

1
2 COMMONWEALTH OF PENNSYLVANIA
3 HOUSE OF REPRESENTATIVES
4 ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE

5 IN RE:
6 HOUSE BILL 2141

7
8 NORTH OFFICE BUILDING
9 HEARING ROOM 1
10 HARRISBURG, PENNSYLVANIA

11 WEDNESDAY, FEBRUARY 8, 2006; 9:00 A.M.

12
13 BEFORE:

14 REPRESENTATIVE WILLIAM F. ADOLPH, JR.,
15 CHAIRMAN
16 REPRESENTATIVE CAMILLE GEORGE, CHAIRMAN
17 REPRESENTATIVE GIBSON C. ARMSTRONG
18 REPRESENTATIVE MARTIN CAUSER
19 REPRESENTATIVE JACQUELINE R. CRAHALLA
20 REPRESENTATIVE THOMAS C. CREIGHTON
21 REPRESENTATIVE ROBERT FREEMAN
22 REPRESENTATIVE KATE HARPER
23 REPRESENTATIVE ARTHUR D. HERSHEY
24 REPRESENTATIVE SCOTT E. HUTCHINSON
25 REPRESENTATIVE DAYLIN LEACH
REPRESENTATIVE DAVID LEVDANSKY
REPRESENTATIVE JENNIFER MANN
REPRESENTATIVE MICHAEL MCGEEHAN
REPRESENTATIVE CHARLES MCILHINNEY
REPRESENTATIVE RONALD E. MILLER
(CONTINUED TO NEXT PAGE)

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3 REPRESENTATIVE KATHY RAPP
4 REPRESENTATIVE DAVID REED
5 REPRESENTATIVE CHRIS ROSS
6 REPRESENTATIVE CAROLE RUBLEY
7 REPRESENTATIVE RICHARD STEVENSON
8 REPRESENTATIVE DAN SURRA
9 REPRESENTATIVE JIM WANSACZ
10 REPRESENTATIVE JOHN YUDICHAK

11

12

13 ALSO PRESENT:

14 JOSEPH DEKLINSKI, EXECUTIVE DIRECTOR
15 MARK BROWN, RESEARCH ANALYST

16

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18 BRENDA S. HAMILTON, RPR
19 REPORTER - NOTARY PUBLIC

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1 P R O C E E D I N G S

2 CHAIRMAN ADOLPH: Good morning. The hour of
3 nine o'clock having arrived, I'd like to call to order
4 the Environmental Resources and Energy Committee's
5 public hearing on House Bill 2141.

6 I would like the members, starting with
7 Representative Causer, to identify themselves and the
8 county or district that they are from.

9 REPRESENTATIVE CAUSER: Representative
10 Martin Causer, McKean, Potter and Cameron Counties.

11 REPRESENTATIVE HUTCHINSON: Representative
12 Scott Hutchinson, 64th District, Venango and a portion
13 of Butler County.

14 REPRESENTATIVE CRAHALLA: Jackie Crahalla
15 Montgomery County.

16 REPRESENTATIVE RUBLEY: Carol Rubley, parts
17 of Chester and Montgomery Counties.

18 CHAIRMAN ADOLPH: To my left.

19 REPRESENTATIVE ARMSTRONG: Gib Armstrong,
20 Lancaster County.

21 REPRESENTATIVE REED: Dave Reed, Indiana
22 County.

23 REPRESENTATIVE RAPP: Kathy Rapp -- excuse
24 me -- Warren, Forest, and a portion of McKean.

25 REPRESENTATIVE PYLE: Jeff Pyle, 60th

1 Legislative District, Armstrong and Indiana Counties.

2 REPRESENTATIVE HERSHEY: Art Hershey, 13th
3 District, southern and western Chester County.

4 CHAIRMAN ADOLPH: Bill Adolph, 165, Delaware
5 County.

6 CHAIRMAN GEORGE: Bud George, 74th,
7 Clearfield County.

8 REPRESENTATIVE STEVENSON: Dick Stevenson,
9 Mercer and Butler Counties.

10 REPRESENTATIVE MCGEEHAN: Mike McGeehan,
11 Philadelphia.

12 CHAIRMAN ADOLPH: Thank you. Before I start
13 with my opening remarks, I just want to tell everybody
14 there's other committee meetings going on and you're
15 going to see members leaving.

16 It's not because of the testifiers. It's
17 because of voting committee meetings. You're also
18 going to see House members come in. As a matter of
19 fact, I'd like to acknowledge the presence of Kate
20 Harper from Montgomery County.

21 I would like to welcome everyone this
22 morning to the meeting of the Environmental Resources
23 and Energy Committee.

24 I'd also like to offer a special welcome to
25 our special testifiers. We certainly appreciate the

1 efforts you made to be with us today.

2 Today we'll be conducting a public hearing
3 on House Bill 2141, which would prohibit the
4 Environmental Quality Board from adopting the clean
5 vehicle standards adopted by the state of California.

6 This topic has generated quite a bit of
7 debate and discussions since it emerged late last
8 year.

9 Since House Bill 2141 was originally
10 introduced an abundance of information both for and
11 against this legislation has been provided to me and
12 my colleagues by a variety of different groups.

13 This data is often contradictory. We have
14 heard, for example, that adopting the California clean
15 vehicle standard will result in significant emission
16 reductions and we have had -- we have had from others
17 that there not be -- will not be any appreciable
18 reductions in vehicle emissions.

19 Recognizing that -- the complexity of this
20 issue, I felt it would be prudent to schedule this
21 public hearing.

22 Hopefully this will provide some definitive
23 answers to the many questions and differing sets of
24 information that have emerged.

25 I'd like to ask my Democratic Chairman,

1 Representative Bud George, to offer any comments at
2 this time.

3 CHAIRMAN GEORGE: Thank you, Mr. Chairman.
4 Good morning to all.

5 Let me say first in a letter last fall to
6 Representative Richard Geist, the majority chairman of
7 the House Transportation Committee, the Alliance of
8 Automobile Manufacturers maintained that the federal
9 Tier II standards will achieve 99 percent of the
10 benefit of the California low emission vehicle.

11 As far as the public is concerned, you're
12 either for or against clean air. But we all know that
13 it is more complicated than that.

14 Attaining and maintaining national ambient
15 air quality standards in Pennsylvania will require
16 reductions in both vehicles and fixed facilities.

17 Will it be more beneficial to share the cost
18 or place the burden on one sector? It has become
19 obvious that clean air is not an option. Compliance
20 won't come cheap. Some stationary facilities will
21 never meet today's standards. Things will only worsen
22 if we do nothing.

23 Pennsylvania will have clean air. The
24 question is who will pay for it. Hopefully today's
25 hearing will begin to enlighten us to what is best for

1 Pennsylvania.

2 I'll look forward to the testimony of
3 today's presenters. Thank you very much.

4 CHAIRMAN ADOLPH: Thank you, Mr. Chairman.
5 We have quite a few testifiers with us today and the
6 first two are Secretary McGinty, obviously no stranger
7 to this committee, okay, as Secretary of DEP and
8 Secretary Allen Biehler, Secretary of the Department
9 of Transportation.

10 I would like to remind all testifiers that
11 we are on a very tight schedule today. The Governor
12 presents his budget. And I appreciate everybody
13 working around the Pittsburgh Steelers Super Bowl
14 victory, and it is one of the reasons why we had to
15 move this back.

16 So, you know, with all this going on between
17 the Super Bowl and the Governor's budget address, we
18 will have very little time as far as testifying is
19 concerned. We have an awful lot of questions and
20 answers to get in.

21 The secretaries are going to speak first, at
22 which time after your testimony is done, we'll open it
23 up for question and answers of Secretary McGinty and
24 Secretary Biehler and then we'll proceed with the
25 other testifiers. Okay?

1 So without further ado, Madam Secretary.

2 SECRETARY MCGINTY: Thank you, Mr. Chairman,
3 members of the Committee, and thank you for your
4 understanding that the Secretary and I will have to
5 leave after our comments and questions so that we can
6 all understand that DEP is getting a 50 percent budget
7 increase today. Right?

8 You didn't get yours?

9 Mr. Chairman, first of all, thank you for
10 convening this hearing. As you said, the issues are
11 complex and there's been much misinformation and to
12 both Chairmen, you've both played an essential role, I
13 think, in enabling public review of the issues at
14 hand.

15 And that's just what I thought I would do is
16 first spend some time identifying some of the issues
17 that have been raised and frankly some of the
18 misinformation that has been shared and present the
19 more accurate case, but then most importantly conclude
20 by sharing with members of this committee what we see
21 as the substantial benefits of the Pennsylvania Clean
22 Vehicles Program.

23 So, first, in terms of some of the issues
24 that have been presented or questions raised, it has
25 been suggested, for example, that the California

1 standards ban diesels. That is not true.

2 It has been also suggested that the
3 California standards hurts small businesses and
4 farmers because of not allowing diesel trucks or
5 utility vehicles. That also is not true.

6 And, in fact, the California program only
7 covers vehicles that are 8,500 pounds or lighter and,
8 therefore, has never covered light duty trucks that
9 would be in question with farmers and small
10 businesses.

11 Third, it has been suggested, as
12 Mr. Chairman, you noted, that this program will only
13 deliver one to two percent emission reduction benefits
14 for Pennsylvania.

15 First of all, the letter that is cited in
16 support of that assertion is an EPA letter commenting
17 on nothing that has anything to do with Pennsylvania's
18 program. It was commenting on a program adopted by
19 New England states, one, and, two, it was further
20 commenting on a model that the New England states
21 used, which model EPA found flawed or questionable in
22 certain of its assumptions.

23 The model that is DEP is using is a model
24 that incorporates EPA's methodology.

25 Having said that, even if it were true to

1 suggest it was only one percent or two percent of our
2 emission reductions obligation, I want to put that in
3 context for this Committee.

4 As the Chairmen, because they serve on the
5 Environmental Quality Board, we are, again, as EPA has
6 said in a helpful letter to us, up against a shrinking
7 slate of options in meeting our air quality goals.

8 And to give you some tangible examples of
9 that, in order to meet our ozone goals right now, the
10 Commonwealth is literally regulating things from fuel
11 canisters to antiperspirants to shaving cream
12 containers.

13 We have reached for any and every place to
14 achieve emission reductions, and I share that with you
15 to enable you to understand how difficult it is for us
16 to be able to achieve these federal standards.

17 So while it is not true that we only get one
18 to two percent, or will as the program is fully
19 implemented, even if it were true, that's substantial.

20 Third, it's been suggested that we, DEP,
21 have asserted to EPA that we're in attainment anyway
22 and we won't need the emission reductions from the
23 California program.

24 As we sit here today, we have 37 counties
25 out of attainment for the eight-hour ozone standard

1 and we have some nine locations, 21 counties
2 implicated, that are out of attainment for the
3 particulate matter standards.

4 On neither ozone nor particulate has the
5 Commonwealth even presented yet to EPA our game plan
6 as to how we're going to get out of nonattainment,
7 one; and then maintain attainment for 20 years as we
8 are obliged to do under federal law.

9 Third, there's been an allegation that the
10 California standards lead to exorbitant cost increases
11 in vehicles.

12 As my testimony includes a chart, you will
13 see the sticker prices are identical. We have
14 presented for you some 20, 30 different vehicle types
15 and shown that there's absolutely no difference in the
16 vehicle sticker price as sold in New York that does
17 adopt the California standard and Ohio, for example,
18 that does not adopt the California standard.

19 Finally, or two more points. It has been
20 asserted that Pennsylvania has never taken credit for
21 the emission reductions from the Pennsylvania Clean
22 Vehicles Program. That also is not true.

23 The Pennsylvania Clean Vehicles Program is a
24 part of our state implementation plan, and we have
25 taken credit for the emission reductions that have

1 been achieved pursuant to it which up until the model
2 year 2005 have been those emission reductions from the
3 national program.

4 Under the 1998 Pennsylvania Clean Vehicles
5 Program, we would only begin to get benefit to the
6 California level starting this year with the 2006
7 model year.

8 Finally, it's been asserted we have to
9 change our fuels. Pennsylvania never adopted that
10 part of California's program that requires different
11 fuels. So we would not, we have not, and since 1998
12 have not been obliged to change our fuels.

13 Finally, if those are all things that are
14 incorrect about the program, what is correct about the
15 program?

16 First and foremost, this is a program that
17 has worked without flaw and without problem in the
18 Commonwealth since 1998. No reason to believe that
19 all of a sudden that is going to change.

20 Second, it is a program, and the only one
21 that we can think of, that will deliver appreciable
22 emission reductions at zero cost additional to the
23 consumer. Same sticker prices for the California
24 vehicle as for nonCalifornia vehicles.

25 Third, EPA has indicated recently that new

1 health data requires a potential reassessment again of
2 ozone and particulate standards.

3 We could see those ratcheted down further
4 over the next several years. If so, we certainly
5 can't afford to forgo cost effective emission
6 reductions.

7 And, finally, there's no free lunch. It's a
8 zero sum game. If we decide to enable cars to
9 contribute more pollution burden to our economy, then
10 we're going to have to ask factories, manufacturers,
11 power plants in Pennsylvania to pick up that pollution
12 reduction burden.

13 So in conclusion, Mr. Chairman, members of
14 the committee, we submit to you that this program has
15 worked well for Pennsylvania, and it will only
16 increase in its value and importance to us as we move
17 forward to meet these new emission reduction standards
18 that the federal government has now finally -- has put
19 in place in final form.

20 Thank you very much.

21 CHAIRMAN ADOLPH: Thank you, Madam
22 Secretary.

23 Secretary Biehler, for comment?

24 SECRETARY BIEHLER: Sure. I'm here to --
25 first of all, thanks for inviting me to the committee.

1 And I'm here really in a support role and simply to
2 give a couple of brief comments about the relationship
3 between the question of air quality and the
4 transportation improvement program in Pennsylvania.
5 And there is a direct relationship.

6 Every time a project has to be placed on a
7 transportation improvement program or capital
8 improvements on our 40,000 miles of the system in
9 Pennsylvania, we also have to go through a process to
10 make sure that we stay in balance with the state
11 implementation plan which basically requires us to go
12 through an evaluation to make sure that -- that the
13 air quality impacts of any transportation investment
14 stay in balance with the requirements of the Clean Air
15 Act.

16 And if they don't, if we fall out of
17 compliance, and/or the other things fall out of
18 balance with the requirements of the Clear Air Act,
19 there is a potential for sanctions.

20 And that's the real connection that I simply
21 want to underscore. And what do sanctions mean? They
22 can take on a number of forms and I see that Judy Katz
23 from the U.S. Environmental Protection Agency is here
24 and probably can tell you chapter and verse of the
25 details.

1 But the bottom line for transportation
2 improvements in Pennsylvania is, any improvements in
3 transportation that result in mobility improvements,
4 it could be something as simple as an intersection
5 improvement that would increase mobility -- and I see
6 on the committee a number of friends here who worked
7 very long and hard with me on a number of different
8 projects -- and I need to say thanks to a number of
9 you, and you know who you are -- on a number of
10 projects that have taken a long time.

11 Those kind of projects are frankly
12 threatened. Anything that would improve mobility
13 potentially can be subject to sanctioning should we
14 fall out of balance with the Clean Air Act
15 requirements, and its form could take on enough
16 sanctions to be in the hundreds of millions of dollars
17 a year, potential, and so you can see the impact is
18 just too large to ignore.

19 The bottom line of all this, in my opinion,
20 is we all need to work together to make sure
21 ultimately we stay in balance and there may be lots of
22 ways to do that.

23 But it's really important that we make sure
24 that ultimately we help you folks understand what the
25 ramifications are of different changes and that we in

1 effect all work together with the Environmental
2 Protection Agency to make sure that we're staying in
3 compliance, so we don't fall into this arena of
4 sanctioning.

5 Thank you very much.

6 CHAIRMAN ADOLPH: Thank you, Mr. Secretary.

7 Madam Secretary, I did an informal survey
8 myself regarding the sticker prices --

9 SECRETARY MCGINTY: Yes.

10 CHAIRMAN ADOLPH: -- of Pennsylvania cars
11 with New Jersey and New York, and I came up with the
12 same results as you did.

13 And I talked to my colleagues. However,
14 there's some fear out there what will happen in the
15 future.

16 So my question to you is, has the Department
17 researched the potential longer range cost if and when
18 the technology to control carbon dioxide emissions are
19 required to be implemented?

20 SECRETARY MCGINTY: Yes. Thanks,
21 Mr. Chairman. And I think specifically you're
22 referring to some of the suggestions made by the auto
23 manufacturers that there could be as much as a \$3,000
24 per car sticker price increase.

25 And I think it's important to know the

1 details of that. First of all, it is a number
2 hypothesized potentially to be realized in 2016.

3 Second, even with that number, that same
4 analysis by the auto manufacturers shows an overall
5 savings to the consumer, because those cars are more
6 efficient, and even as California used in their
7 modeling, assuming gasoline at a dollar seventy-four a
8 gallon, you have consumers saving some seven dollars a
9 month overall with those vehicles.

10 So I am familiar with those numbers,
11 Mr. Chairman, but I do think that the context and the
12 details of those numbers are important.

13 And, last, I would say that California --
14 California's analysis also shows in 2016 a possible
15 sticker price increase but, again, not of the
16 magnitude that the auto manufacturers have suggested
17 and an overall savings to the consumer because of the
18 enhanced fuel economy of the vehicles.

19 CHAIRMAN ADOLPH: Thank you. Representative
20 Pyle?

21 REPRESENTATIVE PYLE: Thank you,
22 Mr. Chairman. Madam Secretary; Mr. Secretary. This
23 is great. Two secretaries in one room.

24 I'm -- I'm noticing on Page 3 of your
25 testimony here nonattainment counties?

1 SECRETARY MCGINTY: Yes.

2 REPRESENTATIVE PYLE: By federal standards?

3 A lot of those are in my backyard, which is western
4 Pennsylvania. We're talking Allegheny, Armstrong,
5 Beaver, Butler, Clearfield, Fayette, Greene, Indiana,
6 Mercer, Washington, and Westmoreland Counties.

7 I don't know if this question is best posed
8 to you or to Ms. Katz, who is going to testify from
9 the EPA.

10 Our neighboring states adopting said
11 standards that are being discussed today because the
12 wind blows west to east. If we implement some of
13 these standards that I have great questions about, are
14 we really going to achieve these reduction levels
15 given what is being carried into the western half of
16 the state from particulates from West Virginia and
17 Ohio?

18 SECRETARY MCGINTY: I'll share some
19 thoughts, and I think you're right, Administrator Katz
20 will have some thoughts as well.

21 First of all, it is a -- it is very, very
22 true that our air pollution reduction obligation is
23 most definitely made harder by our being on the
24 receiving end of noncompliant air from upwind.

25 Having said that, EPA has taken some

1 important new and aggressive steps in that regard
2 under something called the Clean Air Interstate Rule,
3 which does also apply to those states to the west of
4 us, and especially as it relates to power plants that
5 there will be very substantial emission reductions
6 coming and, in fact, those plans to meet those
7 reductions are due this year.

8 REPRESENTATIVE PYLE: Am I to assume then
9 that they are targeting stationary facilities rather
10 than vehicles for emission reduction?

11 SECRETARY MCGINTY: That particular
12 regulation that I just mentioned is stationary
13 sources.

14 But it is also the case that states also
15 need to regulate mobile sources and that really is
16 part of the question before us because you do have a
17 choice.

18 A state can adopt what is a federal tailpipe
19 standard for cars or the one that is part of the
20 Pennsylvania program right now, which is the
21 California standard for tailpipe emission of vehicles.

22 REPRESENTATIVE PYLE: Great. Mr. Chairman,
23 one more. This is one for Secretary Biehler.

24 SECRETARY BIEHLER: Sure.

25 REPRESENTATIVE PYLE: Thank you for your

1 testimony today.

2 You're talking about sanctions being levied
3 against our transportation infrastructure if we don't
4 meet these emission standards.

5 Western Pennsylvania, they say our arteries
6 are our bridges. What are we talking about with
7 economic sanctioning here? Are we going to take a
8 further hit on our bridges?

9 SECRETARY BIEHLER: The kind of sanctions we
10 face -- first of all, there has to be a determination,
11 first, that we're out of compliance. So if we do
12 something that upsets the balance, if you will, then
13 in essence a flag goes up.

14 And, again, Ms. Katz can probably tell you
15 in greater detail. But the bottom line is we go
16 through a process that we are notified we're out of
17 compliance and there's up to, I believe, a 24-month
18 period in which we can go and forth to discuss what
19 those implications are. And it also gives us a chance
20 to rectify it, to rebalance.

21 But let's assume the will of the world is
22 that we don't want to do that. And so we -- we run
23 headlong into the wall. At the end of 24 months then
24 EPA has a judgment to make, whether to issue sanctions
25 against us.

1 And sanctions typically are -- there's a
2 couple categories. There are discretionary sanctions
3 and mandatory sanctions.

4 Let me talk about the mandatory sanction.
5 That's what I mentioned earlier are ones typically --
6 they can restrict our use, they can hold back -- in
7 effect through working with the Federal Highway
8 Administration, they can hold back the use of federal
9 dollars. Huge amounts of money.

10 We get in the neighbor of 1.4 to \$1.6
11 billion a year from the Federal Highway
12 Administration. So it's very, very significant in our
13 ability to improve our system.

14 But the first order of business, the first
15 sanctions that we're -- that are targeted are the ones
16 where we have mobility improvements.

17 So it's not things like transit
18 improvements. Not things like park and ride. Not
19 things like wetland mitigation.

20 But it is things like where we're going to
21 add a lane to a road or improve or widen an
22 intersection, things that, you know, generally
23 increase capacity. So those kinds of things are kind
24 of first among equals in terms of being in the
25 crosshairs.

1 So back to your question now about bridges.
2 If we were going to replace a bridge that needs to be
3 replaced and we have determined that it really -- we
4 really ought to be adding a lane to that structure to
5 go along with the rest of the character of that
6 network, the answer is yes. Then the question would
7 be -- we would have to then face the question as to
8 whether EPA chose to sanction us.

9 And if nothing else, it will so drastically
10 slow down the process because each individual project
11 will have to be subject to review by EPA.

12 REPRESENTATIVE PYLE: Thank you,
13 Mr. Secretary, Madam Secretary. Mr. Chairman.

14 CHAIRMAN ADOLPH: Thank you. Chairman --
15 Chairman George.

16 CHAIRMAN GEORGE: Madam Secretary, I don't
17 know much about the automobile business.

18 SECRETARY BIEHLER: Sandbagger.

19 SECRETARY MCGINTY: Yeah.

20 CHAIRMAN GEORGE: I thought I'd have you
21 chuckle before I go further.

22 Now, you state in your brief here that the
23 California emission automobiles cost the same in all
24 states to where they're delivered, and there's another
25 part of your presentation where it insists that a

1 California emissions car cost no more to the
2 consumer --

3 SECRETARY MCGINTY: Right.

4 REPRESENTATIVE GEORGE: -- than just a car
5 that abides by the natural standards. Is that right?

6 SECRETARY MCGINTY: Yes, sir.

7 CHAIRMAN GEORGE: So if, in fact, it costs
8 no more to get a California emissions car, which
9 undoubtedly will protect to a degree -- or not
10 protect, but at least go further in reducing our
11 emissions, aren't you concerned also that if the
12 emissions aren't reduced, and you state there are 37
13 counties in noncompliance, that do not meet in the
14 eighth hour, aren't you afraid, especially you being
15 the Secretary of DEP, that we'll have to take some
16 very strong action against these power plants and
17 think about action so that there -- in relationship
18 that it will be jobs and jobs and jobs, over the
19 manufacturer, the mining, the distribution?

20 Now, I do take issue with one thing you say.
21 Cars are not the same delivered to different states.
22 There's a matter put on there called transportation
23 which your colleague on your right or left of you
24 would understand.

25 The cost are different with where they're

1 delivered, but God knows where they'll be manufactured
2 next year according to what I hear.

3 But nevertheless, does something have to be
4 done on both sides of this?

5 SECRETARY MCGINTY: Yes, Mr. Chairman. And
6 I, too, am looking at many of you who have worked very
7 closely with us at the Department with high priority
8 economic development projects.

9 And I also want to thank Administrator Katz
10 because she has helped us on many, many permits where
11 it's been very, very difficult for us to show that we
12 are meeting the air quality requirements.

13 And, Mr. Chairman, the brand new waste coal
14 plant in your district is a prime example. You know
15 first-hand because you were at the table with us in
16 trying to craft the strategy so that that plant could
17 be permitted and hopefully financed and built. And
18 let's just say it was not easy.

19 I can't imagine, I cannot imagine trying to
20 find another six percent of VOC's or nine percent of
21 NOx to take out of those plants.

22 We are already -- you know, you and I went
23 personally to neighboring businesses and had to knock
24 on the door to ask if any of them would be willing to
25 change out an engine so that we could get some

1 emission reductions so that we could offset the
2 emissions from the new plant.

3 This is hard, hard work. And even if it is
4 one percent, I don't know where we'd find that.

5 So I think you make exactly the right point.
6 The emission reductions have to come from somewhere.
7 With this program we get cars that can contribute
8 meaningfully at no additional cost to the consumer,
9 and I think it would be at the very least a shame to
10 burden our manufacturers by having to make up the
11 difference.

12 CHAIRMAN GEORGE: Thank you, Madam
13 Secretary.

14 SECRETARY MCGINTY: Thanks, Mr. Chairman.

15 CHAIRMAN ADOLPH: Thank you. I just -- we
16 have four more members who have questions of the
17 Secretaries.

18 I just want to remind everybody that, you
19 know, we're under time restraints here so keep your
20 questions down to a minimum as far as addressing the
21 Secretary. Thank you.

22 Representative Rubley.

23 REPRESENTATIVE RUBLEY: Thank you,
24 Mr. Chairman. And thank you both for your testimony
25 today.

1 Under the Clear Air Act amendments only --
2 vehicle standards can only be set by either the
3 federal government or the California Air Resources
4 Board, and the concern has been raised by many people
5 that if we adopted the California standard or continue
6 to use it then we are subject to the whim of the
7 California Air Resources Board. Any time they change
8 it, then we automatically have to change it without
9 any input. Is that correct?

10 SECRETARY MCGINTY: When we adopted the
11 Pennsylvania Clean Vehicles Program, we did not adopt
12 in its entirety the California program.

13 We chose what we thought worked for
14 Pennsylvania. We chose the tailpipe standards but we
15 did not choose the California fuel requirements and we
16 did not choose California Zero Emissions Vehicle
17 requirements.

18 It is the case that you cannot choose
19 different tailpipe standards, but in terms of the
20 overall vehicle program there is discretion and there
21 are options.

22 REPRESENTATIVE RUBLEY: So it would only
23 apply if they change the tailpipe standard?

24 SECRETARY MCGINTY: Exactly. That would be
25 under the way the current Pennsylvania Clean Vehicles

1 Program is written. If there were different tailpipe
2 standards put into effect, they would be effective in
3 Pennsylvania as well under the 1998 program.

4 REPRESENTATIVE RUBLEY: Thank you very much.

5 SECRETARY MCGINTY: Thank you.

6 CHAIRMAN ADOLPH: Thank you. Representative
7 McIlhinney.

8 REPRESENTATIVE McILHINNEY:

9 Representative Rubley hit on my questions. I just
10 want to follow up.

11 SECRETARY MCGINTY: Okay.

12 representative McILHINNEY: Just a little
13 bit.

14 SECRETARY MCGINTY: Thank you.

15 REPRESENTATIVE McILHINNEY: What type of
16 future commitment do we have? In other words, if, as
17 the -- as it was often portrayed in private
18 conversations, if they could only eat fruitcakes in
19 California, and suddenly they make it all electric, or
20 whatever, some sort of -- no offense to anybody from
21 California -- but if -- what if it was something that
22 they changed that we really could not live with it?

23 In other words, it messed up our balance
24 that we need here in Pennsylvania.

25 SECRETARY MCGINTY: Sure.

1 REPRESENTATIVE McILHINNEY: What type of
2 future commitment do we have to that or do we reserve
3 the right -- the right to go back at some future date
4 with some legislation --

5 SECRETARY MCGINTY: Right.

6 REPRESENTATIVE McILHINNEY: -- to rebalance
7 our -- our equation here in Pennsylvania?

8 SECRETARY MCGINTY: Well, the answer to the
9 latter part of your question is this legislature
10 always has the right, always has the discretion to put
11 in place the program that they feel is best for
12 Pennsylvania.

13 And under federal law there is a choice we
14 can make. We can adopt the national program or we can
15 adopt the California tailpipe standards. If those
16 standards become standards that are enormously costly
17 and/or ineffective in reducing emissions, then it is
18 always the prerogative of this legislature to make a
19 change and to direct that we adopt the standards that
20 we think make sense.

21 The only thing I would underscore -- and
22 it's really what brings us here today -- is let's
23 assume that California puts in place tailpipe
24 standards that are tougher than the federal standard,
25 and let's assume that we haven't been counting on that

1 in our federally enforceable state implementation
2 plan. If we made a choice to go to the federal
3 standard instead of the California standard, we cannot
4 backslide on our requirements under our federally
5 enforceable state implementation plan and that's
6 Representative George's point.

7 We'd have to make up that emission reduction
8 somewhere else in our economy.

9 REPRESENTATIVE McILHINNEY: But if it was a
10 catastrophe, we could --

11 SECRETARY MCGINTY: You could.

12 REPRESENTATIVE McILHINNEY: -- implement it?
13 The last question is how long would such a change
14 take? In other words, if we commit to something and
15 then we see we can't live with it, it's not something
16 we could do overnight to set up a new formula? We
17 would be stuck for how long before we could make that
18 balance again here in Pennsylvania?

19 SECRETARY MCGINTY: Well, that's a fair
20 point. It does not happen overnight. And another
21 thing that's important for the legislature to
22 understand, since the Pennsylvania Clean Vehicle
23 Program is part of our federally enforceable state
24 implementation plan, there are federal procedures we
25 would have to follow. You could direct DEP to

1 implement those procedures, but we would have to have
2 public hearings.

3 We would have to formally petition EPA and
4 then EPA would formally have to sign off. And I think
5 as Administrator Katz would say, and will clarify,
6 that signing off involves finding that we have
7 identified other emission reductions such that our SIP
8 still adds up to attainment and maintenance.

9 REPRESENTATIVE McILHINNEY: A year? Two
10 years?

11 SECRETARY MCGINTY: I don't know.

12 REPRESENTATIVE McILHINNEY: I guess that's
13 probably a better one for -- I'll ask you that
14 question when it comes along.

15 Thank you, Mr. Chairman.

16 CHAIRMAN ADOLPH: Thank you, Representative.
17 Representative Dick Stevenson.

18 REPRESENTATIVE STEVENSON: Thank you,
19 Mr. Chairman. And thank you both for your testimony
20 today.

21 I'd like to follow the same line of
22 questioning on the difference between the two
23 standards for just a moment.

24 I have the advantage of looking ahead at
25 some of the testimony we're going to hear after you're

1 gone, and just from briefly looking at that, if I'm
2 interpreting it correctly, it indicates that going out
3 to the year 2020, the differences between the two
4 programs in terms of emissions are nearly
5 indistinguishable.

6 Have you done testing to show the difference
7 between the two? And if so, why do you lean toward
8 the California standards?

9 SECRETARY MCGINTY: Yes. Thanks,
10 Representative.

11 One, the numbers that are used in saying
12 that, for example, there's only a one to two percent
13 difference, reductions that are achieved are derived
14 from a 2004 analysis, not at all of Pennsylvania's
15 program, but of the New England program, one.

16 And, two, it's a critique of a model that
17 was used by an organization called NESCAUM. EPA found
18 shortcomings in their model. That's point one.

19 Second, the numbers that we present to the
20 committee for review; namely, an additional six
21 percent reduction in VOC's, additional nine percent in
22 nitrogen-related pollution, those numbers are derived
23 by DEP using, not NESCAUM's model, but EPA's model.

24 And so the numbers we use do not suffer the
25 shortcomings that were properly identified by EPA, and

1 I would say improperly suggested by those opposed to
2 the Pennsylvania Clean Vehicles Program as being at
3 all relevant to our program because they are not.

4 REPRESENTATIVE STEVENSON: Thank you.

5 SECRETARY MCGINTY: Thanks.

6 REPRESENTATIVE STEVENSON: Thank you,
7 Mr. Chairman.

8 CHAIRMAN ADOLPH: Thank you. You know,
9 that's as far as the questions are concerned. This is
10 just an editorial comment.

11 You know, since this bill has been
12 introduced, okay, we have been depicted, the members
13 of this Committee, as either for clean air or dirty
14 air. Okay? And I will not be intimidated by any
15 groups out there, okay, or any business groups out
16 there regarding this. Editorial boards. Okay.
17 There's not one person on this Committee that will be
18 bullied to believe that one is much better than the
19 other. Okay.

20 We are trying to do the best for the
21 citizens of Pennsylvania, okay, and trying to get this
22 information. Okay. And I would appreciate it that
23 the people out there and the newspaper editorial board
24 understand that Pennsylvania is a very diverse state,
25 and we're trying to do the best for the regions that

1 we represent.

2 Just an editorial by the Chairman, his
3 privilege. Thank you. Okay? Okay.

4 Thank you, Madam Chairman, Mr. Secretary.

5 SECRETARY MCGINTY: Thank you.

6 SECRETARY BIEHLER: Thank you.

7 CHAIRMAN ADOLPH: I thank you very much.

8 Our next speaker is Ms. Judy Katz. Ms. Katz
9 is the director of the Air Protection Division of the
10 United States Environmental Protection Agency for
11 Region III.

12 Thank you very much for coming. Good
13 morning.

14 ADMINISTRATOR KATZ: Good morning.

15 CHAIRMAN ADOLPH: Nice to have you here.

16 ADMINISTRATOR KATZ: It's nice to be here.

17 Good morning, Mr. Chairman.

18 CHAIRMAN ADOLPH: Administrator Katz, if you
19 would just take a second to get closer to the
20 microphone, it will help everyone here in the hearing
21 room as well as our TV audience.

22 ADMINISTRATOR KATZ: Is this better?

23 CHAIRMAN ADOLPH: That's much better.

24 ADMINISTRATOR KATZ: Okay. Good morning,
25 Mr. Chairman and Committee members. My name is Judy

1 Katz and I'm the director of the Air Protection
2 Division of the United States Environmental Protection
3 Agency in Region III.

4 I want to thank you for giving the
5 Environmental Protection Agency an invitation to this
6 hearing to discuss the requirements for the
7 Commonwealth under the Clean Air Act ozone and fine
8 particulates standards and the adoption of the
9 California passenger vehicle emission standards.

10 I hope my testimony can clarify the
11 relationship between federal and state law as it
12 relates to House Bill 2141.

13 While federal law limits states to a choice
14 between California or federal standards, whether to
15 adopt California's low emission vehicle standards or
16 CA LEV is Pennsylvania's choice to make.

17 EPA has been asked by your Committee which
18 standard EPA recognizes as those officially in place
19 in Pennsylvania. EPA approved the Pennsylvania Clean
20 Vehicle Program as part of the federal state
21 implementation plan in December of 2000 -- of 1999.

22 The SIP-approved version of that regulation
23 replied -- relied on an option to participate in the
24 NLEV, or the national low emission program, until the
25 beginning of the 2006 model year or until NLEV was

1 replaced by the Tier II federal standard.

2 In our rulemaking we refer to the
3 Pennsylvania California -- Clean Vehicle Program as a
4 backstop to NLEV for the duration of the NLEV program.

5 The SIP-approved Pennsylvania Clean Vehicle
6 Program contains no sunset provision. As we are now
7 well past the beginning of the 2006 model year, the
8 Pennsylvania Clean Vehicle Program is the federally
9 approved and enforceable program in Pennsylvania at
10 this time.

11 Pennsylvania now proposes to revise its
12 regulations to defer the Clean Vehicle Program until
13 the 2008 model year.

14 The EQB-proposed version of the amended
15 Pennsylvania Clean Vehicle Program would not only
16 defer implementation of the California LEV standards
17 until model year 2008 but would also update the
18 regulation to incorporate by reference specific
19 changes California made to its regulation in enacting
20 its more stringent LEV II program.

21 EPA has been asked whether the program in
22 Pennsylvania's approved SIP incorporates these updated
23 California provisions. We believe that that question
24 is best answered by where -- by interpretation of
25 Pennsylvania law and, we believe that the experts in

1 interpretation of Pennsylvania state law are -- is
2 Pennsylvania.

3 The Office of the Chief Counsel for DEP has
4 indicated that Pennsylvania has a strong presumption
5 that when a regulation incorporates by reference
6 another regulation, it automatically incorporates any
7 future revisions to that regulation.

8 As a matter of federal law, the SIP includes
9 the version of state regulations submitted for
10 approval. So in this case the 1998 Pennsylvania
11 regulation is part of the SIP but references to
12 California's rules are dependent on Pennsylvania's
13 interpretation of which -- which version of California
14 LEV Pennsylvania's rule references and based on the
15 DEP interpretation LEV, II or the later California
16 regulations, would be the current SIP-approved
17 federally enforceable program now in place in
18 Pennsylvania.

19 You've asked me to address the possible
20 ramifications of removing DEP's authority to implement
21 the SIP-approved Pennsylvania Clean Vehicle Program.
22 As to whether passage of H.B. 2141 would result in
23 imposition of clean air sanctions on Pennsylvania, I
24 believe it would not.

25 The Clear Air Act limits our authority to

1 impose mandatory sanctions. Mandatory sanctions apply
2 when a state fails to implement a SIP program that is
3 required under the Clear Air Act.

4 The current Pennsylvania SIP does not rely
5 on CA LEV reductions in any -- for any of its Part D
6 SIP elements. Therefore, mandatory sanctions would
7 not apply for failure to impose Pennsylvania Clean
8 Vehicle Program.

9 EPA does have authority to impose
10 discretionary sanctions, which means it would be our
11 choice. The Clear Air Act would not require us to do
12 that. But it is very unlikely that we would choose to
13 impose discretionary sanctions since Pennsylvania did
14 not take any credit for the California program and it
15 was -- it was a voluntary adoption of this program.

16 In terms of the impact of H.B. 2141, note
17 that passage of this legislation would not remove the
18 program from the SIP. Only the Governor or the DEP
19 Secretary can submit a formal SIP revision requesting
20 removal of the California Clean Vehicle Program from
21 the SIP via EPA rulemaking.

22 If it remains part of the SIP but is not
23 enforced, EPA, we feel, would be vulnerable to citizen
24 suits pursuant to Section 304 of the Clear Air Act
25 which allows lawsuits to be brought in federal court

1 for enforcement of the SIP.

2 EPA has been asked by your committee about
3 the potential for future opt-out of California
4 standards in the event Pennsylvania adopted California
5 standards but later decided to abandon the program and
6 instead implement federal standards.

7 I agree with Secretary McGinty's testimony
8 about the procedure for doing that. The Clear Air Act
9 does not prohibit a state from -- that opted in from
10 later opting out of the California program.

11 However, Pennsylvania would need to follow
12 proper rulemaking procedure and it would have to
13 offset any emission reductions in the SIP where
14 California claimed CA LEV benefits.

15 For instance, if in the future Pennsylvania
16 claimed these benefits, then they would have to offset
17 them in -- in leaving the program.

18 EPA has also been asked by this Committee to
19 comment on the environmental benefits attributable to
20 the CA LEV program beyond those in the federal Tier II
21 program as there seems to be concern that the DEP's
22 estimates are overstated.

23 Pennsylvania has -- has to date relied upon
24 the benefits of Tier II program in its SIP submittal
25 to address the old one-hour ozone standard. As you

1 are aware, the Pennsylvania Clean Vehicle Program
2 would not have taken effect until the 2006 model year
3 and the proposed EQB version defers this until 2008.

4 EPA -- DEP has indicated that it intends to
5 rely upon benefits from the program in future SIP's,
6 however.

7 The CA LEV opt-in provisions of the Clear
8 Air Act do not require that Pennsylvania demonstrate
9 the benefits of adopting the CA LEV program in order
10 to seek EPA approval.

11 However, if and when the emission reductions
12 from the program are claimed in a SIP plan, those
13 benefits would need to be quantified by Pennsylvania
14 and reviewed by EPA.

15 So, in other words, this is a long way of
16 telling you that EPA has not reviewed the Pennsylvania
17 calculation of emission reductions so we really are
18 not in an authoritative position to comment on their
19 calculations.

20 The Committee has inquired about the
21 benefits associated with Pennsylvania's adoption of CA
22 LEV. As you know, Pennsylvania has conducted its own
23 analysis of the benefits from that program, but DEP,
24 as I mentioned, has not submitted to EPA for review.
25 However, much has been said about this EPA memo to

1 NESCAUM in 2004 commenting on their methodology for
2 calculating the benefits.

3 In there EPA cautioned NESCAUM to properly
4 use EPA guidance when modeling benefits to avoid
5 overestimation of the benefits. We have not conducted
6 specific analysis. In our NESCAUM comments we -- we
7 estimated a typical benefit from CA LEV of about one
8 percent reduction in overall mobile source VOC
9 emissions and two percent in overall mobile source
10 toxic emissions in 2020.

11 We want -- I want to point out that the
12 Pennsylvania calculations of 6 to 12 percent reduction
13 were not from the entire mobile source inventory but
14 from the -- the light vehicle fleet, which is a
15 subset, a -- only a portion of the total mobile source
16 inventory.

17 So I believe that you really cannot compare
18 those two figures. It's kind of apples to oranges.

19 And, you know, we do -- we agree that
20 Pennsylvania has a right to adopt the Pennsylv --
21 California program without the California fuels and
22 that we believe that there would still be a benefit in
23 terms of emission reductions without -- without
24 adopting the -- the California fuels because EPA has
25 just adopted new, very tight fuel standards and we

1 think the new fuel standards come -- you know, are
2 approaching the California standards.

3 Finally, I'd like to talk about
4 Pennsylvania's air quality -- ozone air quality.
5 Pennsylvania has 17 eight-hour ozone nonattainment
6 areas. Of these Pennsylvania -- Philadelphia has the
7 worst air quality, classified as moderate
8 nonattainment with a 2010 deadline. Lancaster is
9 classified with marginal with a 2007 attainment
10 deadline. The remaining 15 areas are classified as
11 basic nonattainment with 2009 attainment deadlines.

12 Of these 17 Pennsylvania nonattainment
13 areas -- and I will stay that there are the 37
14 counties, but they're grouped into 17 nonattainment
15 areas -- 14 are now believed to be in compliance with
16 the eight-hour ozone standard on the basis of
17 preliminary air quality monitoring data measured over
18 the three-year period between 2003 to 2005.

19 In other words, these -- the nonattainment
20 areas that people have been talking about were
21 classified based on 2002 to 2004 and then when we
22 relooked this past year, from 2003 to 2005, we found
23 that there was a significant improvement.

24 For the areas for which Pennsylvania can
25 meet air quality standards and redesignate to

1 attainment, CA LEV may be an important program to
2 attain compliance of the ozone standard over the
3 required ten-year maintenance program period.

4 For redesignation submitted by DEP to EPA in
5 2006, the maintenance period would end no earlier than
6 2016.

7 We do anticipate that Philadelphia is going
8 to have significant difficulty in attaining the ozone
9 standard by the 2010 attainment deadline even with
10 every reasonable combination of local and national
11 measures.

12 If the Philadelphia area cannot attain the
13 standard by 2010, then the area is subject to bump-up
14 to the next higher classification, which would be
15 serious, in which the attainment date would be moved
16 back to 2013 but there would be other additional
17 emission reductions required.

18 We do believe that California may be --
19 prove beneficial to attainment in the Philadelphia
20 area.

21 I want to thank the Committee for the
22 opportunity to discuss the challenges ahead for
23 Pennsylvania in meeting air quality standards and I'll
24 be happy to take any of your questions.

25 CHAIRMAN ADOLPH: Okay. Okay.

1 Administrator Katz, thank you very much for your
2 testimony. As I stated earlier, that we're going to
3 proceed with the testifiers and then hopefully there's
4 going to be enough time for questions and answers.

5 We appreciate your testimony. It was very
6 informative. Thank you very much.

7 ADMINISTRATOR KATZ: Okay.

8 CHAIRMAN ADOLPH: Okay. Our next speaker,
9 who obviously came the furthest to testify today,
10 Mr. Joel Schwartz of the American Enterprise
11 Institute.

12 Mr. Schwartz has conducted a variety of
13 studies involving federal Tier II and the California
14 standards.

15 Good morning, Mr. Schwartz.

16 MR. SCHWARTZ: Good morning, Mr. Chairman.
17 Thank you for having me. Once again, I'm Joel
18 Schwartz of the American Enterprise Institute, a
19 public policy think tank in Washington, D.C.

20 Although I am one of those granola people
21 who lives in California -- lives and works in
22 California, my wife is from Bucks County actually and
23 she also lives and works in California. No.

24 I'm going to -- I'm going to try and
25 actually focus my comments on some of the issues that

1 have already been raised so that we get -- we get to
2 the heart of the -- the matters that are of most
3 concern to you.

4 You've been given a handout with the -- with
5 the charts and graphs that are actually in my
6 testimony. All these charts and graphs are actually
7 in my testimony, but I just want to use some of them
8 here and I'm going to refer to them here.

9 If you just look at the top chart, that
10 shows you the difference between the average emissions
11 of the vehicle fleet under Tier II, federal Tier II
12 versus CA LEV II as predicted by EPA's MOBILE6
13 emissions model.

14 This is the model that states must use,
15 states besides California which gets to use its own
16 model, but that states must use to estimate future
17 emission for their state implementation plan.

18 What you have in the vertical axis is
19 emissions in grams per mile of the average vehicle on
20 the road. And what you have on the horizontal axis is
21 the calendar year from 2000 to 2025 and I've shown you
22 nitrogen oxide or NOx's and VOC or volatile organic
23 compounds.

24 So let's look on NOx's on the left, and
25 let's start at 2005 where NOx emissions are estimated

1 to be by the MOBILE model, about one gram per mile.

2 Then let's go down to -- let's go out to
3 2025 where the MOBILE model estimates about an 80
4 percent reduction in NOx from current levels with --
5 with federal Tier II and about an 80 -- maybe an 82
6 reduction with California LEV II.

7 Secretary McGinty said that you were getting
8 a nine percent from LEV II for NOx. Her percentage
9 and my percentage are different, but we're working up
10 the exact same absolute differences in emissions.

11 It's just that Secretary McGinty is giving
12 you the percentage change in 2025 going from Tier II
13 to 2025 to LEV II in 2025. So she's starting from a
14 smaller base. Therefore, she gets a larger percentage
15 from the same amount of emissions.

16 Just to give you perhaps an easier example
17 of how this works, let's say I have a dollar. I take
18 away 80 cents. That's -- I've taken 80 percent of
19 my -- my money. I now have 20 cents left. I take
20 away two cents. I now have 18 cents left.

21 Starting from a dollar I've reduced my
22 amount of money by 82 percent. But starting from 20
23 cents I've reduced my amount of money by ten percent.

24 So Secretary McGinty is giving you a
25 percentage that's off what I consider to be a fake

1 base. The baseline we need to worry about is current
2 emissions because it's current emissions that
3 determine current air quality, and it's a percentage
4 change from current emissions that will determine the
5 percentage of improvement in future air quality.

6 So I say, yes, if you start from 2025, yes,
7 you get about a nine percent reduction in NOx in 2025
8 with LEV II. But starting from current emissions you
9 get only about a two percent benefit by going from
10 Tier II to LEV II in the future.

11 And that's what's -- that's what I think is
12 most important because it's current emissions that
13 matter.

14 You can see from the -- from the chart that
15 the absolute difference, the absolute change in
16 emissions in 2025 is very tiny, between -- between
17 Tier II and LEV II. Same absolute difference,
18 different percentages because of different baselines
19 that we start from.

20 Okay. So it's very little difference
21 between Tier II and LEV II, but Secretary McGinty also
22 said that you need every little bit of emission
23 reductions you can get.

24 Well, that's true. But that's not really --
25 but LEV II isn't going to help you because LEV II's

1 benefits don't -- don't -- don't come into effect for
2 10 or 15 years after you adopt the standard because
3 you have to have the fleet turnover.

4 Philadelphia, as -- as Ms. Katz said, needs
5 to attain by 2010 or at worst probably about 2013. It
6 doesn't matter if you adopt LEV II in 2008. It's not
7 going to help you for 2013.

8 I think something that's very ironic about
9 this whole debate is that neither regulators nor
10 environmentalists have been talking about probably the
11 most important thing you can do right now to speed
12 your attainment of federal air quality standards.

13 Scientists have known for a very long time
14 that -- that a small percentage of automobiles
15 contributes a large percentage of total vehicle
16 emissions.

17 When we look at on-road emission data, we
18 find that five percent of automobiles account for
19 about 50 percent of VOC emissions. We call these
20 gross polluters in the air quality trade.

21 And we have the technology to go on the road
22 and find these high polluting cars and get people to
23 either repair or scrap them. This doesn't have to be
24 a punitive program. It could be funded, for example,
25 by exempting cars from the scheduled inspection

1 program, which we know doesn't work very well, because
2 we see these gross polluters on the road in spite of
3 having the inspection program. You could exempt cars
4 eight or ten years old from the program because those
5 cars aren't dirty anyway. Have motorists spend --
6 spend a surcharge, maybe five or ten dollars a year in
7 vehicle registration fees, and use that money to go
8 find these broken cars and help subsidize repairs for
9 people who are too poor to repair their cars or offer
10 people a bounty if they're willing to scrap their car.

11 And you could reduce emissions potentially
12 10, 20, 40 percent just from the automobile fleet in
13 VOC emissions just in the next few years by finding
14 and addressing these few percent of cars that have
15 broken emission control systems and that are generally
16 old and in poorer repair.

17 And I think it's a shame that regulators
18 aren't really talking about doing this kind of thing.
19 It's something that we've been able to do for many
20 years. It's something that some states are even
21 trying to do, and it's something I think Pennsylvania
22 should consider, rather than trying to make already
23 extremely clean new cars just a tiny bit cleaner, deal
24 with the high -- many cars -- older cars that are on
25 the road now and that can give you large emission

1 reductions in the near term and help you achieve
2 attainment at a very low -- very low cost.

3 And speaking of cost, I think that's the
4 real issue with the LEV II standards. We're talking
5 about a small increment of emission reductions; but if
6 the emissions were free, well, of course, we'd say,
7 well, let's get those emission reductions.

8 But if reducing emissions from cars were
9 free, we wouldn't have to have this hearing. The auto
10 manufacturers would just make cleaner cars and they'd
11 advertise that fact to prospective buyers to entice
12 them because most people would prefer to drive a
13 cleaner car rather than dirtier car.

14 And if it was free fro the manufacturers to
15 provide those cleaner cars, I'm sure they -- they
16 would be doing it because motorists would prefer cars
17 that are cleaner.

18 So you can be pretty certain that California
19 LEV II cars right now cost a little more for their
20 emissions than -- than federal Tier II. It's just
21 very hard to figure out what that difference is
22 because most of this information is proprietary.

23 Secretary McGinty talked about comparing
24 sticker prices of cars in different states with LEV II
25 or Tier II standards. You can't really tell -- you

1 can't do that to tell the difference between the
2 prices of Tier II and LEV II cars.

3 One reason you can't do that is because LEV
4 II and Tier II are not specific -- a specific standard
5 for specific cars. They're an average fleet emission
6 standard that you have to meet, and that average is
7 just a little bit lower for LEV II and Tier II.

8 But in both LEV II and Tier II you can
9 certify any individual car into five or six or seven
10 different bins, and each bin has a certain emission
11 certification standard that that car is held to.

12 And for some cars the emissions might be .03
13 grams per mile of -- of VOC, which might be very low,
14 and for some cars it might be .1 gram per mile, which
15 would be about -- about maybe the high end of Tier II.
16 But the average has to be about point -- I think,
17 about .07 grams per mile.

18 So you -- you would -- if you went to
19 different states, you would find that there are a lot
20 of cars in both Tier II and LEV II states that could
21 qualify for both the Tier II and LEV II program.

22 Because most of the cars that get certified
23 in a federal bin or California bin would actually be
24 perfectly fine to drive on the road in either a Tier
25 II or LEV II state but you have to sell more of the

1 lower -- the larger fraction of the cars you sell, I
2 should say, have to be of the lower emitting cars in
3 LEV II states than in Tier II states and those lower
4 emitting cars cost more.

5 So on average -- so when you compare car to
6 car you might find -- not find differences in sticker
7 price because those cars might have been certified to
8 the exact same emission standard in the Tier II and
9 LEV II state, but in the Tier II -- in the LEV II
10 state, you'll have more of the cars that were
11 certified to the lower emission standards and those
12 cars cost more.

13 So if you want to find what the costs are,
14 you have to start looking at the fleet average. You
15 have to look at the average fleet, not the individual
16 cars.

17 Also it's going to be more difficult than
18 that because manufacturers have pricing strategies
19 that might involve cost subsidies between different
20 models. Some models are more in demand than others.
21 Supply and demand also helps determine prices in
22 both -- between models and in different states.

23 And so it's going to be -- it's going to be
24 a difficult thing to figure out what the -- what the
25 different costs are.

1 But I think you can be sure there is a cost.
2 If there wasn't a cost, well, we wouldn't be having a
3 policy debate about it because manufacturers would
4 just keep doing it and advertising that fact to
5 buyers.

6 The biggest cost of LEV II -- the biggest
7 cost of LEV II is the -- the fuel economy standards.
8 Now, it might seem plausible that fuel economy
9 standards would actually save motorists money. Right?

10 If you -- if you force people to buy cars
11 that get better gas mileage, even if they cost more,
12 you might be able to get back some of that -- enough
13 of that money in gasoline savings to make yourself
14 better off.

15 But if motorists thought they were -- would
16 be better off if they drive higher mileage cars,
17 they'd already be buying them because there are a few
18 dozen models that get more than 30 miles to the
19 gallon. But on average motorists choose cars that get
20 only about 21 miles to the gallon.

21 So clearly motorists know something that
22 policymakers don't. Motorists -- I assume what
23 motorists know is that the trade-offs involved in
24 having a high mileage car involve having a car that's
25 smaller and they prefer to have the extra space.

1 Now, you can put technologies on the car
2 that will make it higher mileage, but those
3 technologies are expensive. And when you add up all
4 the costs of those -- of putting -- putting those
5 technologies on the car to give it higher mileage, you
6 end up making the car more expensive than the average
7 motorist is going to be willing to pay.

8 If you force people to buy those more
9 expensive cars you're going to make them worse off
10 because they wouldn't buy those cars of their own
11 accord.

12 I think -- I think this is the fundamental
13 point. If fuel economy standards made motorists
14 better off, you wouldn't need to do the standards.

15 Manufacturers are desperate to figure out
16 what will make someone buy their car rather than their
17 competitor's car. And motorists know what gasoline
18 costs and they know that gasoline prices can be
19 volatile.

20 If you think -- if you think that fuel
21 economy -- that mandated fuel economy standards are
22 going to make motorists better off, then you must also
23 think motorists are too foolish to figure out what
24 they want in a car and need a government regulator to
25 tell them or -- and/or you must think that -- that

1 auto manufacturers don't know how to make a car that
2 has the combination of -- of amenities and prices that
3 motorists are going to most prefer but that government
4 regulators would know that better than the automakers
5 who have billions of dollars on the line when they --
6 when they make these decisions.

7 I think those -- I think there's about a
8 zero chance that either of those propositions is
9 correct, and I think we can be sure, therefore, that
10 fuel economy mandates are going to make motorists
11 better off -- are going to make motorists worse off.

12 Now, we can get into the actual details and
13 nitty-gritty, give you the numbers, and argue about
14 whether California Air Resources Board's numbers are
15 right or whether the auto industry's numbers are
16 right.

17 But I think if you -- if you do look at the
18 details of how the California Air Resources Board
19 developed its numbers you'd probably agree that --
20 that -- that -- that they probably put -- set the
21 costs quite a bit lower than they would really be for
22 making these cars that have -- these super high fuel
23 economies.

24 Let me just give you one example. And I
25 have a lot more examples in my testimony.

1 CARB assumed that the average car goes about
2 210,000 mile over its lifetime in California, but the
3 actual data shows that the average car goes only about
4 150,000 over its lifetime. Well, if you assume the
5 car goes 30 percent more miles, you get 30 percent
6 gasoline savings, because -- for that high mileage --
7 high miles per gallon car and that makes it look like
8 that the -- that the extra cost that you're paying
9 up-front is worth more than -- than it really is
10 because the car isn't going to last as long as you
11 really think it's going to last.

12 Right there that's -- that's a -- that's
13 a -- that you can get rid of 30 percent of the -- of
14 the -- of the gasoline savings that that car claimed.

15 CARB assumed that some technologies could be
16 added to the car that would save fuel economy and make
17 the car cheaper. Well, that's just implausible.

18 If you could add technologies to the car
19 right now that would make the car cheaper and increase
20 its fuel economy, manufacturers would already be doing
21 it without -- without the government telling them to
22 do it because it would make the car more attractive to
23 motorists. Once again, overestimating costs.

24 CARB assumed a five percent discount rate
25 in -- in -- in assessing the value of that -- of those

1 future gasoline savings. That's a technical term.

2 All it means is that if you assume a five
3 percent discount rate it means that a motorist would
4 be willing to spend a dollar -- a dollar more to
5 purchase the car today in order to save a dollar five,
6 five percent increase, in order to save a dollar five
7 per year in gasoline in the future.

8 In other words, they get a five percent per
9 year return on their investment again in that future
10 gasoline sort of savings. Well, that's not plausible
11 either because an auto loan goes for about eight --
12 what, an interest rate of eight percent.

13 So CARB is, in effect, assuming that the
14 average person would be willing to take out a loan at
15 eight percent in order to get a return of five
16 percent. It's just not -- just not plausible. A
17 rational consumer just wouldn't do that.

18 And in the real world economists have found
19 that -- that motorists have discount rates of about --
20 about 15 or 20 percent when they -- when they do
21 energy efficiency savings.

22 So let me -- let me just wrap up with a
23 couple more misconceptions that were -- I think were
24 created during the testimony here.

25 You heard that 37 counties are out of

1 attainment. Ms. Katz from EPA also mentioned that
2 it's not true. In fact, as of 2005 only nine counties
3 had ozone levels -- had an ozone monitor that exceeded
4 the eight-hour standard as of the end of 2005.

5 And I guess I'll -- I guess I'll just stop
6 there and we can -- we can go into stuff in more
7 detail if you have some questions.

8 CHAIRMAN ADOLPH: Thank you very much,
9 Mr. Schwartz. Our next testifier is Mr. Greg Dana.
10 Mr. Dana is the vice president for Environmental
11 Affairs at the Alliance of Automobile Manufacturers.

12 Good morning.

13 MR. DANA: Thank you, Mr. Chairman, members
14 of the Committee.

15 I'll also mention the fact that I was born
16 and raised in Pittsburgh, so I understand why you
17 might be delayed in getting your things off the ground
18 here.

19 CHAIRMAN ADOLPH: Get your plug in now.

20 MR. DANA: Always do.

21 Let me talk a little bit about some of the
22 things we've heard already today. In my testimony I
23 enclosed a chart. A nice color chart. Hope you have
24 a copy of it here.

25 What this represents is a computer model

1 that models motor vehicle emissions, and this model is
2 run by an independent contractor that we employed to
3 do this for the board.

4 He consistently talks with EPA to make sure
5 he's using the same assumptions EPA set, that EPA is
6 using. And based upon the model he's run, we see less
7 than a two percent benefit from California standards
8 in 2020 compared to the federal program.

9 That's important to understand but also a
10 model is just a snapshot in time. Things will change
11 over time. We already know, and I'll give credit to
12 my friend here to the right, the environmentalist sued
13 EPA in getting a new MOBILE Source Air Toxics out, and
14 that is going to happen in 2010. That will make us
15 federally reduce emissions from vehicles, hydrocarbon
16 emissions from evaporative emissions and tailpipe
17 hydrocarbons, so that that difference between the
18 federal and California program in 2010 will get even
19 smaller than it is today based upon this snapshot.

20 So, again, the bottom line for all your
21 understanding is that there's no significant air
22 quality benefit from doing the California standards.
23 There is none. The programs are virtually identical
24 in their benefits.

25 They're different programs, have some

1 differences in them, but they produce the same air
2 quality benefit.

3 Secretary McGinty said things have worked
4 well since 1998 in the Clean Vehicle Program, and they
5 have, because in 2001 model manufacturers delivered to
6 this state national emission vehicle program cars that
7 were federal cars.

8 Those same federal cars were sold here until
9 the new federal standards, the Tier II standards took
10 effect in the 2004 model year.

11 So the program has worked well because for
12 all this time we've been getting federal cars in this
13 state and we've been reducing emissions consistently
14 year by year, including the air quality in the state.

15 Now, I think it was Secretary Katz who said
16 that, in fact, the end of that program had a backstop
17 of OTC level until such time as another program came
18 in place.

19 And that's exactly what happened. The
20 federal Tier II system, the standards came into place
21 in 2004. And if you look at the benefits you've
22 already achieved in the last few years, a lot of those
23 benefits have come from the motor vehicle fleet.

24 Tier II cars were starting to be sold in
25 2003, mid 2003. So for a number of years now you've

1 had much cleaner cars being sold and on the roads in
2 Pennsylvania, and that's a part of the reason you got
3 improving air quality in this state.

4 Let me talk a little bit about the
5 discussion that went on about the NESCAUM report that
6 was brought up by Secretary McGinty.

7 That's a little bit off base. I mean there
8 was an issue with NESCAUM and the modeling they did.
9 It was a different contractor who did a model who
10 didn't do a very good job on that model.

11 That has nothing to do with this model,
12 which I've already talked about. This is done by a
13 different group altogether. We have similar results
14 from that. Again, EPA said in the letter to NESCAUM
15 it's about a one percent benefit. That's about what
16 we think it is, too.

17 So really, again, that's the main point I
18 make here, is that motor vehicle emission standards
19 today control cars with 99 percent control level. We
20 can't go a whole lot further.

21 And those standards will phase in over time
22 until about 2020. We will continue to bring you
23 beneficial air quality improvements as those standards
24 phase in for the next 15 years until the fleet is
25 completely turned over to those remaining few

1 vehicles.

2 Let me talk a little bit about cost and
3 price. Now, I'm in a trade association. I know I
4 can't discuss price with my members with violating
5 antitrust rules. We don't talk about price.

6 We can talk about cost. We know that
7 California cars do cost a little bit more than a
8 federal car.

9 But what you're hearing about retail prices
10 on cars, a manufacturer may decide not to reflect all
11 of the costs he's put in that car in the price at
12 which he sells it. That's a manufacturer's decision,
13 a manufacturer's choice.

14 So it may well be you can see a similar
15 retail price on cars in different states. That
16 doesn't mean there aren't costs involved for the
17 manufacturer to make those vehicles.

18 Now, moving on to the greenhouse gas
19 standards that are part of this program in California,
20 they start in 2009 and go all the way up to 2016,
21 model years.

22 CARB itself, the agency that sets these
23 standards, admits that in 2016 these standards will
24 cost at least a thousand dollars or more. And that's
25 CARB's number.

1 We've done an analysis by a fairly reputable
2 firm, and I didn't give you it because it's 40 pages,
3 but basically they say they think it's closer to about
4 \$3,000 on average.

5 Now, depending on who you want to believe,
6 it's still a big hit to the consumers of this state.
7 Somewhere between \$1,000 and \$3,000 on the pricing of
8 a new car.

9 Understand also that those standards in
10 California, the CO2 level that they set in the final
11 year of 2016 is equivalent to a fuel economy standard
12 of 43.2 miles per gallon. The current standard for
13 cars today in this country is 27-and-a-half miles per
14 gallon.

15 When we look at trying to meet that level,
16 we know of no way to get there short of making cars
17 smaller and lighter, making trucks smaller and
18 lighter, less able to carry loads.

19 So if you're asking the consumers of this
20 state to pay a lot of money for their new cars,
21 they're going to be paying it for a car which has a
22 lot less function than the cars they have to today.

23 We don't think that's a very good deal for
24 the consumers or the state of Pennsylvania.

25 It's important to understand also that the

1 Energy Policy and Conservation Act which set the
2 federal CAFE standards in the United States back in
3 1975 has a specific provision of federal preemption.

4 It says basically that no state or political
5 division shall enact fuel economy standards while the
6 federal government has them in place.

7 California has been sued by the auto
8 industry and some auto dealers in the state over that
9 federal preemption issue. That court suit will take a
10 number of years to be resolved. But we strongly
11 believe the federal preemption was put there for a
12 reason, to make sure we didn't have to make a
13 patchwork of cars of different sizes and shapes across
14 the country.

15 That is fundamentally important to my
16 industry in terms of making product consumers want to
17 buy and will buy in this country.

18 And we're confident that we will, in fact,
19 win that lawsuit, but it will just take time to get
20 there.

21 So I will say it is not a wise thing for a
22 state to do, to move into an area where there's a
23 lawsuit pending which may change that dynamic for that
24 state's program.

25 I can give you some -- I got a one-page

1 summary of this report of cost, but let me read a few
2 of them to you to give you a understanding how badly
3 we think CARB miscalculated costs. It says: CARB
4 vehicle cost estimates are based on the unrealistic 40
5 percent markup factor, which is less than half of the
6 markup required for calculating manufacturers' costs.
7 The fuel economy benefits of an automatic transmission
8 were inadvertently assigned for a manual transmission
9 to automatic transmissions. Again, that was a small
10 matter.

11 This is the type of things we found in
12 looking through CARB's cost assessment. That's why
13 we're confident that our numbers are more robust and
14 more correct in terms of what the eventual cost is to
15 consumers of these vehicles.

16 Let me talk a little bit about the SIP
17 process. Just so you know, I worked for EPA for 13
18 years. I know a little bit about how EPA works.

19 The SIP process today has in it the clean
20 vehicle program which is essentially federal cars
21 today. And that federal program will continue to run
22 in this state if this legislation passes and prohibits
23 the DEP from, in fact, adopting California standards.

24 You'll continue to get tremendous emission
25 reductions from those vehicles as they phase into the

1 fleet over the next 10 to 15 years, and that will be
2 something you can take credit for in the SIP in the
3 future.

4 Thank you. That's all I have for you.

5 CHAIRMAN ADOLPH: Thank you, Mr. Dana.

6 Our final speaker is Mr. Kevin Stewart.

7 Mr. Stewart is the Director of the Environmental
8 Health of the American Lung Association of the Middle
9 Atlantic region.

10 Good morning.

11 MR. STEWART: Good morning. On behalf of
12 the American Lung Association of Pennsylvania -- we
13 use that term in Pennsylvania -- I thank you, Chairman
14 Adolph, Chairman George, members of the Committee for
15 the invitation to testify here today. We represent
16 not only well over a million Pennsylvanians who suffer
17 from chronic lung disease but also the millions more
18 who desire to breathe clean air and so protect their
19 good health.

20 Founded over a century ago to fight
21 tuberculosis, the American Lung Association is the
22 oldest voluntary health association in the
23 Commonwealth. And now we are dedicated to the
24 prevention of lung disease and promotion of lung
25 health. The American Lung Association represents a

1 body of scientific knowledge on the subject of lung
2 disease, specifically on well-established links
3 between air pollution and lung disease.

4 I serve the American Lung Association as its
5 Director of Environmental Health. I speak -- in
6 addition to speaking on my own organization's behalf,
7 I appreciate the opportunity today to support the
8 interests of many groups and constituencies who are
9 also concerned about protecting the environment,
10 conserving energy, and promoting public health.

11 Even though they will not be delivering oral
12 testimony, their presence here is indicative of the
13 seriousness of this issue to all of us.

14 And let me begin by making our position as
15 clear as I can. We are urging House members today to
16 reject any legislative attempts, including House Bill
17 2141, that would prevent the Commonwealth implementing
18 the Pennsylvania Clean Vehicle Program.

19 Pennsylvania has one of the nation's most
20 serious air pollution problems. Ozone smog and fine
21 particle pollution are perhaps the two worst air
22 pollutants plaguing the Commonwealth, leading to the
23 exacerbation of respiratory and cardiovascular
24 problems, including premature mortality in high risk
25 groups and triggering hundreds of thousands of asthma

1 attacks each year in Pennsylvania.

2 According to our most recent State of the
3 Air report, twelve Pennsylvania metro areas ranked
4 among the worst 50 nationwide for ground level ozone
5 or particle pollution, or both. And seven of these
6 metro areas ranked among the worst 25 in the nation
7 for at least one pollutant.

8 While air quality has certainly been
9 improving over the past three decades, it is far from
10 being very, very clean as some have claimed. In 2003
11 and 2004 much of the improvement we experienced was
12 associated with weather less favorable to the
13 production of ozone smog.

14 Last year's record of Air Quality Action
15 Days and health advisory days, dozens of them, is
16 sufficient to show that our problem is far from being
17 solved. Indeed, 37 Pennsylvania counties are
18 currently on the books in nonattainment for national
19 ozone smog standards, counties that comprise about
20 five-sixths of the Commonwealth's population, and 17
21 counties are also in nonattainment for national
22 standard for deadly fine particle pollution.

23 In recognition of nearly a decade's worth of
24 additional scientific study, the air quality
25 standards, both for ozone and particle pollution, need

1 to be tightened. The current standards are inadequate
2 to protect health. In short, while we've made
3 progress, we need to do much more to improve air
4 quality.

5 We are compelled to point out that
6 nonattainment status of more than half the counties in
7 the Commonwealth has been determined with respect to
8 what was once the new national air quality standards
9 for ozone and particle pollution, standards
10 promulgated by the EPA in 1997.

11 Those standards were established based on
12 the weight of the evidence of what was known to
13 medicine and science at that time with findings that
14 the adverse consequences of exposure to elevated air
15 pollution levels ranged from more lost school and work
16 days, more frequent and severe asthma attacks, and more
17 increased use of medication, to irreversible lung --
18 lung damage, more hospitalizations, more emergency
19 room visits, and more deaths.

20 In what has been nearly a decade since 1997,
21 it is fair to state that thousands of new studies on
22 the health and environmental effects of ozone and
23 particle pollution has been published in peer review
24 literature. Although I don't have time to read
25 through them, a theme of the conclusions of studies

1 released after the establishment of the 1997 standards
2 is that air pollution is linked to more adverse health
3 effects at lower levels of exposure than ever before.

4 I believe that has been provided with our
5 recent report of 2005 Research Highlights. I stress
6 that this report, like the preceding unread litany of
7 research conclusions, only scratches the surface of
8 the extensive research being currently undertaken.

9 A few examples of this current report are:
10 For fine particle pollution, levels below the current
11 air quality standard led to a reduction in risk for
12 deaths due to cardiovascular and respiratory disease.

13 Risk of premature mortality was nearly three
14 times greater than was previously reported.

15 And diabetics were found to be more
16 vulnerable.

17 For ozone, three independent research
18 reviews, done at Yale, Harvard, and NYU, separately
19 confirmed that increases in daily average ozone levels
20 were linked with an increase risk of death, not only
21 on the day of exposure but for up to two days
22 following, even when controlled for confounders such
23 as particle pollution and temperature.

24 Many other studies linked ozone air
25 pollution, often levels below the current standards,

1 with effects as disparate as heart arrhythmias, heart
2 attacks, reduced birth weight, difficulty breathing
3 among infants of asthmatic mothers, retardation of
4 lung function growth. Reduction in acute lung
5 function among mail carriers, et cetera.

6 Again, I stress, this review merely
7 scratches the surface of what is known about the
8 health effects of air pollution.

9 Mobile sources contribute about a third of
10 the emissions in Pennsylvania. No other sector
11 produces as much. Pollutants include ozone precursors
12 volatile organic compounds and nitrogen oxide as well
13 as fine particles, toxic and carcinogenic compounds.

14 Keeping the Pennsylvania Clean Vehicles
15 Program will provide significantly greater reductions
16 in air pollution than would adopting the federal Tier
17 II standards.

18 The American Lung Association of
19 Pennsylvania estimates that over the period from 2010
20 through 2025 by which time full fleet turnover is
21 expected, the Pennsylvania Clean Vehicles Program
22 would prevent ozone precursors from being emitted in
23 the amount of about 50,000 tons and perhaps as much as
24 80,000 tons beyond the reductions achievable by the
25 federal vehicle standards. And, of course, the

1 benefits would continue in the amount of 6,000 tons
2 and up to 9,000 tons for every year beginning with
3 full implementation.

4 The more that both VOC and NOx emissions are
5 decreased, the more we can expect to see decreased
6 ozone air pollution levels. And there are millions of
7 Pennsylvanians now at increased risk from exposure to
8 air pollution who stand to benefit.

9 It is my duty today to remind all of us that
10 the reason we have air pollution control programs is
11 that first and foremost air pollution worsens and
12 causes disease or even death for real people. In
13 Pennsylvania the populations at increased risk for air
14 pollution include:

15 2.8 million infants, children, and youth
16 under 18.

17 1.9 million persons 65 and above.

18 A million individuals with asthma.

19 400,000 with chronic bronchitis.

20 160,000 with emphysema.

21 3.4 million with heart disease.

22 680,000 with diabetes.

23 One-half million to 2 million persons who
24 are found to be responders and who experience much
25 larger declines in lung function than the population

1 in general.

2 And millions more who work or exercise
3 outdoors.

4 Of course, some individuals are included in
5 two or more of these categories, but a little analysis
6 soon makes it plain that about half of the
7 Commonwealth's population are described by at least
8 one of these categories. So it is very probable that
9 your family is home to one of these individuals, and
10 practically certain if we expand family to include
11 grandparents to cousins.

12 And that's why I must implore you to keep
13 two things in mind:

14 Every one of these millions is a real
15 person, not a nameless statistic. Every one of these
16 people is a family member, a neighbor, a coworker, a
17 friend. Take a moment to remember those whom you know
18 personally and now multiply that to cover over 12
19 million Pennsylvanians.

20 Asthma and other chronic lung diseases are
21 potential serious illnesses. Among people who have
22 them, air pollution can result in an increased need
23 for medication, hospitalization, and even death.

24 I ask you to think about your own last
25 respiratory episode or one you witnessed where someone

1 couldn't easily catch his or her breath. Put yourself
2 in that person's place or into the place of a parent
3 of a child with such an illness.

4 Now ask yourself if that 6 to 9,000 tons a
5 year of air pollution really ought to be allowed to go
6 into the air.

7 You certainly heard various estimates for
8 what the Pennsylvania Clean Vehicles Program will add
9 to the sticker price of new cars when its fully
10 implemented, \$3,000.

11 We must, however, remind you that it is
12 clear from the history of regulation of the auto
13 industry that such estimates invariably significantly
14 overstate the costs that consumers experience when
15 such air pollution control measures are actually
16 implemented.

17 Based strictly on the persistent historical
18 pattern of such overestimates of the costs of
19 implementation to consumers, to some extent by
20 government regulators, but most significantly by the
21 auto industry and its allies, we would not be
22 surprised to find, when the new car standards are
23 fully implemented ten years from now, that
24 implementation costs would be in the ball park of only
25 600 to \$700 per vehicle.

1 These are incremental initial costs on the
2 order of two percent, a ratio, by the way, in the same
3 range that some in this debate have claimed is small
4 enough not to make a difference.

5 Indeed, we have seen no evidence that the
6 public's buying habits are sensitive to so small an
7 increase in initial vehicle costs. What's more, using
8 the now quite conservative assumption that gasoline
9 would cost \$1.74 per gallon, California Air Resources
10 Board found the increase in purchase price would be
11 more than offset by savings in fuel expenditures over
12 the life of the vehicle.

13 The inescapable conclusion here is that
14 these air quality benefits are free for the consumer.
15 Even figuring in the initial vehicle costs, the true
16 cost effectiveness witnessed by the consumer over the
17 life of the vehicle, that is, how much additional
18 money they are spending to reduce air pollution will
19 be negative, that's a savings, compared to the federal
20 Tier II program.

21 And air pollution control deals like these
22 don't come along all the time. Is it any wonder then
23 that states whose vehicular emissions are a major
24 component of their air pollution problems, and whose
25 populations together comprise about one-third of the

1 country's total, are willingly choosing this option?

2 I must remind the Committee that even as we
3 deliberate, we are all already paying as a part of our
4 medical expenses, insurance payments, economic costs,
5 for our failure to control air pollution.

6 The serious consequences of outdoor
7 pollution in Pennsylvania, about one-third of which
8 originates in transportation, results in a total loss
9 on the order of \$1 billion per year.

10 Over half of this total is accounted for by
11 health care costs. The remainder includes costs due
12 to lost work, lost productivity, and premature
13 mortality. Estimates for premature mortality of
14 Pennsylvanians due to air pollution range from 2,000 a
15 year to about 5,000. Of course, the preceding does
16 not begin to characterize the human suffering
17 involved.

18 And, in contrast, analysis shows the costs
19 to the economy of implementing pollution control
20 measures such as scrubbers or power plants, vehicle
21 inspection and maintenance programs, including, and we
22 support, removing gross emitters, and, yes, even
23 costs, if any, that are associated with clean car
24 programs, are recouped many times over in savings in
25 health, work, and lives.

1 In conclusion, the American Lung Association
2 of Pennsylvania asks legislators generally, and this
3 Committee in particular, not to underestimate the
4 interest in and importance of the Clean Vehicles
5 Program.

6 We strongly encourage you to support the
7 Pennsylvania Clean Vehicles Program and to oppose any
8 legislative attempts, including House Bill 2141, that
9 would delay or prevent implementation of this program.

10 We encourage a process that's both open and
11 sober, that the legislators can evaluate this issue
12 with a full picture before it. Respect for our
13 citizens requires it. The public health demands it.

14 CHAIRMAN ADOLPH: Thank you, Mr. Stewart.
15 We do have some members that have some questions. And
16 we'll start with Representative Chris Ross.

17 REPRESENTATIVE ROSS: Thank you,
18 Mr. Chairman.

19 I have a couple of quick questions, and I'll
20 try to keep them brief because I know we're working on
21 a tight time frame.

22 First of all, Mr. Dana, one of the things
23 I've been a little confused about -- I'm glad you're
24 here today to help explain it to me -- is what is the
25 physical difference of a California car versus a Tier

1 II car?

2 I mean I understand what's coming out of the
3 tailpipe is slightly different. But describe to me
4 how you build a California car in a way that is
5 different from a Tier II car.

6 Or is it simply a matter of calculating this
7 mix of cars that you get to sell in a particular state
8 can be slightly different?

9 MR. DANA: Well, how to make this simple.
10 Let me try to do my best to answer this in a simple,
11 understandable way.

12 There are differences in the California
13 program and the federal program. One, for example, is
14 the federal program requires us to meet standards at
15 high altitude. The California program doesn't.

16 That's the distinct difference that we have
17 to do something to the car for. I think it is
18 difficult --

19 REPRESENTATIVE ROSS: Talk to me about what
20 are the differences in the cars. That's really what
21 I'm getting at.

22 MR. DANA: The control technology is
23 virtually the same in terms of what we use. We use
24 extremely sophisticated catalytic converters. We have
25 very highly advanced fuel injection systems in all

1 cars today. That technology is pretty much the same
2 across the board.

3 What the difference occur -- where the
4 difference occurs in California and federal emissions,
5 the California program has four levels, or I'll call
6 them bins, we can certify a car to. But we have to
7 average to meet a hydrocarbon emissions standard that
8 declines every year through 2010.

9 The federal program actually has eight bins,
10 and we average a standard that's NOx -- not a NOx
11 standard, a different standard we have to average to
12 federally. So --

13 REPRESENTATIVE ROSS: Cutting to the chase
14 here just for a moment to shorten things up, you're
15 making the same cars. You're selling a different mix
16 in the different kinds of states?

17 MR. DANA: The cars are different. A
18 manufacturer may choose to sell what we call a
19 50-state car that meets both California and federal
20 emission standards. And some manufacturers do that
21 today. Or we make a California-specific car or a
22 federal car. But they are distinct cars.

23 REPRESENTATIVE ROSS: So if I'm thinking
24 about where the car industry is going, you know, I've
25 been listening to the news, what's going on Ford,

1 layoffs, GM, and so forth, I sense a sort of a
2 shrinking of a little bit, closing down plants,
3 narrowing product lines a bit.

4 And so I'm wondering, given the fact that
5 we've got -- you know, regardless of whatever we do
6 here in Pennsylvania, we got the New York, New Jersey,
7 Maine, Vermont, Massachusetts, Connecticut, Rhode
8 Island, Ohio, Washington, and Oregon, unless some of
9 them change their minds, that are all saying, we want
10 this standard, and logic would imply or would seem to
11 suggest to me, at least anyway, that you're going to
12 make the same cars regardless. That you're going to
13 go to the 50-state car just because really you're
14 shrinking your lines.

15 You got a lot of people that are going to
16 buy the California standard. Aren't you going to wind
17 up just making California standard cars?

18 MR. DANA: It's not clear that that will be
19 the case in all manufacturers' product lines, sir.

20 REPRESENTATIVE ROSS: But there's a force
21 driving you to that direction?

22 MR. DANA: Well, if the lawsuit we have
23 filed in California, if we don't win, cars will start
24 becoming very different than California and California
25 states in 2009 and then there will be very distinctly

1 different vehicles in federal and California. They
2 will not be going the same direction.

3 And you said all these other states have
4 these standards. Well, again, the impact of the
5 greenhouse gasoline standards, so that's not being
6 felt by anybody yet because they start in 2009, and
7 that's where we think the real problems will become
8 apparent for us as manufacturers, for the consumers
9 who will want to buy cars different than we're making
10 and will have to bear a higher cost.

11 REPRESENTATIVE ROSS: The greenhouse gas
12 standards, you referred to those. Is that the zero
13 emission vehicle and the changes in the fuels?

14 MR. DANA: No.

15 REPRESENTATIVE ROSS: Is that something else
16 that's actually on the --

17 MR. DANA: That is something different.
18 California has -- in their program has something
19 called the zero emission mandate, a portion of the
20 program.

21 REPRESENTATIVE ROSS: Right. Which we
22 didn't adopt.

23 MR. DANA: Correct. They forced us to make
24 electric cars for a while which they finally decided
25 didn't make sense. There is now a provision in their

1 regs that requires a very high number of fuel cell
2 vehicles in the not too distant future, which we think
3 they'll have to back away from simply because of the
4 high cost of those vehicles today continuing to be
5 high.

6 REPRESENTATIVE ROSS: Can I have another one
7 or do you want me to wait? I'll wait. I'll wait.

8 CHAIRMAN ADOLPH: Representative Leach.

9 REPRESENTATIVE LEACH: Thank you,
10 Mr. Chairman. And thank you to the -- to the
11 witnesses for your testimony today.

12 I would like to address a comment to --
13 which can be responded to -- to Mr. Schwartz. I
14 thought I heard you say -- and I could be wrong at
15 that -- requiring any more stringent standards in this
16 area, it would have to be based on the assumption that
17 consumers are foolish and that people want higher
18 quality -- higher auto emissions -- I mean higher --
19 yeah -- better pollution standards. They'll buy cars
20 that do that and the market will guide that.

21 And I -- I just would like to take issue
22 with that a little bit, respectfully, and say, you
23 know, as a society, in my view we've chosen not to
24 make consumer choice the only determinate of the
25 quality of the air we breathe.

1 I mean, first of all, there's a lot of
2 people who don't get to choose vehicles, like children
3 and others, who have to breathe the air and so they --
4 they are affected but don't have the sort of economic
5 vote that you're talking about.

6 It also troubles me that your argument seems
7 to be, taking it to its logical conclusion, unless
8 I've mischaracterized it -- and, please, correct me if
9 I have -- an argument against any pollution controls
10 in any industry, because, you know, consumers will
11 want to buy products from a -- a cleaner company so
12 let's just let that take care of it.

13 It's also an argument against any safety
14 regulations in automobiles because, of course, people
15 are going to want safer cars. So let's not have any
16 standards for auto safety. People sort that out on
17 their own.

18 And I'm just wondering, is that what you're
19 saying? And do you think that just the consumer
20 choice is the only thing we should consider in
21 determining whether or not we require cleaner
22 vehicles?

23 MR. SCHWARTZ: I think there's a confusion
24 here between the pollution standards, that is, the
25 pollutants NOx and VOC that help form ozone, and the

1 fuel economy standards which are to reduce carbon
2 dioxide emission to address greenhouse gases.

3 When I was talking about motorists and
4 fuel -- and fuel economy, there I'm focusing on the --
5 the fuel -- I'm not focusing on air pollution.

6 The air pollution standards -- the point I
7 made was that the air pollution standards are
8 basically the same between LEV II and Tier II. You
9 won't know the difference in air quality 20 -- 20
10 years from now whether you have LEV II or Tier II.
11 The -- the air is going to be cleaner either way
12 because you're going to get rid of about 80 percent of
13 the pollution that's coming out of automobiles right
14 now.

15 When I addressed the -- the cost issue, I
16 was talking about the fuel economy standards, which is
17 going to be the largest cost to consumers, both in
18 terms of extra -- the extra -- the cost of the
19 technology that's going to be added to the cars and
20 motorists being forced to buy smaller cars perhaps
21 than they would otherwise choose and so on. There
22 are -- there are -- I'm saying all the incentives
23 are -- that the consumer is facing are -- are going
24 to -- the consumer is facing whatever the costs
25 are for gasoline. The consumer knows what gasoline

1 costs.

2 And the argument -- separate -- separate
3 from the issue of climate change, which I don't think
4 anybody has brought up here -- we can talk about
5 that, too.

6 But from the issue of the benefits to the
7 consumer, Mr. -- Mr. Stewart and Secretary McGinty
8 are arguing for the fuel economy standards because
9 they're saying it's going to save consumers money.
10 The fuel economy standards are going to make consumers
11 better off.

12 My argument -- the argument I'm making is
13 what -- that simply -- that simply can't be true, even
14 without going into the detailed cost, and which we
15 shouldn't do anyway, but that simply can't be true
16 because motorists know what they -- what fuel costs
17 and they can make a decision, all things considered,
18 the amenities in the car, the performance of the car,
19 the size of the car, the fuel economy of the car they
20 can decide what -- what -- what kind of car to buy,
21 and forcing them to buy a car that gets higher mileage
22 but that may be smaller isn't going to -- or that may
23 cost a lot more, isn't going to make them better off,
24 because if they wanted such cars they could buy them
25 already.

1 Manufacturers -- and I'm saying that
2 manufacturers have a strong incentive to produce what
3 consumers want because they're in a very competitive
4 industry.

5 REPRESENTATIVE LEACH: And I'll just finish
6 by saying that I think the fuel -- I was -- I
7 understand the distinction, but I think the two
8 concepts are interrelated somewhat.

9 And I think that the fuel -- saying that I
10 don't think the only reason we're considering
11 requiring greater fuel economy is to save consumers
12 money.

13 That may be the only decision that goes into
14 whether or not a individual consumers chooses to buy a
15 car that has better fuel economy, but I think there
16 are broader societal concerns that go into -- that go
17 into that decision and I think those are not addressed
18 entirely by just saying, well, the consumer can choose
19 to do what they want to do.

20 But I appreciate your comments. Thank you.

21 CHAIRMAN ADOLPH: Thank you. Represent --
22 thank you. Representative McIlhinney.

23 REPRESENTATIVE McILHINNEY: Thank you,
24 Mr. Chairman.

25 Judy, real quick. I promised I'd get back

1 to that question. How long would it take to establish
2 a Pennsylvania standard program in the future? Real
3 quick. And I'm not going to hold you to this.

4 Is it a process that would take years and
5 years, or is it something that, if we had to do it in
6 a crisis, we could come to EPA and settle it within
7 one year?

8 ADMINISTRATOR KATZ: It's -- it's something
9 that -- that takes months, maybe up to a year. I'll
10 just sort of run through what the process would be.

11 Pennsylvania would have to submit a SIP
12 revision to EPA that has got to have gone through a
13 public notice and hearing process at the state level.

14 REPRESENTATIVE McILHINNEY: Okay.

15 ADMINISTRATOR KATZ: And that takes
16 whatever. You probably know that process.

17 And then EPA has to do a similar process.
18 We would have to do a review, which could be, you
19 know, fairly short. The Clear Air Act gives us up to
20 a year to do that.

21 When we know that there are tight time
22 constraints, EPA does, on a regular basis, shorten
23 that one-year period. But we shorten it down to a
24 number of months. So I think you're --
25 you're going --

1 REPRESENTATIVE McILHINNEY: That's all. I
2 just needed a ball park answer to that.

3 Mr. Dana, there was -- you made mention, I
4 don't know the statistics, I don't remember, it was 47
5 miles per gallon was the average that was going to be
6 needed by the year 2000 and -- and -- and you don't
7 feel that you can attain that at the current rate
8 we're going at --

9 MR. DANA: Just so you understand, when EPA
10 does mileage estimates today and puts them on the
11 window stickers on the cars, the way they generate
12 that miles per gallon number, that's by measuring the
13 CO2 out of the tailpipe and converting it in a carbon
14 balance equation, for all you mathematicians out
15 there.

16 And that's, in fact, why we say that CO2 you
17 can calculate directly to miles per gallon.

18 California's rulemaking puts in place
19 certain levels of CO2. We simply took and converted
20 the ultimate level in 2016 into an MPG number and it
21 comes out to 43.2.

22 So that's a very high standard to achieve
23 across the board of a fleet of passenger vehicles,
24 because there are larger vehicles and smaller
25 vehicles.

1 REPRESENTATIVE McILHINNEY: Do you happen to
2 know what the Tier II level would have been? Is 40 --
3 if it's two percent, is it like 41 and would that be
4 attainable?

5 MR. DANA: Tier II?

6 REPRESENTATIVE McILHINNEY: The -- the
7 federal standards.

8 MR. DANA: I understand. Tier II is an
9 emissions standard. That's different. That's a
10 tailpipe emission standard. That's different from a
11 fuel economy program or CO2 program. They're separate
12 issues.

13 REPRESENTATIVE McILHINNEY: But you have --
14 okay. So what if we do not adopt the California
15 standard, that you're saying do not adopt, what would
16 we be faced with?

17 MR. DANA: The fuels economy standards for
18 cars and trucks today, the standard for passenger cars
19 is 27-and-a-half miles per gallon. It's been that for
20 some years.

21 The National Highway Traffic Safety
22 Administration, which sets fuel economy standards, is
23 in rulemaking right now. The light truck standards
24 were 20.7. By 2011 they will be increased to about
25 24.1 as part of this rulemaking process they're going

1 through right now.

2 So there has been consistent year-by-year
3 increase for standards for light trucks as part of the
4 federal fuel economy program.

5 REPRESENTATIVE McILHINNEY: And that's run
6 by the EPA? The federal --

7 MR. DANA: The way the Energy Policy and
8 Conservation has set it up, EPA does the testing and
9 generates the number but the National Highway Traffic
10 Safety Administration in the Department of
11 Transportation actually sets the CAFE levels.

12 REPRESENTATIVE McILHINNEY: And you feel you
13 would be able to meet those standards in the -- and
14 that the CA LEV standards would not be attainable?

15 MR. DANA: Understand that when we deal with
16 NHTSA on setting standards, manufacturers go into
17 NHTSA and under a confidentiality agreement show them
18 future product plans, which are highly confidential,
19 and explain to them what we think we can do with
20 technology and other attributes on the car we can do
21 in the future.

22 So we're -- we're comfortable with where
23 NHTSA is going. It's going to be a little bit of a
24 stretch for some of the companies, but it's not so far
25 stretched that it's going to put us out of business.

1 And -- but understand that that is something
2 that we -- they -- they get to see our product plans
3 in the future so that helps them generate those
4 numbers.

5 Mac REPRESENTATIVE McILHINNEY: If I could,
6 Mr. Chairman, I got -- got one question. I guess I
7 need you to -- either one of you can respond to this
8 or both of you.

9 I'm looking at, in your words, it was the
10 cost of this program is going to cost a little more to
11 manufacture these vehicles, and Mr. Schwartz's
12 comments was it was only for a little less reduction
13 in the standards in the air quality.

14 I'm not seeing the great differences between
15 the two. But to be honest with you, I am not even
16 qualified to determine whether or not -- which program
17 we should be going into and which one we should not.

18 That's something that we, as a General
19 Assembly, turned over to the Environmental Quality
20 Board in 1999.

21 So the question as a legislator here, is, if
22 you can make the case for me, is -- in only a couple
23 minutes. And I know -- I know you can't do it a
24 very -- in depth, but what crisis or what detriment to
25 the public of Pennsylvania has this issue risen from

1 the realm of the EQ2 board to us having to deal as a
2 legislative body, step in, almost rein back in DEP or
3 EQ2 board, the Environmental Quality Board, and start
4 making a legislative decision on these technical
5 issues, realizing, of course -- I guess Representative
6 Hutchinson isn't here anymore. I want to get back to
7 the important issues of him trying to cut down trees
8 and me trying to save trees. We can have these --
9 these other issues that are out there, but we're --
10 we're taking the time to -- to determine whether or
11 not we're going to go after and change a -- reverse a
12 decision that we made in 1999 to turn this -- this
13 whole process over to the DEP and the Environmental
14 Quality Board to determine this mix, this balance that
15 is needed for us to comply so that Judy doesn't come
16 down and fine us and we don't lose our -- our road
17 work.

18 So -- so could you make that case why we
19 need to step in as legislators to -- to act now?

20 MR. DANA: Let me try to say this. Just so
21 you know, back when the National Emission Vehicle
22 Program was being negotiated between the auto industry
23 and the OTC states, the Ozone Transport Commission
24 states, I was one of the five industry negotiators as
25 part of that process. So I'm intimately familiar with

1 what happened back then.

2 And Jim Seif was the DEP head in
3 Pennsylvania at the time, and I can guarantee you that
4 Pennsylvania never intended to adopt California
5 standards as part of this process. As Judy said in
6 her testimony.

7 Because they weren't sure they trusted my
8 industry -- I'm not sure why -- but they had a slight
9 distrust of the auto industry, so they said, well,
10 will we accept the National Emission Vehicle Program,
11 which was a voluntary program, worked out through EPA,
12 but in case you guys don't follow through, you know,
13 in case you fail to implement this program or stop it
14 short or something, we're going to put in place in
15 regulation a backstop of OTC LEV or CA LEV in case you
16 guys fail to do this.

17 That was how it was characterized to us.
18 That's how we understood what Pennsylvania was doing
19 back at that time.

20 Now, I don't know what words got put in the
21 regs or anything since then, but clearly that was what
22 was intended. And the auto industry did implement
23 NLEV. We followed through with it. We made all the
24 cars sold in this state NLEV compliant which wasn't
25 much -- of a big reduction in emissions.

1 And then EPA put in place the federal Tier
2 II standards which eventually took over for the
3 federal cars from NLEV in 2004 model year.

4 So in our review everything worked as it
5 should. We did what we were asked to do, put in a
6 voluntary program to reduce emissions by 50 percent in
7 2001.

8 The federal program came into play, and we
9 worked with EPA very closely on that program to both
10 reduce emissions from motor vehicles and also to
11 reduce sulfur in gasoline, which is really important,
12 us meeting those standards, because sulfur is a poison
13 one in cars today.

14 So we think we fulfilled all of our
15 obligations and did exactly what we're supposed to do
16 in this whole process.

17 But to be told now that, no, the words that
18 were there were really intended to adopt LEV in the
19 first place doesn't make sense to me and that's why we
20 think it's important that somebody rule on this to
21 say, you know, what was going on here?

22 REPRESENTATIVE McILHINNEY: I'm not so
23 sure -- and I'm not so sure that's what was being
24 said. It's a decision by the Environmental Quality
25 Board with DEP to go in one direction or the other,

1 and at this point I think we're being asked to step in
2 and rule one of their options out, which would leave
3 only one other option, or go the path to establish a
4 new Pennsylvania standard.

5 And I'm -- and I'm trying to figure out the
6 extreme circumstances under which we, as a General
7 Assembly, need to step in and act, which we've done in
8 the past, and always would be looking out for
9 consumers.

10 But I don't know that the little bit more
11 price versus a little bit less air emissions is an
12 argument that we need to get into and override the
13 Environmental Quality Board and DEP.

14 So that's the case I think as a legislature
15 I think we need to all ask ourselves, is why get
16 involved for these little changes one way or the
17 other?

18 MR. DANA: Well, again, I don't think the
19 changes are that little. Let me try to explain. The
20 California and federal cars get virtually the same
21 emission reduction.

22 There is a cost difference. It's a small
23 cost difference. Not a lot of difference in cost.

24 However, part of the California program is
25 the greenhouse gas emission standards that come in in

1 2009 and later.

2 Those standards will have a significant
3 effect on the design of the vehicle and how we
4 structure the vehicle and how we make those vehicles
5 to meet the needs of consumers.

6 They will also have a high cost attached to
7 them, anywhere from CARB's estimate of a thousand to
8 what we estimate to be about \$3,000.

9 So, again, we think it's important that the
10 legislature consider this fact that you're going to be
11 put in a position to either agree or disagree to force
12 the auto industry to make cars very different from
13 what they are today and probably less functional
14 usage-wise for the consumer in the state and paying a
15 higher cost for that.

16 That's why I think it's an important issue
17 for the legislature to decide this issue, and it's not
18 a small difference.

19 CHAIRMAN ADOLPH: Thank you.

20 REPRESENTATIVE McILHINNEY: Thank you very
21 much.

22 CHAIRMAN ADOLPH: Representative Ross.

23 REPRESENTATIVE ROSS: And I'm going to be
24 quick. I promise. I just had a quick question for
25 Director Katz.

1 The charts that we've been shown by
2 Mr. Schwartz and Mr. Dana, I don't know whether you
3 have had a chance to see these charts in the past?

4 ADMINISTRATOR KATZ: No.

5 REPRESENTATIVE ROSS: Then you're not going
6 to answer my question, I'm sure.

7 But I would be interested, if you have a
8 chance to review them, to react back as to whether or
9 not they seem to be generally accurate or not.

10 And -- and also I guess the other question
11 that was in your testimony, the discussion about the
12 ozone attainment and effectively -- particularly down
13 in my neck in the woods, down in Chester County and
14 the Philadelphia area, are struggling to get into
15 compliance as to whether -- and you did indicate that
16 the California standards would be helpful in that
17 regard in terms of trying to make a little bit of
18 further headway on that issue?

19 ADMINISTRATOR KATZ: Yeah. I will comment
20 we -- we do believe that -- I think, as Secretary
21 McGinty mentioned, particularly in the Philadelphia
22 area, which has struggled, you know, mightily over the
23 last several years to -- to improve its ozone air
24 quality, they have already regulated minuscule things.

25 What is considered a big emission reduction

1 is a quarter of a ton in the Philadelphia area.
2 So that -- so that even, you know, one or two percent
3 would be considered big stuff for -- for air quality
4 reduction.

5 So we do believe that when we're talking
6 about small, you know, what some people would consider
7 small, one or two percent, in areas such as
8 Philadelphia, which had -- is really -- has already
9 done most of the important things or the large or the
10 easy things that they can do to -- to reduce air
11 quality, a small or relatively small incremental
12 reduction would be important.

13 I -- I wanted to make a point on a -- on a
14 subject you didn't ask me and, that is, the greenhouse
15 gas.

16 I just wanted to clear the record that
17 California -- neither California nor any other state,
18 like Pennsylvania, can implement the greenhouse gas
19 standard until the federal government issues a waiver.
20 And to date they have not done that.

21 So nobody is going to be implementing the
22 greenhouse gas standard, including Pennsylvania,
23 unless and until EPA grants the waiver.

24 REPRESENTATIVE ROSS: Thank you very much.
25 There's a character in Dickens who talks about having

1 one penny, you know, more for -- income than expenses
2 and being absolutely happy and bliss versus the
3 character who has one penny less than the annual --
4 one penny less of annual income than annual expenses
5 and being in absolute misery. And I think what you're
6 raising there sort of ties into that.

7 And, finally, I just want to say I am
8 interested, Mr. Schwartz, in your discussion of
9 getting rid of the dirty cars and I'm hoping,
10 Mr. Chairman, we might be able to explore that further
11 at another day, another date.

12 CHAIRMAN ADOLPH: Thank you, Representative.
13 We'll try to close this up now.

14 I want to thank all of you for your
15 testimony. I think we have heard an awful lot of
16 statistics today, and our staff will go back to the
17 drawing boards and try to go through all the
18 statistics that we received today and then get back to
19 you and compare statistics.

20 Just -- just some comments. Okay? I really
21 believe conservation, Mr. Schwartz, by the way,
22 whether it's for the cost of gasoline, I know I watch
23 the way I drive now compared to the way I drove ten
24 years ago because of the price of gas, so that will --
25 you know, if you're not driving, you're not -- you're

1 not emitting.

2 So that would -- that would definitely and I
3 think the American public, because of the price of
4 gas, will demand better mileage from the
5 manufacturers.

6 Mr. Dana, regarding whether this is going to
7 cost more for cars, where I'm from, you know, we
8 learned from our fathers how to negotiate prices with
9 car dealers at a very early age.

10 And I have to chuckle when I -- when I hear,
11 you know, how do you determine cost with a car
12 dealership. Well, I never -- my father taught me,
13 take a look at that sticker price, that means
14 absolutely nothing, son. Okay? And so, you know,
15 sticker prices from one state to the next, you know,
16 you all negotiate with, I want to see your supervisor,
17 and I think you can do better than that. Okay.

18 We take this very seriously. Okay. And
19 clean air, everybody wants clean air. Okay. But we
20 have to consider the cost of it, and that's what we're
21 trying to go through.

22 And this -- this piece of legislation, you
23 know, put this on the table to us and so that's what
24 we're trying to do. But with your help, and I think
25 what Representative McIlhinney was trying to get at,

1 you know, should this be a legislative function?

2 Okay. And take it away from the Environmental Quality
3 Board. Because we're all experts who have to vote on
4 that.

5 Okay. So without further ado, I want to
6 thank you for your attendance. Thank you.

7 MR. DANA: Thank you.

8 (The proceedings concluded at 10:55 a.m.)

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I HEREBY CERTIFY that I was present upon the hearing of the above-entitled matter and there reported stenographically the proceedings had and the testimony produced; and I further certify that the foregoing is a true and correct transcript of my said stenographic notes.

Brenda S. Hamilton, RPR
Notary Public