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VICE PRESIDENT, POLITICAL AND REGULATORY AFFAIRS
PA CHAMBER OF BUSINESS AND INDUSTRY**

**BEFORE THE GREEN RIBBON COMMISSION
NOVEMBER 16, 2004**

On behalf of the Pennsylvania Chamber of Business and Industry and its members I would like to thank the Commission for the opportunity to appear here today to discuss the Growing Greener and manufacturing tax issue. The Chamber is the largest broad based business advocacy group in the Commonwealth with over 10,000 members representing over half of Pennsylvania's private workforce.

We are here today to address the proposal to place a \$5 per ton increase on the current municipal waste tax and implement two new taxes: a \$4 per ton tax on residual waste and a fifteen cents per pound tax on Toxics Release Inventory.

As you are aware, the Chamber has stood in opposition from the outset to the proposal to tax manufacturing waste and emissions to pay for the costs of the Growing Greener bond and replenish the Hazardous Sites Cleanup Fund. We do not oppose the programs proposed as part of the initiative. However, we believe that, at a time when Pennsylvania is seeking to keep its' manufacturing base and attract new interest from these industries, a tax which strikes so pointedly at these manufacturers is fatally flawed.

The Chamber is not alone in this position. A large number of businesses, associations and organizations have expressed similar concerns about this proposal including the Specialty Steel Industry of PA, the Food Merchants Association, Pennsylvania Manufacturers Association, PA Coal Association, the Electric Power Generation Association, ARIPPA, Associated Petroleum Industries, the PA Business Roundtable, the PA office of the National Federation of Independent Business, the PA Waste Industry Association, the PA Forest Products Association, the PA Chemical Industry Council as well as members of the food processing, biotechnology, and pharmaceutical industries among others. Additionally, the United Mine Workers and International Brotherhood of Electrical Workers have weighed in against these taxes because they know they are a threat to jobs in our commonwealth.

Proponents of the funding proposal claim that out-of-state interests will pay a significant portion or even a majority of the residual and municipal waste taxes. Based on our discussions with the waste industry, we do not believe this is the case. Many of the contracts waste disposal firms have with out of state interests are fixed price contracts that preclude cost adjustments during the term of the contract. This means Pennsylvania's businesses and consumers will pick up those costs that cannot be passed on. Additionally, the percentage of out of state waste as a percent of the total amount of waste disposed of in Pennsylvania has been decreasing in recent years and is now under

40%. This means that those monies that the Commonwealth is counting on to pay the bond indebtedness might not be available in future years and another funding stream, or the general fund, may be needed to satisfy that debt.

Let me turn to the TRI tax and the funding of the Hazardous Sites Cleanup Fund, created as part of the Hazardous Sites Cleanup Act. When HSCA was created, it was designed to be supported by three funding streams: monies from the Capital Stock and Franchise Tax (CSFT), an annual appropriation from the General Fund, and levies on the transportation of hazardous materials. Since HSCA's inception in 1988, business has paid hundreds of millions of dollars into HSCA through the CSFT while not a single dollar has come from the General Fund. A small amount of money continues to come into the Fund through the transportation levies but the funds from the CSFT have been eliminated. Even though it is true that HSCA is financially troubled, it is not because the monies have all been appropriated to cleanup old industrial and other sites. Rather, the funds in large degree have been used on other programs in DEP or transferred to the General Fund. Even if business were to agree to a re-funding plan for HSCA, there is no assurance that the monies would find their way to their intended use. We also recommend this body take a look at how these monies are spent, such as expenditures for industrial sites, emergency response, toxic site cleanup, and develop a plan for funding current needs that is not based on a structure that is now sixteen years old.

The TRI, or Toxics Release Inventory, that is proposed to be taxed to fund HSCA is a list of over 650 substances that are required to be reported to the U.S. Environmental Protection Agency as a result of 1986 federal legislation. Unfortunately, this is another tax on manufacturing that has no relation to a company's profitability and since businesses already pay substantial fees on air emissions under the federal Title V program this tax amounts to double taxation. This is also a tax on allowable emissions that are fully permitted under federal and state law that is doubtful to have significant public health benefits. DEP's own website states that TRI data "reflects releases and other waste management of chemicals, not the exposure or the risk to the public from those releases."

Ironically, this tax strikes directly at some of those businesses that have done an exemplary job in environmental protection as many of those who would be hit hard by this tax are past recipients of the Governor's Environmental Excellence Awards.

Relying on a TRI tax to fund HSCA activities also creates the very real threat of fiscal problems in a short period of time. Companies have cut their TRI releases significantly over the years so that the amount of money raised by this fifteen cents per pound tax can be expected to decline each year.

As previously mentioned, the Chamber does not oppose the programs that have been proposed under the Growing Greener proposal. If the legislature decides these programs are worthy of funding, then we believe that we should utilize a method of paying for these programs that does not hamper Pennsylvania's manufacturing competitiveness.

We are also concerned about recent statements from proponents of the manufacturing taxes that show a clear lack of understanding regarding the state of environmental protection in Pennsylvania. One recent letter disseminated by an environmental advocacy group stated, in referring to the Growing Greener program, that “every day that ends without action means environmental problems are worsening” This is factually and blatantly wrong. Information obtained from U.S. EPA and DEP clearly shows significant environmental improvements over the years. Since 1970 in the U.S., carbon monoxide emissions are down 28 percent, sulfur dioxide emissions are down 39 percent, VOC emissions are down 42 percent, particulate matter is down 75 percent, and lead has been virtually eliminated. This has happened despite a 41 percent increase in energy use. Much of the improvement realized here in PA has come about through voluntary reductions undertaken by Pennsylvania businesses and are documented on the DEP website.

Another advocacy group claimed that failure to authorize the bond issue would mean that cleanup of brownfield sites “will slow or come to a halt.” Since 1988, state led efforts have cleaned up fewer than two dozen sites in Pennsylvania. Contrast that with the 1700 brownfield sites that have been cleaned up since 1995 as a result of the largely voluntary “Land Recycling and Remediation Standards Act” passed by this legislature. Environmental improvements and brownfield revitalization will continue regardless of what happens with Growing Greener.

Thank you for the opportunity to appear before the Commission.