

EPA Launches Costly New Smog Standard

by Ben Lieberman

On April 15, the Environmental Protection Agency (EPA) launched its new plan to tighten the national ambient air quality standard for smog. Policy experts warn the new rule will do significant economic harm but little environmental good, pointing to EPA's own data to support their argument.

EPA Administrator Michael Leavitt acknowledged there would be substantial compliance costs in the 31 states with areas out of compliance with the new standard, but said the rule change was necessary "to achieve cleaner, healthier air."

Ozone, the primary constituent of smog, is a lung irritant caused by motor vehicle and industrial pollution as well as natural emissions. Smog was perhaps the single biggest reason for the 1970 Clean Air Act, and it has been heavily regulated since that time. EPA's announcement of the new rule gave the public the incorrect impression that the nation's smog problem is worsening. That has not been true for decades. According to EPA, ozone has declined by more than 30 percent since 1970, and by some measures was already falling before the Clean Air Act took effect.

Except for a few areas in California, almost the entire nation is currently in or near compliance with the existing air quality standard for ozone. Due to measures already in the works, including new motor vehicle emissions standards starting with the 2004 model year and new control requirements for power plants, emissions of smog-forming compounds will continue to decline even if no new regulations are implemented. Consequently, those areas not yet in compliance are already on their way toward it.

Merely a "Policy Judgment"

The Clinton administration decided to tighten the ozone standard in 1997. At the time, EPA's Clean Air Scientific Advisory Committee (CASAC) concluded the tougher standard would not be "significantly more protective of public health" than the existing standard, deeming the proposed change a "policy judgment." A plurality of CASAC members advocated against making the standard more stringent. EPA's own cost-benefit analysis found the modest marginal benefits of the new rule (mostly from a small hypothetical decline in asthma-related hospital visits) were outweighed by the implementation costs.

The Clinton EPA's ozone rule

Attainment and Nonattainment Areas in the U.S. 8-hour Ozone Standard



- Attainment (or Unclassifiable) Areas (2668 counties)
- Nonattainment Areas (432 entire counties)
- Nonattainment Areas (42 partial counties)

source: <http://www.epa.gov/ozonedesignations/nonattainingreen.htm>

sparked an unprecedented amount of critical comment from industry groups, public interest organizations, and members of Congress. Even several federal agencies—including the Departments of Transportation, Commerce, and Energy, as well as the Small Business Administration—disagreed with EPA on key aspects of the rule. Nonetheless, EPA went ahead

Independent researchers have put the price tag much higher. For example, analysts for the Mercatus Center at George Mason University estimate the cost will reach \$80 billion. EPA has designated 474 counties in 31 states as being out of attainment with the new standard. (See map.)

The specific control measures required of these counties will

(SIP) to EPA by 2007. The plans must get EPA approval before they can be implemented, but once implemented they will likely be in effect for many years after that. Failure to meet the compliance deadlines set out by the agency will trigger additional requirements.

The costs of compliance will likely reduce employment, increase traffic congestion, and raise the cost of living in non-attainment areas. Even the battle against high gasoline prices may be affected, since areas violating the new ozone standard may be required to use costly specialized gasoline blends that have proliferated in recent years. And many refiners will now have a more difficult time obtaining approval for much-needed increases in gasoline refining capacity.

The benefits of the new standard may ultimately prove difficult to identify, but the costs will be apparent for years to come.

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with the new standard, sparking several years of legal challenges that went all the way to the U.S. Supreme Court.

The Supreme Court ultimately decided to defer to EPA's judgment, upholding the new standard. However, the lengthy legal delays meant the Clinton administration rule would have to be implemented by its successor. The Bush EPA has now obliged.

Billions of Dollars for Compliance
Leavitt estimates compliance costs of \$50 billion over the next 15 years.

depend on how far out of compliance each one is. Among the possible measures are more stringent requirements for new or substantially modified industrial facilities, restrictions on highway construction projects, measures affecting small businesses, and more onerous motor vehicle emission inspection programs. These measures would be implemented on top of those already in place.

Each of the states with non-attainment areas will be required to submit a State Implementation Plan