,500	376,200	398,300	418,200	439,100	461,100	484,100
Direct Postage, Freight & Delivery	189,000	235,100	219,100	257,300	270,200	283,700	297,900	312,700
Direct Supplies & General Office	37,000	49,100	45,500	49,900	52,400	55,000	57,800	60,700
Taxes, Insurance & Audit	433,500	456,500	480,700	511,300	536,900	563,700	591,900	621,500
CHEMTREC Telephone	66,400	72,500	75,000	84,000	88,200	92,600	97,200	102,100
Rent & Occupancy	751,300	780,500	787,500	871,600	915,200	960,900	1,009,000	1,059,400
Common Costs	721,900	810,400	802,700	884,500	928,700	979,200	1,023,300	1,075,100
Less: Support to Special Programs	(140,800)	(363,700)	(365,500)	(356,700)	(374,500)	(393,300)	(412,900)	(433,600)
TOTAL	$ 9,466,300	$ 9,974,200	$ 9,782,500	$10,969,700	$11,518,200	$12,094,100	$12,698,800	$13,333,700
MAJOR OUTSIDE EXPENSES:								
Outside Legal Fees	$ 1,497,100	$ 1,600,000	$1,596,000	$ 1,600,000	$ 1,680,000	$ 1,764,000	$ 1,852,200	$ 1,944,900
Outside Consulting	661,600	1,431,000	1,493,100	834,000	594,500	624,200	655,500	688,200
Coalitioning Activities	18,000	80,000	61,000	130,500	137,000	143,800	151,000	158,600
TOTAL	$ 2,176,700	$ 3,111,000	$ 3,150,100	$ 2,564,500	$ 2,411,500	$ 2,532,000	$ 2,658,700	$ 2,791,700
TOTAL EXPENSES	$11,643,000	$13,085,200	$12,932,600	$13,534,200	$13,929,700	$14,626,100	$15,357,500	$16,125,400
Contribution to (Use of) Reserves	$ 2,146,000	$(1,015,900)	$ (271,500)	$ (496,200)	$ 235,500	$ 309,500	$ 394,700	$ 492,400
AUTHORIZED PERSONNEL	146	144	146	153	153	153	153	153

CMA 038080

EXHIBIT E

CHEMICAL MANUFACTURERS ASSOCIATION

PROPOSED BUDGET SUMMARY

FY 82/83 Actual, Current Year Budget & Projection, Proposed FY 84/85 Budget, Estimated Future Years

MEMBERSHIP FEE CLASSIFICATION:	Actual FY 82/83 Results *	Approved FY 83/84 Budget	Projected FY 83/84 Actual Results	Proposed FY 84/85 Budget	ESTIMATED FUTURE YEARS FY 85/86 Estimated	FY 86/87 Estimated	FY 87/88 Estimated	FY 88/89 Estimated
Over $400 million	$ 8,180,800	$7,482,000	$7,549,600	$7,902,800				
$100 - $400 million	2,910,100	2,603,000	2,705,000	2,951,000				
Under $100 million	990,300	915,000	919,900	858,400				
TOTAL	$12,081,200	$11,000,000	$11,174,500	$11,712,200	$12,839,900	$13,610,300	$14,426,900	$15,292,500

* Includes Communications assessment

THE ABOVE PROPOSED BUDGET ASSUMES NO CHANGE
IN THE SCHEDULE OF FEES (SEE BELOW) FROM
FISCAL YEAR 1983/84 TO 1984/85

CHEMICAL SALES CALENDAR YEAR 19XX $ MILLION	MEMBERSHIP FEE
Under - 1.0	$ 940
1.0 - 2.5	1,885
2.5 - 5.0	3,230
5.0 - 7.5	4,575
7.5 - 10.0	5,390
10.0 - 15.0	6,730
15.0 - 25.0	8,080
25.0 - 50.0	0.0324%*
50.0 - 100.0	0.0296%*
100.0 - 400.0	0.0270%*
Over - 400.0	0.0242%**

* Up to but not more than the membership fee which would be obtained by multiplying the minimum amount of the next higher chemical sales bracket by the percentage factor applicable to the higher bracket.

** Maximum Fee $384,500

Canadian Members $ 1,885 (Flat Fee)

EXHIBIT F

COMMITTEE APPOINTMENTS

1. International Affairs Group
   Allen E. Sherr, American Cyanamid Company
   Edward J. Sowinsky, UNIROYAL, Inc.

2. Tax Policy Committee
   A. William Gallagher, Chevron Chemical Company -- Term ending May 31, 1985
   (replacing G. Wesley Read, El Paso Products Company)

3. State Affairs Committee
   D. H. Brewer, Olin Corporation -- Term ending May 31, 1985
   (replacing R. N. Williams, same company)

CMA
EC-4/3/84
BD-4/3/84

EXHIBIT G

COMMITTEE NOMINEES
Effective June 1, 1984

1. Chemical Regulations Advisory Committee
Chairman: J. Ronald Condray, Monsanto Company
Vice Chairman: Gerald A. Hapka, E. I. du Pont de Nemours & Company

Term ending May 31, 1987:
John D. Behun, Mobil Corporation
Joel B. Charm, Allied Corporation
Janice D. Florin, Standard Oil Company (Indiana)
Thomas W. Mooney, The Procter & Gamble Company
George A. Rodenhausen, Celanese Corporation

2. Communications Committee
Chairman: John F. Hussey, Monsanto Company
Vice Chairman: Michael E. Thompson, Standard Oil Company (Indiana)

Term ending May 31, 1987:
Norman R. Angell, Chevron Chemical Company
Leslye A. Arsht, Cabot Corporation
Arthur C. Benedict, CIBA-GEIGY Corporation
Frank M. Brogden, Tennessee Eastman Company
Charles M. Coe, Allied Corporation

3. Distribution Committee
Chairman: Frederic E. Allen, E. I. du Pont de Nemours & Company
Vice Chairman: Keith J. Bunting, Dow Chemical U.S.A.

Term ending May 31, 1987:
A. Cal Allen, Chevron Chemical Company
Stephen F. Burke, Air Products and Chemicals, Inc.
R. A. Christman, Mobay Chemical Corporation
Howard E. DeVoid, American Cyanamid Company
Ronald M. Jacobson, Rohm and Haas Company

4. Energy Committee
Chairman: James B. Borden, E. I. du Pont de Nemours & Company
Vice Chairman: Gary S. Furman, American Cyanamid Company

Term ending May 31, 1987:
James D. Beatty, The Procter & Gamble Company
Edd K. Grigsby, Phillips Chemical Company
John Q. LeKashman, Stauffer Chemical Company
George M. Rose, Sohio Chemical Company
William F. Zimmermann, Monsanto Company

5. Engineering Advisory Committee
Chairman: J. S. Bardin, Allied Corporation
Vice Chairman: William K. Wakefield, FMC Corporation

Term ending May 31, 1987:
T. Robert Bell, Pennwalt Corporation
Norman B. Hartsock, Eli Lilly and Company
J. C. Hovious, Union Carbide Corporation
Jack L. King, Borg-Warner Chemicals, Inc.
G. Paul Lang, PPG Industries, Inc.

6. Environmental Management Committee
Chairman: Thomas M. Hellman, Allied Corporation
Vice Chairman: F. D. Bess, Union Carbide Corporation

Term ending May 31, 1987:
C. David Barrett, Celanese Corporation
B. A. Barrosse, Jr., E. I. du Pont de Nemours & Company
Gordon N. Lenz, Chevron Chemical Company
Russell H. Susag, Minnesota Mining and Manufacturing Company
Richard A. Symuleski, Standard Oil Company (Indiana)

7. Government Relations Committee
Chairman: Charles T. Marck, Dow Chemical U.S.A.
Vice Chairman: Rady A. Johnson, Standard Oil Company (Indiana)

Term ending May 31, 1987:
Kenneth E. Davis, Rohm and Haas Company
Robert J. Fields, FMC Corporation
J. Wilson Malloy, Eastman Chemical Products, Inc.
A. Allan Noe, Stauffer Chemical Company
Colin Sandison, Exxon Corporation

8. International Trade Committee
Chairman: Allan J. Spilner, Rohm and Haas Company
Vice Chairman: Theodore F. Killheffer, E. I. du Pont de Nemours & Company

Term ending May 31, 1987:
Mark Blass, Air Products and Chemicals, Inc.
Theodore F. Killheffer, E. I. du Pont de Nemours & Company
George M. Mackie, Crompton & Knowles Corporation
Donald H. Marshall, The BFGoodrich Company, Chemical Group
Robert S. Reitzes, Monsanto Company

9. Occupational Safety and Health Committee
Chairman: Harry A. Eschenbach, W. R. Grace & Co.
Vice Chairman: Gary A. Sunshine, ICI Americas Inc.

Term ending May 31, 1987:
Claire W. Baughman, CIBA-GEIGY Corporation
William A. Fishbeck, M.D., Dow Chemical U.S.A.
John J. Fossett, Velsicol Chemical Corporation
Gary LeClercq, M.D., Exxon Chemical Americas
Ronald Van Mynen, Union Carbide Corporation

10. Patent and Trademark Committee
Chairman: Richard C. Witte, The Procter & Gamble Company
Vice Chairman: Larry W. Evans, The Standard Oil Company (Ohio)

Term ending May 31, 1987:
John J. Hagan, American Cyanamid Company
Patrick L. Henry, Allied Corporation
Thomas L. Sager, E. I. du Pont de Nemours & Company
Carl T. Severini, PPG Industries, Inc.

11. State Affairs Committee
Chairman: James V. Murray, Union Carbide Corporation
Vice Chairman: Jerry Chambers, American Cyanamid Company

Term ending May 31, 1987:
Julie Archuleta, Occidental Chemical Corporaiton
C. Robert Ball, Exxon Chemical Americas
Charles E. Fitzgibbon, Eastman Kodak Company
Talbot C. Smith, Pfizer Inc.

12. Tax Policy Committee
Chairman: William M. Bellamy, Jr., Union Carbide Corporation
Vice Chairman: James C. Pugh, PPG Industries, Inc.

Term ending May 31, 1987:
Alan M. Breitman, American Cyanamid company
Paul H. Durham, Phillips Petroleum Company
George B. Erensen, Olin Corporation
Robert T. Guinan, J. T. Baker Chemical Company
James D. Knox, Hercules, Inc.
Cornelius P. Powell, Air Products and Chemicals, Inc.
James C. Pugh, PPG Industries, Inc.

CMA
EC-4/3/84
BD-4/3/84

PROPOSED PROGRAM ON BUTADIENE

Problem/Background	:	EPA has made a finding under TSCA 4(f) that butadiene may present a significant health risk and has initiated a 180-day review period which terminates May 7. It is anticipated that EPA will issue an Advance Notice of Proposed Rulemaking (ANPR) under Section 6 of TSCA when the present review period ends. OSHA has also shown interest in the chemical through publication of a Request for Information. In order to respond to initiatives within both EPA and OSHA, manufacturers of the butadiene monomer requested that CMA establish an advocacy program. Accordingly, the Special Programs Division convened an exploratory meeting which resulted in a decision to form a Panel. A proposed six-month budget was approved.
Objectives	:	The Panel will represent the interests of butadiene monomer producers, adopting and conveying advocacy positions, as appropriate. In order to support its positions, the Panel will collect information necessary to assess safety, environmental and health issues.
Recommendation	:	It is proposed that the Executive Committee accept SPAC's recommendation for approval of this program.
Impact	:	
Money	-	Participating companies will support program activities and necessary overhead.
Company Personnel	-	One representative from each participating company.
CMA Personnel	-	No additional staff required.
Action Required	:	Approval of recommendation.

CMA
EC - 4/3/84
BD - 4/3/84

Butadiene Program Panel

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Dr. Larry Andrews
Arco Chemical
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Wayne A. Turner
The Dow Chemical Company
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Harold E. Serenbetz
E. I. du Pont de Nemours & Co.
Polymer Products Department
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Dr. Jean-Claude Roger
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Legal Counsel

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Covington and Burling
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Washington, DC 20044
(202)662-5270

EXHIBIT H-2

PROPOSED PROGRAM ON HYDROQUINONE/QUINONE

Problem/Background : In December 1979, the Interagency Testing Committee (ITC) recommended to EPA that hydroquinone and quinone be considered for testing to determine their toxic effects on human health and the environment. EPA responded to these recommendations by issuing proposed test rules on these chemicals. The following studies were proposed:

- Hydroquinone. mutagenicity, teratogenicity, neurotoxicity, reproductive effects, epidemiology, metabolism, environmental fate and environmental effects.
- Quinone. carcinogenicity, environmental fate and environmental effects.

In response to the proposed rules, the hydroquinone manufacturers asked CMA to set up a program on these chemicals. Accordingly, the Special Programs Division convened an exploratory meeting where a tentative budget to cover the initiation phase of the program was approved.

Objectives : The Program Panel will evaluate the testing being considered by EPA and submit comments in response to EPA's proposed rules.

Recommendation : It is proposed that the Executive Committee accept SPAC's recommendation for approval of this program.

Impact :

Money - Participating companies will support program activities and necessary overhead.

Company Personnel - One representative from each participating company.

CMA Personnel - No additional staff required.

Action Required : Approval of recommendation.

CMA
EC - 4/3/84
BD - 4/3/84

HYDROQUINONE/QUINONE PROGRAM PANEL

Robert F. Brothers
Eastman Kodak Company
343 State Street
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716-724-4792

Waveland D. Davis
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EPIDEMIOLOGY TASK GROUP

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Health and Environmental Laboratories
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Rochester, NY 14650
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ENVIRONMENTAL RESEARCH TASK GROUP

Michael W. Smith
Goodyear Tire and Rubber Company
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216-796-2362

TOXICOLOGY RESEARCH TASK GROUP

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EXHIBIT I

CHEMICAL MANUFACTURERS ASSOCIATION

SCHEDULE OF MEETINGS 1984-85
BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND FINANCE COMMITTEE

1984

Monday	September 17	8:00 a.m.	Board of Directors
		1:30 p.m.	Executive Committee
Tuesday	September 18	9:00 a.m.	Board of Directors
			Lodge at Pebble Beach**
			Pebble Beach, CA
Monday	October 29	1:30 p.m.	Executive Committee
Tuesday	October 30	9:00 a.m.	Board of Directors
			Galleria Plaza
			Houston, TX

1985

Monday	January 28	8:00 a.m.	Board of Directors
		1:30 p.m.	Executive Committee
Tuesday	January 29	9:00 a.m.	Board of Directors
			Boca Raton Hotel**
			Boca Raton, FL
Monday	March 4	9:00 a.m.	Finance Committee
Tuesday	March 5	9:00 a.m.	Executive Committee
			CMA Headquarters
			Washington, DC
Tuesday	April 2	8:30 a.m.	Executive Committee
		10:30 a.m.	Board of Directors
			CMA Headquarters
			Washington, DC
Tuesday	May 7	9:00 a.m.	Executive Committee
			CMA Headquarters
			Washington, DC
Wednesday	June 5	3:30 p.m.	Executive Committee
		5:30 p.m.	Board of Directors
			The Greenbrier
			White Sulphur Springs, WV

**Indicates meetings to which spouse is invited.

CMA
BD-4/3/84

EXHIBIT J

SUPERFUND STATUS REPORT

By Stacey J. Mobley, E. I. du Pont de Nemours & Co.

CONGRESS

HOUSE

Rep. James Florio's (D-N.J.) subcommittee has completed hearings on the reauthorization of the EPA Superfund program. Florio is expected to begin markup and consideration of H.R. 4813 and amendments as early as the week of March 19.

- o Rep. Norman Lent (R-N.Y.) has introduced his own Superfund bill which will raise $1.1 billion a year from a tax on feedstocks and $.6 billion per year from a waste end tax. His bill has many provisions which we object to, but its positive points are:
    - amends CERCLA
    - it is for five years
    - no joint and several liability
    - no "victims" compensation
- o The Public Works and Transportation Committee and the Ways and Means Committee have requested jurisdiction over Florio's bill. The Judiciary Committee is concerned about the liability and tort issue and may request jurisdiction.
- o Rep. Florio continues to talk positively about the Entity and he is willing to discuss any legislative amendments that will assist in this effort.
- o Rep. John Dingell, the Chairman of the Energy and Commerce Committee, attended the March 15 hearings and asked questions about the funding levels, causation, and he said he wants Superfund reauthorized in 1984.
- o EPA Administrator Ruckelshaus testified March 15 and supported Superfund reauthorization, but not until EPA completes a study of funding needs and other issues. He also said that compensation should not be a part of Superfund.
- o Dr. Louis Fernandez, Monsanto Company, testified for CMA on March 8.

SENATE

The Senate Environment and Public Works Committee may begin Superfund hearings during April.

MEDIA

The media has not been writing much about the Superfund reauthorization hearings on Florio's bill.

ASSOCIATIONS

CMA continues to hold regular meetings with other industry groups which are impacted by the Superfund legislation. Most other associations are working to get exempted from the feedstock or waste end tax. They are concerned about the liability and compensation provisions.

CMA

CMA has initiated an aggressive lobbying campaign in Washington and Congressional Districts armed primarily at the members of Florio's subcommittee, the Energy and Commerce Committee and the Ways and Means Committee.

Action Required: none

Information only.

CMA
EC-4/3/84
BD-4/3/84

EXHIBIT K

ALTERNATE SOURCES OF SUPERFUND REVENUE

Discussion

Since it is likely that reauthorization of CERCLA will call for an annual revenue level higher than the $300 million which would be provided by the waste-end tax, in January, the Executive Committee and Board of Directors asked the Superfund Task Group to explore various supplemental revenue options.

Although CMA should continue to participate with the EPA to develop justifiable estimates of funding requirements, the Task Group can calculate annual tax needs of approximately $600 million, or twice the current level, and it is important to hold estimates in that range. The Task Group has considered various revenue sources in the context of benefit to the chemical industry and political acceptability and has developed arguments in favor and against each of the options. It was the consensus that, of all the options considered for alternate revenue sources, the following represent the most advantageous and probable and are listed in order of preference. However, the wisdom of an exercise telling Congress how the chemical industry can be taxed must be questioned at this point in the debate.

Common to each of these options is that the waste-end tax would provide the first one-half of the $600 million level and continuation of the current general revenue appropriation of 12.5 percent would add approximately $88 million per year. Further, as a "safety valve", EPA should be provided with expanded borrowing authority up to an additional $300 million annually to accommodate potential higher revenue needs.

Options

I. Gross Receipts Tax

An excise tax of 0.008 percent imposed on the gross receipts of all corporations with gross receipts in excess of $50 million annually.

Some Arguments in Favor of Proposal

1. Powerful revenue raiser due to a very low percentage rate broadly applied. The first $50 million would be exempt and, thereafter, a rate equivalent to $8,000 on gross receipts of $100 million. Becomes more politically palatable because of this feature.

2. Broad based tax on all industries (services included). A tax on all industries/business is based upon an assumed recognition of full societal responsibility for the CERCLA program.

3. Should "public compensation" provisions be included in statutes, the broad based tax is the most equitable source of funding.

Some Arguments Against Proposal

1. This form of tax would penalize industries that must first invest substantial capital for facilities, equipment, and research and development before deriving any gross receipts.

2. Such a broad, new tax structure lends impetus to increase tax rates to retire the national debt and could serve as a source for infrastructure repair, social program and general entitlements programs.

3. The tax is unrelated to the ability of a corporate entity to pay and is clearly not related to the hazardous waste problem. "Service" industries would seriously object, as would any business that can demonstrate that it does not produce "hazardous" waste.

4. CMA's support of such a tax could backfire in the form of intensive opposition by other industry groups which may, in turn, advocate measures seriously disadvantageous to the chemical industry.

5. It is unlikely that Congress will accept the concept, especially in a general election year. Tax credits for the gross receipts tax would reduce the corporate income tax contributions, thereby creating an indirect subsidy while increasing federal budget deficits slightly.

II. Current CERCLA Tax

Maintain the existing taxes with three principal amendments: (a) adoption of technical amendments package; (b) specifically exempt hydrocarbons used in gasoline from separate taxation as chemicals; (c) freeze level of revenues to be raised from tax at current level of revenues to be raised from tax at current level of approximately $300 million per annum. In case of modification of the CERCLA tax, such elements as improvements in the pass-through mechanism haven't been fully addressed but don't appear as promising as once thought.

Some Arguments in Favor of Proposal

1. Most realistic based on Congressional and Administration preference for current system. "Reliable" revenue base, taxpayers identified, perceived as workable system with potential to be passed through to consumers.

2. Politically supportable by industries other than the petrochemical industry and also preferred by many CMA member companies.

3. Necessary revisions in the application of the tax can probably be achieved, subject to political considerations.

4. Inequities in the current CERCLA tax are probably acceptable when limited to current levels and combined with the waste-end tax.

Some Arguments Against Proposal

1. Counter to CMA's arguments supporting the waste-end tax in place of the current CERCLA tax.

2. Endorses perpetuation of the inequities forced by the current tax. Retains the same narrow taxing base within the chemical and petroleum industries, generally unrelated to the hazardous waste problem.

III. Expanded CERCLA Tax

Continue to finance CERCLA through current system, but broaden tax base to include other substances (similar to Florio/Lent approach or include "hazardous" substances).

Some Arguments in Favor of Proposal

1. The "reliable" revenue source of a "feedstock" tax system would be retained. Has support in Congress.

2: Includes other industries not currently paying into the fund and might provide greater incentive to monitor EPA's activities.

3. Inclusion of "hazardous" substances would place a greater reliance on risk assessment than "deep pockets" and would more appropriately correspond to the "release" concept of CERCLA.

Some Arguments Against Proposal

1. Generally would only rearrange taxes within the chemical industry and does not broaden the tax base widely. Could encourage inclusion of gasoline blending components.

2. Strong objection can be anticipated from industries that would be subject to an expanded listing, particularly the mining and fertilizer industries.

3. Would still not have a direct relationship to hazardous waste disposal activities and may increase susceptibility of fund to public compensation provisions.

IV. Increase Petroleum Tax

Increase the current CERCLA tax on crude oil and petroleum products from .79¢ per barrel to 5.0¢ per barrel.

Arguments in Favor of Proposal

1. Tax system currently in place and relatively simple to collect. Perceived that costs can be dispersed throughout the products system.

2. Imports have no competitive advantage since collected at refinery gate.

3. Preferred by some CMA member companies.

Some Arguments Against Proposal

1. Tax imposed upstream and difficult to pass on. Impacts only one segment of industry.

2. Tax already considered seriously as a deficit reduction device -- at a higher rate -- by both Administration and Congress. There may be strong pressure against loading another, fairly limited tax increase on petroleum, even though the tax is already in place.

3. Provides encouragement to include gasoline blending components and other petroleum based tax schemes.

4. Encourages taxation of natural gas used as a feedstock to product chemicals.

Recommendation

CMA should consider which option to focus on and if the Florio bill does not pass in regular session, at least fully develop an appropriate proposal for a possible lame duck session and certainly for 1985. The Superfund Funding Task Group should be sunset except for that specific task.

ACTION REQUIRED: Information Only

CMA
EC 4/3/84
BD 4/3/84

EXHIBIT L

CORPORATE GROSS RECEIPTS TAX

RATE: $80 per $MM Gross Receipts

TAXPAYERS: Corporations Filing U.S. Income Tax Returns

EXEMPTIONS: Gross Receipts Less than $50MM

1980 CORPORATE BUSINESS RECEIPTS

Summary ($ in Millions)

	All Companies	Over $50 Million	Percent
Number of Companies	2,710,538	8,192	0.3%
Business Receipts	$5,731,616	$3,650,690	64
Net Income	$ 296,787	$ 201,059	68

Source: 1980 Statistics of Income, Corporation Income Tax Returns, U.S. Department of the Treasury, IRS, Publication 16 (Rev. 5-83)

CMA MEMBER COMPANY EXPOSURE
CORPORATE GROSS RECEIPTS TAX

Company	Estimated Gross Receipts ($ MM)	0.008% Tax ($ MM)
Exxon	94,591	7.6
Mobil	58,515	4.7
Texaco	41,100	3.3
DuPont	33,331	2.7
Standard of Indiana	29,500	2.3
ARCO	25,937	2.1
Shell	19,678	1.6
Phillips	15,465	1.2
Procter & Gamble	11,994	0.96
Dow	10,618	0.85
Union Carbide	9,061	0.73
Monsanto	6,325	0.51
W. R. Grace	6,128	0.49
American Cyanamid	3,454	0.28
Pfizer	3,453	0.28
Merck	3,063	0.25
Celanese	3,062	0.25
Hercules	2,469	0.20
SCM	1,855	0.15
Upjohn	1,829	0.15
Rohm & Haas	1,828	0.15
Stauffer	1,618	0.13
Ethyl	1,614	0.13
Air Products	1,569	0.13
Reichhold	815	0.065
Lubrizol	801	0.064
Dow Corning	663	0.053
Mallinckrodt	442	0.035
Stepan	208	0.017
Essex	161	0.013

ARGUMENTS IN FAVOR

- Fairness
- Minimal Economic Distortion
- Guaranteed Revenue Generation
- Administrative Simplicity

CONCERNS

- Unrelated to Ability to Pay
- Expansion to Cover General Entitlements and Reduce Federal Budget Deficit

EXHIBIT M

THE DOW CHEMICAL COMPANY

2030 Willard H. Dow Center
MIDLAND, MICHIGAN 48640

March 26, 1984

MAR 29 1984

Dr. Louis Fernandez
CMA Chairman of the Board
Monsanto Company
800 N. Lindbergh Blvd.
St. Louis, MO 63167

Mr. Robert A. Roland
CMA President
2501 M Street, NW
Washington, DC 20037

Gentlemen:

SUPERFUND/GROSS RECEIPTS TAX PROPOSAL

I am writing to you on behalf of the CMA Tax Policy Committee. At the Tax Policy Committee meeting held in Washington on March 21, the issue of the use of a gross receipts tax as a replacement for the present Superfund was thoroughly reviewed. It is a fair statement that the tax people present were strongly opposed to any proposal that would recommend the U. S. Congress adopt a gross receipts tax for any purpose.

Two powerful reasons exist to support this position. A gross receipts tax has immense potential as an income generator and its abuse once adopted would almost be certain. In addition, the threat of imposition of that tax would almost certainly martial the entire business community, outside chemicals and petroleum, solidly against us.

A gross receipts tax on business in the range of 6 percent would have the potential of eliminating the $200 billion federal budget deficit. A gross receipts tax could fund the wildest forms of victim's compensation or national health care schemes that could be developed. Its impact on the business community in general would be both awesome and awful. Its impact, if fully developed, for a capital intensive business like chemicals or petroleum refining, could be devastating and crippling. This is particularly true since the tax would be payable in years in which a specific company might have no profits or even a substantial loss.

Gross receipts taxes have been given brief consideration in respect of financing two world wars; and because of the ill-advised nature of the tax, they have been shrugged off as unacceptable. This is true even in th face f adopting very high rate excess profits taxes.

It is not even clear that a gross receipts tax would be constitutional since it reaches beyond the concept of "income" in the normal sense of that term. The U. S. Constitution forbids a federal direct tax other than one which is apportioned. This issue is not perfectly clear but one which we would certainly raise in defense of our companies if such a tax were imposed.

Other companies would almost immediately perceive the adoption of even a very low rate gross receipts tax as a serious threat to their economic position. Even if they are wrong in their perception of the orphaned waste dump site as a chemical industry issue, I am convinced that is their perception. There can be little doubt that they would bring their collective muscle to bear to crush this idea as swiftly as possible.

In a positive fashion, it is suggested that we refocus everyone's attention on the purpose of Superfund; that is, to provide funds to clean up dump sites, particularly those sites where the originators can no longer be found or held legally responsible. Let's concentrate on funding that problem in a reasonable fashion and working hard to convince the tax writing committees that a waste end fee backed with appropriate alternate financing, including borrowings, b available to make up shortfalls.

I thank you gentlemen for taking into consideration the views of the Tax Policy Committee on this issue which is primarily a tax issue.

Sincerely,

Glenn W. White
jkg

Glenn W. White
Chairman, Tax Policy Committee

Director
Tax Department

jkg

cc: Mr. Edwin C. Holmer, Exxon Chemical Company
Mr. D. L. Rooke, The Dow Chemical Company

EXHIBIT N

REPORT OF THE TECHNICAL DIRECTOR

The Technical Director's report highlights CMA accomplishments and activities in its advocacy of prime issues.

COMMERCIAL PRODUCTION OF CHEMICALS

- CHEMICAL INDUSTRY INSTITUTE OF TOXICOLOGY - The CIIT will host CMA's Chemical Regulations Advisory Committee at its annual meeting, March 21, 1984, at Research Triangle Park, NC. CMA News will cover this event.

- CRAC'S INFORMATIONAL MEETING - On April 19, 1984, CRAC will sponsor a TSCA Informational Meeting in Washington, DC. The meeting's theme is "TSCA Implementation On the Move."

MEETING WITH DR. JOHN A. MOORE, ASSISTANT ADMINISTRATOR, OFFICE OF PESTICIDES AND TOXIC SUBSTANCES - On February 14, 1984, CRAC met with Dr. Moore for the first time to discuss EPA's implementation of TSCA and CRAC's activities. Dr. Moore is concerned about the confidential business information issue as it relates to TSCA. He noted that industry must be prepared to address the perception that too much data is claimed confidential under TSCA.

ADMINISTRATOR'S TOXIC SUBSTANCES ADVISORY COMMITTEE (ATSAC) - On behalf of CMA, CRAC representatives will participate in the March 28 ATSAC program. The CRAC representatives and other interested parties were invited to discuss the confidential business information issue. This is the first ATSAC meeting since Dr. Moore's appointment.

NATIONAL RESEARCH COUNCIL STUDY: TOXICITY TESTING STRATEGIES TO DETERMINE NEEDS AND PRIORITIES - On March 2, the National Research Council (NRC) released a study which found that toxicity data for chemicals in commercial use are scarce, particularly for those chemicals regulated under the Toxic Substances Control Act (TSCA). CMA issued a statement concerning the NRC study on March 5. The CMA statement pointed out that hazard evaluation is not based solely on toxicity data and that when exposure and other information is considered there is often no need to perform the extensive set of tests that the NRC included in their study. The CRAC Testing Task Group is reviewing the study so that CMA can answer questions regarding the seemingly insufficient amount of toxicity data found by the NRC researchers.

- WORKSHOP ON INDICATORS OF DATA DOCUMENTATION - CRAC's Reporting Task Group is planning a workshop for May 8-9. The workshop will develop a set of indicators that characterize the completeness of health and environmental data references. These indicators will provide data base users a simple means of discriminating between poorly documented data and well-documented data. Another objective of this workshop is to recommend a format to the technical community for use of these indicators by data reviewers and generators. The workshop is being cosponsored by the National Library of Medicin and the Council on Environmental Quality.

- RISK MANAGEMENT - CMA negotiated a contract with Government Institutes, Inc. to publish the proceedings of the Risk Management of Existing Chemicals Seminar. The proceedings and an executive summary will be published in June 1984.

- CONFERENCE ON STRUCTURE ACTIVITY RELATIONSHIP (SAR) ANALYSIS - On June 6-8, CMA is cosponsoring, with the American Chemical Society, a conference on SAR Analysis and Toxicity Assessment. The Conference will explore the state of the art in SAR analysis and its application in assessing the ecological and human health effects of chemicals. Representatives of CMA member companies will participate in the presentation and panel discussions of the conference.

- BIOMEDICAL AND ENVIRONMENTAL SPECIAL PROGRAMS

  - ARSENIC - CMA awarded a contract to the University of Pittsburgh to study the relation between exposure to inorganic arsenic and respiratory cancer risk among workers at a smelting plant in Tacoma, Washington. The new study and CMA's ongoing epidemiologic study at the University of Michigan are intended to determine if there is a threshold level for carcinogenic effect due to arsenic exposure. The results of these two studies are expected to be available in early fall.

  - BUTADIENE - CMA submitted comments to EPA and OSHA on March 5 in response to the agencies' requests for information on 1,3-butadiene. Comments addressed toxicologic and epidemiologic issues, exposure to butadiene in the workplace, and allocation of regulatory responsibility between EPA and OSHA.

  - CHLOROBENZENES - CMA recently released a final report on <u>in vitro</u> studies of three chlorobenzenes. EPA will use the studies, in conjunction with other data, to make a decision on the need for oncogenicity testing of 1,2,4-trichlorobenzene. The research was done as part of a negotiated testing agreement.

  - EPOXY RESINS - CMA filed comments on EPA's December 30, 1983, Advance Notice of Proposed Rulemaking on testing of the "glycidol and its derivatives category." The Epoxy Resins Panel offered an improved definition of the category and recommended several modifications to EPA's proposed subcategorization scheme. The Panel also provided EPA with a proposed testing program for the category.

  - ETHYLENE DIBROMIDE - CMA testified at OSHA hearings on the proposed occupational health standard for EDB on February 10, 1984. The EDB Panel stated that it was technologically and economically feasible for manufacturers to meet OSHA's proposed 100 ppb PEL (8 hour TWA), but that it was not feasible to meet the lower PELs of 45 ppb and 15 ppb proposed by other groups.

  - FLUOROCARBONS - On February 21, 1984, the National Academy of Sciences (NAS) released its "Causes and Effects of Changes in Stratospheric Ozone: Update 1983." For its second consecutive report, the NAS estimate of ozone depletion in the stratosphere due to chlorofluorocarbons alone was reduced 2 to 4%. When changes caused by other trace gases are taken int account, the atmospheric models calculate a slight increase in total column ozone over the next century. NAS indicated that the new estimates result not only from improved mathematical models, but also from better measurements of the atmosphere now available.

- GLYCOL ETHERS - The CMA Glycol Ethers Panel is preparing comments in response to EPA's January 24, 1984, Advance Notice of Proposed Rulemaking regarding potential regulatory action on four glycol ethers. The Panel has hired consultants in Developmental Biology and Risk Assessment to assist with the development of a response.

- HYDROQUINONE/QUINONE - CMA requested and received an extension to the comment period on EPA's proposed testing rules on hydroquinone and quinone. Comments on these rules will be submitted in early April, 1984.

- KETONES - In February, 1984, the CMA Ketones Panel submitted a status report to EPA on the MEK/MIBK Negotiated Testing Program. The report indicated that the MIBK teratology study had begun and the final report is expected in May, 1984. EPA very recently audited the study.

- METHYLENEDIANILINE - The CMA MDA Panel has almost completed its "Survey of Non-MDI Uses of MDA."

- PHTHALATE ESTERS -

  EPA Activities - The CMA Phthalate Esters Panel is preparing a report on its Phase I Environmental Effects Testing Program which will summarize the test data, propose the next phase of testing under the Negotiated Testing Agreement with EPA and recommend acceptable environmental levels of various phthalate esters. The report will be sent to EPA as part of the Phase II testing proposal.

  CPSC Activities - The Panel has requested that the Commissioners reconsider their denial of the Panel's appeal on their Freedom of Information Act request for interim and draft reports on exposure studies conducted by CPSC. The Panel has also appealed to the Commissioners to reconsider the CPSC Staff's response to the Panel's request for a third-party audit of a CPSC-sponsored exposure study.

  Miscellaneous Activities - Panel representatives recently met with members of the National Sanitation Foundation to discuss the toxicity data on phthalates and their implications for risk assessment. The Foundation reviews formulations for use in building water systems, and has stopped reviewing formulations containing phthalate esters while it evaluates the safety of the compounds. The Foundation's Safety Committee will meet within a month to develop guidelines for approving these formulations.

- PHOSGENE - The CMA Phosgene Panel's Medical and Toxicology Task Group met with scientists at Johns Hopkins University to discuss a proposal for studying the pathogenesis and treatment of phosgene poisoning. This proposal will be considered by the Panel at their May meeting. Members of the Engineering and Safety Practices Task Group continue to evaluate proposals for designing detection and monitoring instrumention for phosgene.

- VINYLIDENE CHLORIDE (VDC) - In October, 1983, EPA announced the availability of an external review draft of its Health Assessment Document for VDC. CMA filed comments on the draft in January, 1984. In the comments, the CMA VDC Panel presented its opinion that EPA ignored the preponderance of negative data and made a quantitative carcinogenic risk estimation in man from limited positive data. The Panel will present its oral argument at EPA's Science Advisory Board Meeting in April, 1984.

EFFECTIVE WASTE HANDLING AND DISPOSAL

- 1983 HAZARDOUS WASTE SURVEY - The 1983 survey of chemical industry hazardous waste disposal practices was forwarded to the member companies at the end of March. The 1983 survey was designed to supplement the data collected as part of the 1981/1982 survey and will further enable CMA to analyze chemical waste disposal practice trends. CMA representatives met with EPA to coordinate our 1983 survey with EPA's ongoing activities.

- SUPERFUND FUNDING LEVELS POSITION - The EMC's Superfund Task Group, in conjunction with the GRC's Superfund Task Group, has developed a recommended position of the necessary funding level to effectively manage the Superfund program. The analysis indicates an annual need in the range of $600 to $800 million per year, which translates to $400 to $600 million per year additional revenues.

  HAZARDOUS WASTE TRACKING COMPUTER PROGRAM - CMA has in place a computer program that will track Superfund site cleanup activities. We are entering EPA's most up-to-date data and will be incorporating this information as an integral part of our Superfund advocacy activities.

- DEEPWELL INJECTION EDUCATIONAL BOOKLET - CMA and the EMC's specially funded Underground Injection Control Work Group have finished the final editorial review of an educational booklet on deepwell disposal. The booklet should be ready for publication and distribution by mid-April.

  EPA NATIONAL GROUNDWATER STRATEGY - CMA submitted comments to EPA on the Agency's draft national groundwater strategy. CMA had significant concerns with EPA's failure to consider groundwater quality and quantity as part of the draft strategy.

- RCRA GROUNDWATER MONITORING - CMA representatives participated in an EPA-Environmental Testing and Certification, Inc. (ETC) workshop on the problems with the present RCRA groundwater monitoring program. Participants were from industry, state and local government, EPA, academia, and environmental organizations.

INCIDENTAL CHEMICAL EXPOSURE AND PUBLIC HEALTH

- CRAC's Impact Analysis Task Group is preparing an article detailing the chemical industry's activities to reduce risks to health, safety, and the environment. The article, aimed at both a general audience and chemical industry audience, will explain what the industry does to identify risks, communicate information about them, and reduce them to the extent feasible.

  The Universities Associated for Research and Education in Pathology (UAREP) continued its study to determine the nature and scope of human health effects associated with waste sites. Arthur Young & Company, the contract manager for the Board of Sponsors, completed an audit of the project at the end of February. The company concluded that the study was behind schedule, but could be completed in a professional and timely manner. Arthur Young & Company will provide its management expertise to UAREP to ensure that the study meets its deadlines.

CLEAN WATER

ANALYTICAL METHODS - CMA representatives participated in EPA's annual analytical methods priority pollutants seminar on March 28 and 29, 1984, in Norfolk, Virginia. The seminar is a critical link for advocating modifications to the analytical methods for developing regulations and/or determining compliance under the Clean Water Act.

- EFFLUENT GUIDELINES - CMA has entered into four contracts to develop technical data and support materials for submission to EPA on the anticipated revisions to the proposed effluent guidelines for the organic chemicals, plastics, and synthetic fibers industry. EPA is expected to publish the revisions this summer and issue final regulations in 1985.

- NPDES COMPLIANCE POLICY - CMA submitted a letter to EPA expressing our concern with the Agency's express intent to issue a policy for effluent dischargers who are unable to meet the July 1, 1984, BAT/BCT Clean Water Act deadline. The EPA policy would provide for NPDES permits not to exceed July 1, 1984, accompanied by administrative orders providing a compliance schedule not to exceed July 1, 1987.

CLEAN AIR

- DISTILLATION NSPS - CMA submitted comments to EPA on March 13, 1984, on proposed new source performance standards for distillation processes. CMA commented on the Agency's continuing failure to allow flares as acceptable controls to comply with the standard.

- POM NESHAPS - CMA will submit generic comments on EPA's proposed regulatory strategy for controlling air pollution from polycyclic organic materials.

- BENZENE NESHAPS RECISSION - CMA is developing detailed comments on EPA's proposed recission of proposed regulations of benzene emission for maleic anhydride, ethylbenzene/styrene, and benzene storage facilities. The Agency's proposed action is based upon extensive data and risk assessments conducted by CMA.

OCCUPATIONAL SAFETY AND HEALTH

- OSHA HEAD RESIGNS - Thorne Auchter resigned as head of the Occupational Safety and Health Administration effective March 30. Patrick Tyson, deputy administrator, will serve as acting administrator until a permanent agency head is named. Agency policies are expected to remain unchanged for a while.

- OSHA REVOKED ABOUT 150 UNNECESSARY, UNENFORCEABLE PROVISIONS OF ITS STANDARDS -- OSHA announced in 49 FR 5318, February 10, 1984, that it revoked 153 unnecessary standards, including 149 advisory provisions that were legally unenforceable. The agency amended its regulations to make clear that only mandatory provisions of standards incorporated by reference are adopted as OSHA standards.

  OSHA originally adopted many of these provisions from industry consensus standards developed by the American National Standards Institute and the National Fire Protection Association. They were intended to be recommendations and, therefore, used the word "should" or other advisory language instead of a mandatory "shall."

  OSHA's past efforts to enforce nonmandatory standards have been unsuccessful.

  Former Assistant Secretary of Labor, Thorne G. Auchter, said the deletions would streamline and clarify the agency's regulations without reducing worker protection.

  In taking this action, the agency implemented a number of CMA recommendations.

  WORKER EDUCATION AND TRAINING SYMPOSIA - Following a survey of CMA members on techniques used in their companies, the OSH Committee is sponsoring a series of symposia on worker education and training. They will be open to both CMA members and nonmembers, and will include information on worker education and training under the new OSHA Hazards Communication Standard. Dates and places are:

April 24, 1984	Houston, TX
June 14, 1984	Philadelphia, PA
September 25, 1984	San Francisco, CA

- SINGLE- AND MULTI-GENERATION REPRODUCTIVE TOXICITY STUDY - The Reproductive Hazards Work Group contracted with Argus Research Laboratories to evaluate single- and multi-generation animal reproductive toxicity studies. Currently, the contractor is reviewing published literature. The work group is conducting a telephone campaign t encourage member companies to contribute unpublished data for this review.

- OCCUPATIONAL INJURY AND ILLNESS REPORTING (OIIR) - Fourth quarter 1983 OIIR participation grew 42% in response to the Safety Statistics Work Group's telephone campaign. Approximately 60% of CMA's member companies submitted fourth quarter data.

- WOBURN HEALTH STUDY - On February 7, 1984, the Harvard School of Public Health Department of Biostatistics and F.A.C.E. (For a Cleaner Environment) released an epidemiologic study of Woburn, Massachusetts. The study examined the relationship of contaminated well water to reproductive and childhood disorders among residents of Woburn. Although the authors reported a statistically significant association between exposure to contaminated wells and childhood leukemia, prenatal deaths, and certain birth defects and childhood illnesses, serious flaws in the study preclude acceptance of these findings. Some limitations include: (1) the use of nonrandom samples, (2) interviewer prior knowledge of addresses of respondents and therefore the probability of exposure, (3) the use of unvalidated interview responses, (4) the application of cross-sectional exposure data to the entire study period, (5) failure to include data on prenatal exposures and (6) biological plausibility between exposure and outcomes was not established.

- U.S. CANCER MORTALITY RATES AND TRENDS - NCI and EPA published tables of age-standardized cancer mortality rates by county for the periods 1950-1959, 1960-1969, 1970-1979. These rates cannot be used for hypothesis testing but should be useful for identifying populations to be studied in the search for causes of cancer.

SAFE AND COST-EFFECTIVE CHEMICAL PRODUCTS DISTRIBUTION

- EMERGENCY RESPONSE TRAINING - On February 16 and 17, 1984, CHEMTREC sponsored an Emergency Response Team Workshop in Houston, Texas. There were 54 attendees from the chemical and carrier industries. The next workshop will be held in St. Louis, Missouri on May 9 and 10.

  TRAINING AIDS - The Emergency Response Work Group is planning to develop a library of training aids for emergency response personnel. Their first task will be to identify and critique existing training aids that have been developed by the companies that are members of the group.

- CHEMTREC/DISTRIBUTION NEWSLETTER - The first combined CHEMTREC/Distribution Newsletter was mailed on March 1. Industry reaction has been very good. Special interest was shown in Highway Carrier Safety Profile and we have sent several copies out for member company use.

- REGULATIONS ROUTING RESTRICTIONS - The Distribution Committee adopted the Materials Transportation Bureau's hazardous materials routing restrictions as a key issue. We will coordinate with highway interests before we actually petition for a rule.

- RAIL SAFETY - The Department of Transportation, Materials Transportation Bureau, issued HM 175 and amended HM 174 to require head shields, improved insulation and larger valves on certain pressure tank cars used in flammable gas and ethylene oxide service.

- VINYL CHLORIDE RESTRICTIONS - The Materials Transportation Bureau has requested industry's input on preemption proceedings in Framingham, Mass. Framingham has attempted to impose extensive restrictions on the temporary storage of tank cars containing vinyl chloride. The Distribution Committee is considering the matter to determine the correct response.

- NEW HAZARDOUS MATERIALS RULES - Transport Canada has proposed new rules for hazardous materials which would require registration of shippers, records on employees, information on products shipped and packings used. Comments are due by April 19.

- NATIONAL TRANSPORTATION BOARD COLOR CODINC FOR RAIL CARS - NTSB has again asked CMA to develop a recommendation regarding color coding of rail tank cars. We plan to meet with NTSB and the rail car leasing representatives to discuss a solution.

  SAFETY RELIEF VALVES - NTSB will address safety relief valves in the near future and is expected to ask CMA's assistance in correcting the problem with "improperly installed or non-functioning valves".

- MARPOL II - The Coast Guard has proposed a modification of MARPOL Annex II which would make compliance easy for ship owners and reduce the need for reception facilities. The Marine Technical Work Group has reviewed this proposal and believes it would be acceptable.

- MARINE POLLUTION - We are working with the Coast Guard on the IMO convention regarding marine pollution. The Coast Guard continues to believe that they should cooperate on developing a convention but influence the terms to be more acceptable to U.S. industry. CMA and member companies oppose a convention.

  TANK CAR COMPENSATION - CMA unsuccessfully protested before the ICC a cap on tank car mileage compensation for cars used in clay service because of its impact on the Ex Parte 328 car compensation negotiations. We have appealed to the ICC.

ENERGY AND FEEDSTOCK SUPPLIES

ENERGY TAXES - SRI International has been selected to study the effects of an energy tax on the competitive position of U.S. producers in selected chemical markets. The study, expected to be completed in May, might highlight some detrimental effects of new Superfund taxes.

ENERGY CONSERVATION - CMA has appealed the decision of the American Society of Heating, Refrigerating, and Air-conditioning Engineers (ASHRAE) which approved an energy conservation standard for existing industrial buildings. CMA is concerned that the standards will be adopted by certain states and other regulatory bodies as mandatory requirements for industry. The standard requires energy audits, engineering studies, and building conservation measures that could be costly. CMA urges ASHRAE to issue the 100.4P standard as a technical guide so that chemical industry management will not have resources diverted arbitrarily from the most cost-effective opportunities. CMA is also urging members to communicate their concerns to the ASHRAE President and Board of Directors.

- NEW PLANT ENERGY USE SURVEY - The Energy Information Administration is requesting public comment on a proposed new survey of industrial energy consumption. They maintain that the information is necessary for understanding and describing energy consumption, and to provide input to the analysis of proposed energy policies.

NATIONAL CODES AND STANDARDS

- VOLUNTARY STANDARDS - CMA is preparing ballots on 19 American National Standards: UL 44 (Rubber-Insulated Wires and Cables), UL 50 (Cabinets and Boxes), UL 62 (Flexible Cord and Fixture Wire), UL 83 (Thermoplastic-Insulated Wires and Cables), UL 674 (Electrical Motors and Generators for Use in Hazardous Locations), UL 781 (Portable Electric Lighting Units for Use in Hazardous Locations), UL 823 (Electric Heaters for Use in Hazardous Locations), UL 844 (Electric Lighting Fixtures for Use in Hazardous Locations), UL 845 (Motor Control Centers), UL 1581 (Reference Standard for Electrical Wires, Cables, and Flexible Cords), NEMA TC2 (Electrical Plastic Tubing and Conduit), NEMA TC5 (Corrugated Polyolefin Coilable Plastic Utilities Duct), NEMA TC6 (PVC and ABS Plastic Utility Duct for Underground Installation), NEMA TC7 (Smooth-Wall Coilable Polyethylene Electrical Plastic Duct), NEMA TC8 (Extra-Strength PVC Plastic Communications Duct and Fittings for Underground Installation), and NEMA TC13 (Electrical Non-Metallic Tubing).

- CHANGES OF CMA REPRESENTATIVES ON STANDARDS ORGANIZATIONS - CMA named W. L. Stuart of Dow as principal CMA representative on the ANSI Piping and Process Equipment Standards Board, C.J. Erickson of Du Pont as CMA representative to American National Standards Committee C50 (Rotating Electrical Machinery), and repeated a request for extending voting privileges for CMA representatives to Code-Making Panel No. 12 of the National Electrical Code Committee.

- CMA ACTIONS ON VOLUNTARY STANDARDS - CMA representatives approved Instrument Society of America representation on:

  -- the ANSI Electrical and Electronics Standards Board, extension of five overage standards under EESB jurisdiction;

  -- approved formation of a Joint Telecommunications Standards Coordinating Committee consisting of representatives of the ANSI Information Systems and Electrical and Electronics Standards Boards; and,

- -- approved establishment of a Photovoltaics Coordinating Committee under EESB.

- TECHNOLOGY APPLICATIONS - The final program for the Fourth CMA Process Computer Forum was mailed to the membership on March 7, 1984.

CMA
EC - 4/3/84
BD - 4/3/84

EXHIBIT O

REPORT OF THE DIRECTOR OF COMMUNICATIONS

JON C. HOLTZMAN

CLEAN AIR - Radio newsfeeds on clean air were produced and distributed to CMA's 2400 station network.

CLEAN WATER - The news bureau continued coordination of Citizens for Effective Environmental Action Now (CEEAN) which included preparation of a follow-up mailgram to selected CEEAN supporters to initiate further contact with members of Congress on BAT modification. CEEAN communication activities were initiated on pretreatment issues. Broadcast services produced and distributed four radio and two television newsfeeds on clean water issues.

WASTE HANDLING AND DISPOSAL - Report of Superfund testimony dominated our activities. We coordinated media activities related to testimony by Dr. Fernandez on Superfund reauthorization. Developed targeted communications plan for Superfund reauthorization-hazardous waste issues. This will involve intense media activity around the country. Assisted in "hot box" preparation of witnesses for testimony. We also began production of television and radio materials on Superfund issues for distribution to states targeted in CMA's advocacy planning. We also conducted 12 media tours on this issue; produced and distributed six radio and one television newsfeeds on the issue; developed and distributed press release/handled media inquiries on CMA waste-end tax testimony; responded to media inquiries on Florio Superfund proposal; conducted research on media and issues in target states for Superfund communication efforts; and continued identification of major speaking platforms for appearances by Board members.

CMA will be shooting film footage at four or five waste sites on EPA's National Priority List. The purpose: to document waste clean-up activities for use in a documentary film and newsfeatures.

CMA NEWS continues its in-depth special reports on timely issues. Recent reports have focused on waste management practices in the industry, risk assessment-risk management, right-to-know, and will cover Superfund testimony.

COMMERCIAL PRODUCTION OF CHEMICALS - The news bureau developed and distributed materials (news release, background paper, talking points) and responded to press inquiries on CMA benzene health effects study. The broadcast section developed and distributed radio newsfeatures on related issues including product testing and safety, TSCA reauthorization and new technology. We also produced and distributed second "Lifestyles" radio program series (14 programs) on consumer issues related to commercial use of chemicals. Distribution expanded to 1,400 stations nationwide (from 1,200). We are achieving 80% usage according to station reports.

PUBLIC COMPENSATION - The New Jersey Chemical Industry Council is studying a state-wide targeted communications program concerning a state public compensation bill and will seek CMA support.

TRADE AND TAXATION - The annual economic briefing by Myron Foveaux was conducted for the press. Press materials on CMA's annual economic survey/forecast were produced and distributed at the briefing and afterwards.

Radio newsfeeds on economic/trade-taxation, maritime legislation and international trade and export issues were produced and distributed.

TRANSPORTATION - The following activities were conducted on this issue: coordination of activities related to the Hazardous Materials Spills Conference in Nashville April 9-11; development of general information presentation on CHEMTREC; development of media training program for CHEMTREC workshops; conducted two media tours on transportation/CHEMTREC issues; production and distribution of two radio newsfeeds on transportation issues.

ENERGY AND FEEDSTOCK SUPPLIES - The broadcast service produced and distributed four radio and four television newsfeeds on energy issues, including natural gas decontrol.

REGIONAL COMMUNICATIONS - The Louisiana Chemical Association's final drive to interview 100 media persons should be reached by the end of February. A survey will then be taken to determine if the "blitz" by LCA has changed the attitudes of the media towards LCA and the chemical industry in the state.

We are supporting the Texas Chemical Council's targeted communications program dealing with hazardous waste management and siting. A multi-media program is aimed at the media, communities and employees. On completion, TCC will write a a report describing the program and how it can be adapted for use by other Chemical Industry Councils.

The department is working closely with task groups of the Environmental Management Committee to develop publications dealing with alternatives to land disposal of hazardous waste and with case studies of hazardous waste disposal.

GENERAL COMMUNICATIONS - The CMA Issues Briefing Book has received wide distribution (nearly 1200 copies) and favorable response. Many member companies are duplicating and distributing books throughout their organizations. In the mail: a "yellow pages" section for the back of the book featuring background and CMA position on 20 emerging issues.

Two new CMA ads are running in the media trade press from February through June 1984. Included in the schedule are Editor & Publisher, Columbia Journalism Review, Broadcasting. The objectives: (1) to let the media know that we want to openly discuss the issues; (2) to encourage media to look to CMA as an information source. A targeted, low-cost effort.

CMA is completing a booklet that substantiates how member companies have historically worked throughout the Association to adhere to the CMA Statement of Principles on Health, Safety and Environmental Quality.

CATALYST - The judges have chosen the 18 Catalyst Award Winners for 1984. CMA received 157 nominations in this year's competition. Results will be made public on April 2.

Early returns on CMA's Catalyst/Science Education television public service announcements: 60 stations report 1,037 telecasts.

Excellent response to school give-away program for back inventory of CMA audiovisual materials shows 63 schools ordering 155 free films, videotapes and slide presentations.

The CONSUMER INFORMATION section is printing a new catalogue of communications materials available from CMA. Preparations are underway for activities with th National Science Teachers Association and other consumer groups. Contact has also been made with the General Federation of Women's Clubs to use their platforms for our issues.

The department developed a script for videotape presentation to explain Clean Sites, Inc. to concerned audiences.

EMPLOYEE COMMUNICATION

A recently completed survey prepared by and sent out under the auspices of the Communications Committee, determined that many employee communications editors do not receive or do not use CMA's issue-oriented materials. Steps are being taken to increase the flow of such materials to employee communications editors in formats that will make them more appealing and more usable.

CMA
EC-4/3/84

EXHIBIT P

REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS
WILLIAM M. STOVER

NATIONAL ECONOMIC POLICIES: CMA URGES STATUTORY MORATORIUM ON APPLICATION OF RESEARCH AND DEVELOPMENT TAX REGULATIONS

Treasury Regulations 1.861-8 require U.S. corporations, for Federal income tax purposes, to allocate a portion of research and development expenses incurred in this country to foreign source income. The impact of this allocation is to reduce the extent these companies can deduct these expenses currently and to increase their U.S. income taxes significantly. The Economic Recovery Tax Act of 1981 suspended enforcement of these regulations for a two-year period which expired in December, 1983. On March 13, 1984, the Senate Finance Committee approved a 2-year extension of the statutory moratorium.

In November, 1983, CMA testified before the Subcommittee on Oversight of the House Committee on Ways and Means in favor of legislation to extend the statutory moratorium or to make the moratorium permanent. The impact of these regulations would be injurious to the U.S. chemical industry that exports a significant portion of its products and conducts much of its research and development activities in the United States. It is estimated that the current annual impact of these regulations on the chemical industry would exceed $300 million.

CMA is an active member of the business coalition that is seeking passage of legislation to extend the statutory moratorium on the application of the Regulations. The coalition is supporting a 2-year extension of the statutory moratorium in the Senate deficit reductions tax package. It is anticipated that this legislation will be the subject of a House-Senate conference beginning in mid-April.

NATIONAL ECONOMIC POLICIES: DOMESTIC INTERNATIONAL SALES CORPORATIONS (DISC)

The Senate Finance Committee has agreed to include S. 1804 (Dole, R-KS), the Administration's Foreign Sales Corporation (FSC) alternative to DISC in the deficit reduction tax package that will be considered by the Senate later this month. In including the FSC legislation, the Finance Committee responded to a strong, coordinated initiative of the Administration and the Washington business legislative community.

The FSC legislation was developed by the Administration to provide a GATT legal alternative to DISC. The failure of the United States to replace the DISC provisions of the Internal Revenue Code could subject U.S. exports to import restrictions in Europe and other GATT countries.

The DISC provisions are particularly important to the chemical industry. It is estimated that the amount of annual tax deferrals under DISC in the chemical industry is over $300 million. Moreover, the total amount deferred by the chemical industry since DISC was enacted in 1971 is estimated to be over $2.5 billion.

CMA is actively working in the coordinated legislative effort of the Washington business community to enact FSC in the present Congress. On Monday, March 19, CMA will host a luncheon briefing on the provisions of the Administration's FSC bill for staff members of Members of the House Ways and Means Committee. It is anticipated that Senate Finance amendments on this subject will be added to a House-passed bill that may be considered by a House-Senate conference in mid-April.

NATIONAL ECONOMIC POLICIES: SENATE FINANCE REVERSES TREASURY REGULATIONS ON HYDROCARBONS USED IN GASOLINE

The Senate Finance Committee has approved a technical correction amendment that would specifically exempt light hydrocarbon used in gasoline from separate taxation as chemicals under the Superfund excise taxes. The Senate Finance amendment which was adopted as a part of its deficit reduction tax package, would reverse the effect of an interpretation of the Superfund excise tax law that was proposed by the Treasury last fall.

ENERGY AND FEEDSTOCK SUPPLIES: NATURAL GAS PROPOSALS

Twelve Senators who represent a cross-section of the Senate's differing views on how to deal with the natural gas issue have met in closed-door sessions to discuss the components of a bill. They are considering a compromise proposal proffered by Senate Energy Committee Chairman James A. McClure (R-ID) close to a consensus version developed at the close of the last session of Congress.

While the effort of the group is focused on a comprehensive approach to natural gas legislation, there is consideration of a much "shorter" bill. This bill would likely cap indefinite-price-escalator clauses in contracts and repeal the Power Plant and Industrial Fuel Use Act (FUA) and incremental pricing provisions and recontrol authority in the Natural Gas Policy Act (NGPA). It may not address take-or-pay reductions by pipelines, deregulation of gas prices or contract carriage, leaving those issues to the Federal Energy Regulatory Commission or current law. An even more limited bill may be introduced by Senator Howard Metzenbaum (D-OH), an opponent of gas decontrol who is not involved in the compromise talks. His version would simply limit indefinite price escalators and repeal the FUA and NGPA incremental-pricing policy.

The highly controversial nature of the issue may preclude enactment in this election year of a compromise bill, given the increasing temptation to do as little as possible or address only consensus items. The negotiation process has reached a point where the industrial sectors are very close to their "bottom lines." Some of them would now prefer the status quo rather than have legislation that may not serve their interests. It appears that the Administration remains supportive of the process underway, yet not committed to actively push for legislation in this session of Congress.

Certain high-impacted interstate pipelines have offered a comprehensive proposal in an effort to gain producer and user coalition consensus. CMA is participating in discussions underway on a working consensus document.

Coalition effort has primarily been concentrated in the Senate because action there will trigger activity in the House. It has, however, become apparent that the House could act if a "short bill" gains momentum. A stalemate exists presently in the House Energy and Commerce Committee, where a compromise bill has the majority of votes but not the support of Chairman John D. Dingell (D-MI-15).

NATIONAL ECONOMIC POLICIES: TRADE REMEDIES

The Trade Remedies Reform Act of 1984 (H.R. 4784), which was introduced by Representative Sam Gibbons (D-FL-7) on February 8, was reported to the Ways and Means Committee on February 29. The bill establishes, along with other important remedy measures, the authority to impose countervailing duties against imported material manufactured from raw materials which have multi-tiered prices. The bill also establishes a mechanism to deal with industry targeting by foreign governments. Additional Committee action has not yet been scheduled for the bill.

There is no comparable bill in the Senate.

While H.R. 4784 contains many other provisions which modify existing countervailing duty and antidumping laws, none are as controversial as those mentioned above. CMA member companies are already actively lobbying the Congress directly on both sides of the issue. Accordingly, the CMA Executive Committee decided at its March 6 meeting to take no position on the Gibbons bill.

The CMA International Trade Committee's Import Policy Task Group continues to explore possible revisions to the trade remedy laws which would have a broader CMA consensus than does H.R. 4784. Congressional staff assures CMA that they too are open to alternate suggestions which would be agreeable to the broadest possible U.S. business constituency.

NATIONAL ECONOMIC POLICY: U.S./CANADA FREE TRADE AGREEMENT

The Canadian chemical industry plans to use its large natural gas deposits in Alberta to produce petrochemicals. World-scale plants and export markets are essential to the success of this effort. The United States is the best and most logical market. Duty-free access to this market is, therefore, extremely important to the Canadians. A thorough report has been issued by the Canadian petrochemical industry and distributed to the CMA International Trade Committee (ITC) for study.

The Canadian government is seeking negotiations with the United States for a free trade arrangement in six industrial sectors, including petrochemicals. The Trade Policy Committee of the Canadian Chemical Producers' Association (CCPA) has held a meeting with the CMA ITC and representatives of SOCMA and SPI to discuss such an agreement. It is clearly understood that actual negotiations toward a free trade arrangement will be carried out by the respective governments.

A second meeting of CMA and CCPA and representatives of SOCMA, SPI and NACA is now planned for Tuesday, April 17 in Toronto, Canada. The agenda includes naming of the petrochemicals requested by the Canadians to be in the free trade category.

The ITC and its task groups are considering the possible effects of such an agreement with Canada. Ultimately, a policy recommendation will be made by the ITC to the CMA Board.

NATIONAL ECONOMIC POLICY: U.S./ISRAEL FREE TRADE AGREEMENT

The U.S. and Israel announced last Fall their intentions to establish a free trade area between the two nations. Although no legislation establishing such an agreement has been released by either the Administration or the Congress, it is believed that the Administration favors a rapid ratification and implementation. The U.S. International Trade Commission (USITC) is examining the probable economic impacts of such an agreement with Investigation 332-180 which will conclude on May 30, 1984.

In 1983, Israel imported chemicals into the United States valued at $132.8 million. Of these, $53.5 million were imported duty-free because the items in question have a zero percentage rate of duty. An additional $72.6 million of chemicals entered duty-free because the items in question were covered by the Generalized System of Preferences (GSP). The remaining $6.7 million of chemicals imported from Israel were charged varying rates of duty. While it appears that the vast majority of chemicals already come in from Israel duty-free, 54.7 percent of these imports entered the U.S. under the GSP program which expires in January, 1985.

The CMA International Trade Committee is currently preparing a proposed CMA position for consideration by the Executive Committee.

NATIONAL ECONOMIC POLICY: EEC RETALIATION

In retaliation for the U.S. import quotas on EEC specialty steel imports, the EEC has imposed a combination of quotas and duty surcharges on select U.S. exports, including certain petrochemicals. Because discrepancies existed between the EEC and U.S. data with regard to exchange rates and trade statistics, the United States requested an emergency meeting of the General Agreement on Tariffs and Trade (GATT) in an attempt to modify the EEC retaliation.

While the EEC refused to rescind its action which went into effect on March 1, it did agree to modify the terms of the retaliation as follows:

1. Because the European currency unit has declined in value relative to the U.S. dollar, the EEC agreed to raise the quota level on styrene and polyethylene sheet by 20 percent.

2. The EEC will continue to resolve the discrepancies in U.S. and EEC trade data. (The U.S. data shows a much greater quantity of styrene and vinyl acetate monomer being shipped than the EEC data show being received.) If the U.S. data are shown to be correct, the EEC will further modify its action.

3. The intent of the EEC action is to reduce trade in the affected commodities, but not to eliminate it. If U.S. exports to the EEC of methyl alcohol, vinyl acetate monomer, styrene or polyethylene are reduced to zero, the EEC will reconsider its action.

CMA has alerted member companies of the new tariffs and quotas on each affected product. The Trade Representative's office has been given extensive help in assessing the economic impact. Unofficially, CMA has protested the unfairness of the EEC retaliation.

PRODUCT DISTRIBUTION: PRESIDENTIAL SIGNING OF MARITIME BILL EXPECTED.

The House approved on March 6 by voice vote legislation to replace the longstanding U.S. regulatory system over ocean common carriers. The Shipping Act of 1984 (S. 47), already cleared by the Senate, now goes to the President for his expected signature to make it law.

The bill is viewed as an important first step in helping to revitalize the U.S. merchant marine. The compromise legislation reflects a balancing of shipper and carrier interests and includes some of the most far-reaching reform language since enactment of the 1916 Shipping Act. The effort represents a culmination of years of Congressional attempts to modernize the nation's maritime regulatory statutes. Four sessions of Congress have taken up the issue with bills being reported out of eleven committees.

Differing House and Senate versions were reconciled after the Judiciary Committee injected into the process a form of competitive standards for judging whether carrier conference rate agreements would be given antitrust immunity. The policy stated is to assure minimal government intervention in a nondiscriminatory regulatory process and promote an efficient and economic U.S. liner fleet system that is as consistent as possible with the international shipping practices of our trading partners.

In support of maritime legislation CMA has on numerous occasions presented testimony and provided written comment on matters of importance to the chemical industry. Many of the CMA suggestions to enhance the competitive ability of U.S. exporters have been incorporated in the final version.

PRODUCT DISTRIBUTION: HAZARDOUS MATERIALS UNIFORMITY LEGISLATION

A comprehensive safety bill which deals with hazardous materials transportation has been the subject of hearings in the Subcommittee on Surface Transportation of the Senate Commerce, Science and Transportation Committee. If hazardous materials transportation issues are considered further, Chairman John C. Danforth (R-MO) may introduce a separate proposal that couples the provisions of that bill to amend the Hazardous Materials Transportation Act (HMTA) with the positions of a coalition representing public and private sector interests. Any likely measure is expected to encourage uniformity of federal, state and local hazardous materials regulation, and seek improved emergency response, coordination and enforcement. Unlike the coalition bill, the proposal may seek general revenue support and require a study of the concept of an industry funding mechanism.

Similar safety legislation has been offered in the House Pulbic Works and Transportation Subcommittee on Surface Transportation by Representative Tom Lantos (D-CA-11). Hearings were held February 28, 29 and March 1 and a coalition panel of shipper, carrier, state and local representatives presented testimony on the hazardous materials transportation aspects.

Substantial progress has been made by the coalition to reach a consensus agreement on the need for federal uniform hazardous materials legislation, yet differences of opinion do exist. CMA review of the coalition's legislative proposal focuses on the funding mechanism and the preemption of state and local fees. Our views have been conveyed to the Hill and filed for the House hearing record. No further Congressional activity has been scheduled, but the reauthorization of the HMTA may provide a vehicle for debate on the issue later in the year.

PRODUCT DISTRIBUTION: CONGRESSIONAL ACTION ON RAILROAD DEREGULATION SOUGHT

Senator John C. Danforth (R-MO) is circulating draft language for a Joint Resolution that would deal with how the Interstate Commerce Commission (ICC) is implementing the Staggers Rail Act of 1980. The Joint Resolution would have the effect of law if passed by Congress and signed by the President. Issue areas under discussion include the revenue adequacy of railroads, market dominance and pro-competitive features. Final wording has not been agreed upon.

Concern has been expressed that the ICC has disregarded provisions in the Rail Act that provide consumer and shipper protection. Captive traffic has been particularly impacted by the monopolistic power of the railroads.

Oversight hearings have been held before the Surface Transportation Subcommittee of the Senate Commerce, Science and Transportation Committee, and by the Subcommittee on Commerce, Transportation and Tourism of the House Energy and Commerce Committee. Legislative hearings may be scheduled on bills that have been introduced as well as the Joint Congressional Resolution.

CMA is urging that specific pro-competitive language should be added to existing law or that a Joint Resolution be passed directing the ICC to comply with Congressional intent. CMA position papers and draft language has been submitted to the appropriate Congressional staff and the effort is underway to meet with coalitions among the aluminum, coal, chemical and utility industries. Public sector groups are also meeting to express concern over railroad rates and seek Congressional review of ICC procedures.

COMMERCIAL PRODUCTION OF CHEMICALS: TSCA

In the House, Chairman James Florio (D-NJ) has been preoccupied with Superfund reauthorization and has not been able to devote time to his TSCA amendments package, H.R. 4304. CMA, nonetheless, has been working to develop positions in response to Mr. Florio's bill, and has had preliminary meetings with majority and minority staff of the Florio Subcommittee. Regarding the minimum/tiered testing proposals, CMA remains opposed to a fixed battery of premanufacture testing on an inflexible basis. Nevertheless, because of the perception in certain sectors of the Congress and the public about the adequacy of the data included in the PMN process, we are exploring ways of providing greater assurances as to the adequacy of the process. Regarding the proposed confidentiality changes, we believe the 90 day PMN review period should not be suspended while confidentiality disputes are resolved. Other provisions in the bill are being reviewed for the purpose of determining their objectives and CMA's positions.

In the Senate, the majority staff of Chairman David Durenberger's Subcommittee is working on a draft options paper including possible amendments to TSCA. Four main areas have been identified as follows:

- an unwieldy section 4 test rule process;
- inadequacy of PMN data;
- excessive confidentiality claims; and
- inadequate use of section 6 control actions on existing chemicals.

CMA is working with other trade associations to address these concerns and develop positions which can be constructively used at the appropriate time to help shape the outcome of Senate efforts to amend TSCA.

OCCUPATIONAL SAFETY AND HEALTH: THE MILLER BILL

In the House, Chairman George Miller (D-CA) has been unable to develop compromise language sufficient to attract consensus support for his occupational disease bill, H.R. 3175.

In the Senate, Chairman Don Nickles (D-OK) continues to await House floor action on the Longshore Act amendments before he schedules hearings on occupational disease compensation. Senator Edward Kennedy's (D-MASS) staff is said to be drafting a broad occupational disease compensation measure, the first part of which would deal with specific substances such as asbestos, and the second part would embody a generic approach to workplace diseases. Details as to substance of the draft and when it will be introduced are unavailable.

OLD WASTE SITES/CERCLA

Representative James Florio (D-NJ) has completed hearings on Superfund reauthorization in his Subcommittee on Commerce, Transportation and Tourism. He will try to begin markup of H.R. 4813 the week of March 19, but only if he can solve some of the political concerns of his subcommittee members. Three Democratic members have substantial concerns with the funding aspects of H.R. 4813. Even if Florio solves these concerns, he will still have to resolve such issues as liability and compensation. At this time no date has been set by Florio to begin markup.

CMA continues to express its strong opposition to the funding levels and mechanisms in Representative Florio's and Representative Lent's bills. CMA is also aggressively opposing other issues in the legislation such as joint and several liability and "victims" compensation. Dr. Louis Fernandez, Monsanto Company, testified before Florio's subcommittee on March 8 for CMA. He stressed the need for EPA, Congress and industry to study the dumpsite data to arrive at what can be reasonably cleaned up in a year and how much money would EPA be able to spend in a year. Dr. Fernandez also discussed, in response to questions, the Entity, liability, post closure and "victims" compensation.

EPA Administrator Ruckelshaus testified March 15 and asked Florio to wait on Superfund reauthorization until EPA completes, by the end of 1984, the Congressionally mandated study on funding mechanisms and levels. Ruckelshaus said that the compensation issue should be addressed separately and Congress should look at this issue more broadly than just exposure to dumpsites.

The media has not been reporting regularly or aggressively on Florio's bill or the Superfund hearings.

CMA has underway an aggressive education and lobbying effort in Washington, D.C. and in key Congressional Districts. We also are meeting regularly with other industry groups that are interested in the Florio legislation.

SAFE DISPOSAL/RESOURCE CONSERVATION AND RECOVERY ACT (RCRA) AMENDMENTS

At the end of its 1983 session, the House passed H.R. 2867, a bill to amend the Resource Conservation and Recovery Act. The Senate version of this bill S. 757 is ready for consideration by the full Senate. However, the press of other legislation and issues has caused its consideration to be delayed a number of times.

CMA is in the process of reviewing draft language prepared by the staff of the Senate Environment and Public Works Committee on minimum technological requirements for existing surface impoundments. This language would require surface impoundments in interim status to be brought into compliance with a double liner standard four years after the enactment of the bill. However, surface impoundments which currently have at least one intact liner and are not located in areas of vulnerable hydrogeology would be exempted from the double liner requirement.

The Committee draft amendment is still unacceptable to CMA. Efforts are underway by CMA to ensure that surface impoundments which are part of a NPDES system are exempt as a class of impoundments in the Senate amendment. Furthermore, CMA is trying to incorporate a reasonable environmental test into the exemption of all other surface impoundments.

While there are a number of other provisions contained in S. 757 and H.R. 2867 which CMA has cause to be concerned with, it does not appear likely that any amendments will be offered on the Senate floor to improve those provisions.

It is now anticipated that the Senate will consider S. 757 sometime in early April.

CLEAN WATER ACT

The Senate is expected to debate Clean Water Act Amendments later this spring. The floor debate will cover S. 431, the comprehensive bill sponsored by Senator John Chafee (R-RI) and S. 2006, a bill to assure that states develop programs to reduce non-point sources of pollution.

CMA does not support the Chafee bill as it stands, since its only relief is the compliance deadlines. CMA is working to have included a local pretreatment program under the Clean Water Act. CMA supports the pretreatment amendment which Senator Steven Symms (R-ID) plans to offer. CMA is participating in a pretreatment coalition of public and private sector interests which is working to have Democratic co-sponsors support Symms.

In the House, there is the opportunity to achieve a better local pretreatment amendment. Congressman Robert Roe (D-NJ), chairman of the Subcommittee on Water Resources, has begun drafting clean water amendments which he plans to be considering by the summer. CMA is communicating with House members about constructive local pretreatment, compliance deadline extensions and BAT modifications.

SAFE DRINKING WATER ACT (SWDA)

Congressman Henry Waxman's (D-CA) Subcommittee has completed hearings on the Safe Drinking Water Act (SWDA) amendments which were introduced by Congressman Eckart. It is apparent that Congressman Waxman has decided not to move forward with the markup on Congressman Eckart's bill, H.R. 3200, until he is able to obtain a better understanding of the issues considered most important to the environmental community. It would appear, therefore, that the earlier efforts to obtain a compromise version of H.R. 3200 on which the majority and minority Members of the Energy and Commerce Committee could agree have been unsuccessful.

Major areas of disagreement between the various parties interested in H.R. 3200 continue to be the definition of an underground drinking water source. Additional areas of disagreement are the possible amendment to include sole source aquifers and the provision to require EPA to regulate all nonhazardous surface impoundments.

The differences between the various interested parties on standard setting provisions do not seem insurmountable. It is unclear at this point what type of support there is in the House for movement on a Safe Drinking Water Act amendment this year.

Senator Durenberger, Chairman of the Toxic Substances and Oversight Subcommittee of Senate Environment and Public Works Committee, may introduce a Safe Drinking Water Act amendments bill within the next few weeks. His Subcommittee is scheduled to begin hearings on possible legislation March 22nd. It is unclear at this point what Senator Durenberger's bill will contain, since no draft language has been made available.

CLEAN AIR ACT

On March 13, the Senate Environment and Public Works Committee approved by sixteen to two S. 768, the comprehensive package of Clean Air Act amendments. The bill will be ready for Senate floor consideration once the Committee issues a report. CMA is a major participant in the industry coalition developing floor strategy.

The major amendment added to S. 768 in the Committee was a worsening of the acid rain provisions, to require 10 million tons reduction of SO2 over ten years in 31 Eastern states. This amendment caused Ranking Minority Member Jennings Randolph (D-WVA) to vote against the bill as amended. The other dissenting vote was that of Senator Steven Symms (R-ID), who has expressed concern about several provisions of the bill including the amendment of Section 112 regarding hazardous air pollutants.

Senator Max Baucus (D-MT) offered a far reaching amendment to Section 112 which was not approved. CMA's Clean Air Act Task Group and other industry representatives contacted the members of the Committee to defeat Baucus. But, S. 768 still contains amendments to Section 112 which CMA opposes.

In the House, there still is no comprehensive clean air bill, but Representative Tom Wirth (D-CO) has introduced a bill that would adversely amend Section 112 of the Clean Air Act. H.R. 5084 includes:

- Automatic listing if EPA does not make determinations whether substances are hazardous air pollutants by deadlines

- Stringent, complex system of emission standards and interim emission standards

- Permits for all new, modified and existing sources

- Controls for emissions from motor vehicles.

Hearings are slated to begin late March in the House Health and the Environment Subcommittee. CMA will request to testify regarding possible Clean Air Act amendments including the proposed Wirth bill.

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STATE LEVEL COMMUNICATION AND COORDINATION

STATE LEGISLATIVE ACTIVITY

Legislative activity for 1984 will peak during the next three months. A number of the smaller states such as Virginia, Indiana, Maryland, Georgia and West Virginia have already concluded their sessions. Several other important states to the chemical industry, including Louisiana, are beginning their sesssions in April. The Louisiana legislature is also meeting in special session during the last week of March to consider a 750 million to one billion dollar tax increase which could have a significant impact on the business climate in the state. Overall, the budget situations in most states have improved dramatically over the near crisis conditions of the last several years. With states having moved to get their financial houses in order, the most important federal issues for the Governors and state legislators is the federal budget deficit.

STATE AFFAIRS COMMITTEE: PROGRAMS UNDERWAY

NIC Meeting. State Affairs Committee members and staff participated in the National Industrial Council's (NIC) annual meeting of state associations. This group represents the leaders of all the state manufacturers associations which constitute a crucial and integral part of CMA's State Affairs Network. State Affairs staff briefed the participants on recent developments relating to the right to know issue. In addition, CMA cosponsored other elements of the NIC program. A similar effort is planned with the Council of State Chambers of Commerce in late April.

NCSL. The National Conference of State Legislatures (NCSL) met late in March in Salt Lake City. Two issues discussed with significant implications for the chemical industry were Public Compensation and Groundwater. State Affairs Committee members and other chemical industry representatives together with CMA staff, engaged in nationwide grassroots efforts to obtain the best possible NCSL policy on these issues. In addition to organizing the grassroots efforts in key states with individual state legislators, the State Affairs Program also coordinated on the scene lobbying activities in Salt Lake City involving approximately seven member company state affairs professionals.

Communications. Interaction between CMA and our state affairs network continues to develop and has resulted in a substantial improvement in the timeliness and content of the division's weekly publication on legislative and regulatory activity, The State Affairs Report.

Members of the SAC Environmental Task Group and EMC Clean Air Act Task Group met with the State Territorial and Air Pollution Programs Administrators (STAPPA) toxics work group to present the industry viewpoint on toxic air regulatory programs at both the federal and state level. CMA representatives were asked to comment on STAPPA's plans for an air toxic clearinghouse to provide information to the states. The CMA position paper on state toxic air pollutants was discussed and distributed to the state air directors.

The AIHC State Resources Deployment Task Force recently released their profiles of chemical lists. Many of these lists are considered as a basis for the regulatory programs of state or local units of government. This compilation is currently being reviewed by the Environmental Task Group and will be sent out through CMA's state network.

The Hazardous Materials Transportation Task Group is currently coordinating plans for participation in the Hazardous Materials Advisory Council (HMAC) annual conference which will be held in the Washington area in May of this year.

The Hazard Communication Task Group, in conjunction with representatives of the OSH committee task groups, is undertaking a long range look at where the right to know issue is heading in the states in 1985 and beyond. As part of this effort, the task group is also considering what strategies, tactics and resources will be appropriate to address this issue as it evolves in the post federal hazard communication standard period.

The Hazardous Waste Disposal Task Group continues to focus its major efforts on the public compensation and superfund issues. In preparation for expected major activity in 1985, the group was briefed on and discussed the workers compensation/occupational disease issue.

The Information Management Task Group is sponsoring a meeting on March 22 of all participants in the Commerce Clearing House (CCH) group contract with CMA. This meeting will critique the vendor's performance to date in terms of the timeliness and accuracy of its legislative reporting service. The task group will use the results of this meeting as a basis for negotiating the 1985 contract for computer based legislative reporting with CCH or another vendor.

KEY ISSUE: SUPERFUND AND HAZARDOUS WASTE

A key New Jersey state senator testified in early March at Congressional hearings in support of many of the key features of the Florio Superfund reauthorization bill. The National Governors Association is also expected to provide support for many of the provisions of the bill which impact states.

Although we have been able to substantially contain the spread of joint and several liability to state superfunds, considerable activity continues in 1984 on the size of these funds and the revenue sources being used to finance them. A bill is expected shortly in New Jersey to move away from the present fair market value feedstock tax to a broader based waste end fee. It is estimated that the number of taxpayers will increase from approximately 200 to more than 1500.

In New York, an industry supported bill to raise additional funds from general revenues has moved from Senate Committee. The administration in California has proposed a 300 million dollar state bond issue to raise immediate resources to accelerate the cleanup efforts. Fund related bills are also being considered or are expected in Michigan, Iowa, Idaho, Connecticut, Maryland, Colorado, Kansas, Missouri, West Virginia, Louisiana, Oregon and Wisconsin.

In the area of hazardous waste management many bills have been introduced to address state RCRA issues. The most significant new bill was introduced in California to severely regulate both existing and new surface impoundments and treatment facilities.

KEY ISSUE: PUBLIC COMPENSATION

By late March, the state public compensation issue had stabilized to the degree that the states where legislative activity, reasonably expected in 1984, are now fairly well defined.

The proposals in New Jersey remain the most serious legislative threat. Although hearings originally had been expected as early as March, no committee activity is now anticipated before May. The New Jersey Chemical Industry Council's Legislative Committee has established an ad hoc subcommittee to work these bills. The subcommittee is chaired by the vice chairman of CMA's State Affairs Committee, so communication and coordination will be assured. In addition, CMA state affairs and legal staff have been working closely with member company representatives to provide substantive input to the CIC effort. A clearer picture of the timing and direction of the debate is expected as a result of a meeting scheduled for late March between CIC representatives and the sponsor.

In Massachusetts activity has accelerated on the study commission established late last year to explore the need for public compensation legislation. The commission is now meeting weekly and is expected to make a report by early fall. State Affairs Committee members met with the Associated Industries of Massachusetts (AIM) staff in early March to discuss how to best support their efforts. Although several pieces of legislation have been introduced, no action is expected this year.

Three compensation bills have been introduced in California and a hearing on one of the Assembly bills amending the existing compensation law was scheduled for late March. At this time it is unclear how serious this activity will be this year. Other states with proposals introduced or expected include New York, Minnesota, Illinois and Delaware. A detrimental workers' compensation bill in Ohio now appears dead for this session.

KEY ISSUE: RIGHT TO KNOW

The litigation involving the federal hazard communication standard and the extent of its impact in preempting state and local right to know laws will probably not be resolved until early 1985. In addition to the states of New Jersey, New York and Connecticut which had previously intervened challenging the standard, Illinois has also now joined the suit.

While this litigation is pending, many states are still taking the position that they will not be preempted. There is some form of right to know activity in approximately twenty states so far this year.

The most serious and contentious situation is in Pennsylvania. An extremely onerous bill was reported out of committee and will receive House floor consideration in April. Industry is supporting a bipartisan package of amendments which would bring the bill into closer conformance with the provisions of the federal standard. The vote in Pennsylvania will be extremely close.

The other major state where legislation had reached the critical stage was Michigan. However, with the Republicans having gained control of the Senate, a virtual stalemate exists. Further action is not expected before the fall.

A number of states such as North Carolina, Tennessee and Indiana are moving to administratively adopt the federal standard. We hope this will effectively foreclose less desirable legislative activity. Other states actively considering right to know legislation include Iowa, Washington, Maryland, Missouri, Kansas, Kentucky, Florida, Hawaii and Colorado. New workplace related bills are expected soon in Louisiana and Delaware. Community right to know will be an issue in Illinois, Minnesota and Maine. On the positive side, it is now highly unlikely that right to know will emerge this session in Ohio.

In addition to all the new legislative activity, several major states who passed broad, complicated and stringent laws in 1983 are struggling to put regulations in place. Agencies in New Jersey, Illinois and Massachusetts are falling behind schedule in their efforts.

KEY ISSUE: WATER

A bill has been introduced in Maine which requires the state testing lab to provide free water testing services for private wells if any one of the following criteria are met: the well is in the vicinity of a known source of groundwater pollution; the well has had a preliminary testing and shows the presence of hazardous chemicals; other wells in the area show the presence of hazardous chemicals; and the state has reasons to suspect contamination.

The Department of Human Services has the sole power to decide when free testing services are necessary.

The Department of Environmental Resources in Florida has formulated a proposed rule which would establish maximum contaminant levels for selected volatile organic contaminants would have to be "routinely monitored" as well. Any potential source of groundwater, e.g., evaporation percoaltion pond would conceivably need to meet the maximum contaminant level within 100 feet of the edge of the pond. Some of the concentration levels are even below what is generally regarded as being the detection limit for some of these parameters.

KEY ISSUE: AIR

Officials of the State and Territorial Air Pollution Program Administrators (STAPPA) are pushing for Congressional support of a proposal to strengthen the role of state toxics regulations in EPA's efforts to control hazardous air pollutants under the Clean Air Act.

STAPPA's proposal would accelerate the Clean Air Act toxics listing process, establish best available control technology as the baseline for nation controls and significantly expand current research efforts to improve toxics risk assessment and monitoring techniques. If the agency decides the problem is not national in scope, STAPPA's proposal would refere the chemical to a toxics clearinghouse for an update on the latest research, controls and monitoring data. Drawing on state and local input, the state regulator would eventually set a state regulation, enforced by the state.

KEY ISSUE: CHRONIC HEALTH

The National Cancer Institute and the U.S. Environmental Protection Agency have published a three volume reference report on cancer mortality rates for counties in the United States. The publication contains comparative data from the decades of the 1950's, 1960's and 1970's. The purpose of the document is to provide information on geographical distribution of cancer mortality. It should not be considered as an analysis of trends in cancer rates. The mortality data are listed for geographic areas for each sex and for white and non-white races. Users of the report should bear in mind that population migration patterns, the long time period between exposure and appearance of most cancer and the medical advances in the knowledge, detection and treatment of cancer are not considered in this study.

KEY ISSUE: TRANSPORTATION

Legislation introduced in New York by local and state governments would give increased authority to issue meeting rules for hazardous materials. Regional training centers would be established to provide emergency response and enforcement training to local jurisdictions under the bill. The centers would supplement not replace private training classes. DOT would be required to register hazardous materials shippers, transporters and container manufacturers. A study of the most effective method of imposing a user fee on participants in the registration process is to be undertaken by DOT.

Cincinnati, Ohio has adopted federal regulations to enforce a total ban on the highway shipment of hazardous materials. The ban is based on the Federal Motor Carrier Safety Regulations which require that motor vehicles carrying hazardous materials must use routes that do not go through heavily populated areas. Representatives of the trucking industry have been meeting with city officials to discuss what would appear to be a clear-cut case of inconsistency with DOT policies.

Good Samaritan bills are pending in a number of states including Arkansas, Illinois, Indiana, Iowa, Massachusetts and Missouri. Good Samaritan legislation that would expand coverage from LPG hazardous materials in general has been introduced in Georgia, Mississippi, North Carolina, South Carolina and West Virginia.