



Insight

EPA's Major Rules Compliance Burden on States

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Regulations coming out of Washington, D.C. continue to impose burdens on states and the private-sector. Under the Administration, numerous agencies have promulgated costly regulations. Environmental protection, specifically, has been a major focus of this Administration. According to the Government Accountability Office (GAO), EPA has promulgated 1,570 rules since 2009, 18 of which are labeled as “major.” (A rule is considered major if its annual impact on the economy is \$100 million or more.)

For most major rules, EPA provides a cost-benefit analysis that specifies compliance costs and potential benefits. These analyses, however, project compliance costs in abstract nationwide numbers. As a result, it is difficult for states to understand how these national regulations will impact them locally. For that reason, the American Action Forum analyzed how the 18 major rules will impact ten selected states.

Methodology

The Northern American Industry Classification System (NAICS) is “the standard used by Federal statistical agencies classifying business establishments for the purpose of collection, analyzing, and publishing statistical data related to the U.S. business economy.” Occasionally proposed and final rules cite these NAICS codes, which indicate what business sectors will be affected.

Identifying the industry codes and analyzing data from the U.S. Census Bureau County Business Patterns database, provides the number of affected entities in each state. Using that number, the American Action Forum identified the percentage of impacted entities within each state. Thus, the Forum can apportion the cost of each regulation on a state-based level.

Implications

An analysis of the 18 major rules concluded that Utility MACT, Heavy-Duty Vehicle Efficiency, and Portland Cement Manufacturing rules were the most burdensome. The Utility MACT rule, which aims to “protect air quality and promote public health by reducing emissions” from coal and oil-generated power plants, is the most expensive at \$10 billion. The selected states must bear 25 percent of the costs. Of the selected states, Ohio will be hit hardest, with \$497 million in compliance costs.

Next, the Heavy-Duty Vehicle regulation, which is EPA’s second most costly rule, is projected to cost \$8.1 billion. The rule is intended to reduce greenhouse gas emissions from heavy-duty vehicles and will impact: (1) motor vehicle manufacturers, (2) commercial importers of vehicles and vehicle parts, (3) alternative fuel vehicle converters, and (4) manufacturers/remanufacturers of locomotives and locomotive parts. Florida will bear the heaviest burden, with 6.8 percent of the overall cost, or more than \$552 million in compliance.

The Portland Cement Manufacturing rule will impact cement manufacturing plants by revising or adding “emission limits for mercury, total hydrocarbons (THC), and particulate matter (PM).” Although the rule is projected to cost *only* \$350 million, the burden on the selected states is disproportional, as they cover almost one-third of all compliance costs. The rule will be most costly to Pennsylvania, which has seven percent of the impacted entities, resulting in compliance costs of more than \$24 million.

As the data indicate, these EPA regulations are tremendously costly to certain states. Twenty-five percent of all compliance costs will impact just ten states. These burdens, paired with an economy stuck in neutral, are a recipe for higher costs, more expensive energy, and stagnant job growth.

Regulatory Impact on Selected States

State	Utility MACT	Heavy-Truck	Port. Cement
Colorado	\$164,311,008	\$190,286,680	\$6,835,938
Florida	\$283,103,425	\$552,830,593	\$20,507,813
Iowa	\$220,931,693	\$67,990,560	\$10,937,500
Nevada	\$64,392,152	\$98,618,896	\$2,734,375
New Hampshire	\$59,951,314	\$30,628,335	\$0

North Carolina	\$290,874,892	\$225,259,460	\$8,203,125
Ohio	\$497,373,861	\$178,991,123	\$13,671,875
Pennsylvania	\$422,989,824	\$212,822,870	\$24,609,375
Virginia	\$269,780,911	\$240,247,794	\$10,937,500
Wisconsin	\$238,695,045	\$115,562,230	\$10,937,500

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