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May 23, 2017

Thank you, Chairman, ranking member and members of this subcommittee - I appreciate the opportunity and am honored to testify before the Senate Committee on Environment and Public Works. My name is Kyle Zeringue and I serve as the Senior Vice President of Business Development for the Baton Rouge Area Chamber (BRAC). The Baton Rouge Area Chamber is the economic development and public policy-driven organization for a nine-parish (county) region in southern Louisiana, that represents over 825,000 residents. On behalf of the Baton Rouge Area and its stakeholders, I stand before you today to express our support regarding the proposed Ozone Standards Implementation Act of 2017 and the ORDEAL Act of 2017.

The Baton Rouge Area Chamber supports extending the implementation of the 70 parts per billion (ppb) standard in regards to ambient air quality, while it continues to implement the 2008 standard of seventy-five ppb until 2025. Our support for the above-mentioned bills is based on three main points:

- 1) The unimplemented standards have already cost our region tens of thousands of jobs and billions of dollars in capital investment and salaries;**
- 2) The standards would drive eight of the nation's fifteen top-performing metropolitan economies into non-attainment and all the hardships that status entails; and**
- 3) The vast majority of US counties are on track to attain the EPA's 2015 standards by 2025 with practices already in place**

BRAC believes in and stands for cleaner air and environmental stewardship. For more than twelve years, BRAC has supported and hosted the Baton Rouge Clean Air Coalition. On April 4, 2014, thanks in large part to the Coalition's efforts, the Louisiana Department of Environmental Quality announced that the Baton Rouge Area attained the 2008 eight-hour ozone standard of 75 ppb. The region has decreased ground-level ozone and continues to improve air quality and human health for its residents. Our commitment and success is proven through our reduction of the Baton Rouge Area's ppb number to 72, down from over 110 ppb in 1983 and over 80 ppb as recently as 2011. On January 27, 2016, the EPA approved the State of Louisiana's request to re-designate the 5-Parish Baton Rouge Area to attainment for the 2008 standard.

Yet while our region has worked tirelessly with all stakeholders to demonstrate its commitment to improving air quality, the unimplemented 2015 standards have already caused incalculable economic loss. Since 2014, BRAC has worked with a number of manufacturers seeking to make significant investments in the region. This includes at least two companies that executed purchase agreements on large industrial sites with intent to develop multi-billion dollar projects creating over 800 jobs. When the EPA first proposed lowering the ozone NAAQS in November of 2014, six companies indicated that the proposed new standards - as well as the market uncertainty created and the limited availability of emission reduction credits - influenced them proceed elsewhere or cancel their project altogether.

To clarify the economic impact quantitatively, the unimplemented standards have cost the region at least 3,570 direct jobs, and caused more than \$33.9 billion in capital investment to be completed in other regions, states and countries or put on hold until a more favorable regulatory climate is established. New payroll created from the projects themselves would have totaled over **\$439.5 million annually.** Further economic modeling completed by the Baton Rouge Area Chamber on just the projects we have direct knowledge and experience with, indicates that these projects would have had a significant indirect and induced impact on the local economy, making the total loss of opportunity for the region **18,008 total jobs, \$1.2 billion in payroll, and \$46.2 billion in capital investment and construction regionally, not including missed opportunity cost.** Beyond the quantifiable loss, the uncertainty of arriving at the 2015 standard of 70 ppb, and then the realization that Baton Rouge would have extreme difficulty meeting the standard on such an onerous schedule, has had an enormous negative impact on the region's ability to grow economically.

Should these bills fail to pass, the Baton Rouge Area in all likelihood will once again be thrust into non-attainment status. If designated as non-attainment, 5-Parishes in the Baton Rouge Area will be eliminated from consideration on major investments including but not limited to existing business expansions and upgrades and multi-billion dollar foreign direct investment opportunities.

And while I am here to speak to you on behalf of the Greater Baton Rouge Area, our region would not be alone in suffering economically, should the standards be implemented at the normal schedule. If the EPA were to implement the lower ozone standard at 70 ppb, **eight of the nation's top fifteen metropolitan area economies, as ranked by the Brookings Institution, would be relegated to non-attainment status.** The increased compliance costs associated with non-attainment creates immeasurable risk and therefore cost to companies seeking to enter these markets, and places additional burden on economic driver companies within these markets to enhance and expand existing operations. The un-realistic schedule to implement the standards will continue stifle the growth and development taking place in the metropolitan areas that have been the most successful in helping our country grow. Because of this, BRAC's efforts in opposing the revision of the standards, and now their implementation schedule, have been backed by economic development organizations across the country, including those from other high-performing metro areas such as Greater Houston Partnership, Grand Rapids Area Chamber of Commerce, and the Charleston Metro Chamber of Commerce.

As stated, the Baton Rouge Area and its stakeholders have successfully demonstrated their commitment to clean air proving that economic development and environmental stewardship does not have to be mutually exclusive. Our efforts to work toward earning attainment status under the 2008 standard is a strong example of this. Policies that have a significant adverse effect on local economies, as the impending NAAQS implementation schedule does, should be enacted with broader consideration, and only when a full economic impact assessment has been completed. Unfortunately, while the rule at hand has a laudable goal, its immediate implementation timetable is patently unnecessary.

While the EPA enacted stricter ozone standards seven years ago, the Agency effectively suspended implementation of those standards from 2010 to 2012, as it unsuccessfully pursued reconsideration. Because of this delay, states are considerably behind in putting the current standards into effect, meaning that we have yet to see the full impact of the last standard decrease, which is still being implemented. In fact, the EPA provided a map in a December 2014 webinar concerning the standards,

which showed that all but 14 US counties will meet the new standards by 2025 with the rules and programs that are being successfully executed. However, according to EPA's data, 241 counties would be in non-attainment under the 70-ppb standard, if implemented in compliance with the normal schedule. Implementing this standard now, when nearly the entire nation will be in compliance with it within a decade, is needlessly punitive and puts our economic health and growth at an uncompetitive advantage, if not in decline.

The projected near-universal attainment within eight years, which purports to support the new standards, undermines them. Despite the fact that a vast majority of the country will be in attainment of the standards by 2025 under the current regulatory scheme, the EPA seeks to enact rules that will immediately bring the punitive status of non-attainment to areas around the country – a status that creates significant compliance costs, which serve as a deterrent to businesses looking to move to or expand in an area. This cuts to the heart of how unnecessary the immediate implementation of the standards is, especially considering their cost in economic growth.

It is our strong recommendation that these bills, which extend implementation to a realistically achievable timeframe, be passed. Between now and 2025, the EPA should consider new and innovative ways for achieving lower standards of emissions and implementing emissions control mechanisms by working with state and local agencies. This could include a nationwide rule allowing inter-pollutant trading, inter-source trading, or a system to match up companies requiring emission reduction credits with potential projects.

Chairman, ranking member and members of this subcommittee, on behalf of the Baton Rouge Area, BRAC supports the passage of the proposed bills for the following reasons:

- 1) To prevent additional loss of existing and future economic opportunity for not only our region, but for other top-performing metropolitan economies in the U.S.**
- 2) To provide local and regional economies with a realistic timeline to come into attainment for the 2015 standards with successful practices already in place**

This concludes my prepared statement. I thank you for your time and will be pleased to answer any questions.

Quick Facts and Background Info

Five Parish Area for EPA Purposes

- Ascension
- East Baton Rouge
- Iberville
- Livingston
- West Baton Rouge

Consequences of non-attainment

- Major source threshold set at 100 tpy of either VOC or NOx (must obtain Title V permit)
- Emission inventory submittals required on industrial sources
- Nonattainment New Source Review permitting requirements (e.g. LAER, offsets at 1.1 to 1)
- Projects subject to Transportation Conformity
- Projects subject to General Conformity (federal, non-highway projects)
- In short, there will be significance compliance costs that will deter businesses from relocating to or expanding in the area

Baton Rouge Clean Air Coalition Members

- East Baton Rouge, West Baton Rouge, Iberville, Ascension and Livingston Parishes
- Baton Rouge Area Chamber
- Louisiana Department of Environmental Quality
- Louisiana Department of Natural Resources
- Capital Region Planning Commission
- LSU
- LSU Center for Energy Studies
- Louisiana Association of Business and Industry
- Louisiana Mid-Continent Oil and Gas Association
- Louisiana Chemical Association
- Louisiana Clean Fuels
- ExxonMobil
- Dow Chemical Company
- Trinity Consultants
- Harris, DeVille & Associates
- Providence Engineering and Environmental Group

“BRAC Effect,” from 2011-2015

- Part of 55 new projects totaling \$7.2b in investment; \$321m in annual payroll; and 5,706 jobs
- BRAC recognized as top economic development group by Site Selection Magazine
- Baton Rouge MSA as a Best Performing City by Milken Institute (2014); Major Market of the Year by Southern Business & Development (2014); a Top Payroll to Population Cities by Gallup (2015)

- BRAC went from 76 projects announced from 2001-2005 (five year period) to 144 in 2006-2010 (5 year period) and 154 from 2011-2014 (four year period)
- BRAC went from 3,784 projects announced from 2001-2005 (five year period) to 7,657 in 2006-2010 (5 year period) and 7,540 from 2011-2014 (four year period)