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OA/ID Number: 2613
FolderID:

Folder Title:
EPW [Environmental and Public Works Committee-Senate] Ozone Bill Mark-up July 12, 1989

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S	61	5	6	2

United States Senate

WASHINGTON, DC 20510

FOR IMMEDIATE RELEASE
Wednesday, July 12, 1989

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GORE URGES COMMITTEE TO APPROVE PROTECTIONS, CONTROL CFCs Proposed Committee Bill Includes Legislation Gore Introduced

WASHINGTON-- U.S. Sen. Al Gore, D-TN, today (7/12) urged members of the Senate Environment Committee to approve a proposed bill to control and eventually ban chemicals destroying the earth's protective ozone layer, a bill which incorporates several pieces of legislation Gore has introduced this session.

"We know there's a continent-sized hole in the ozone layer above Antarctica and we know the problem is getting worse. We also know what we have to do to prevent further damage: stop the emission of chlorofluorocarbons and other substances that are destroying the stratospheric ozone layer," said Gore.

The bill under consideration by the Environment and Public Works Committee today includes provisions from legislation Gore has introduced which would:

- ✓ >Phase-out and eventually ban CFCs and other ozone-depleting chemicals;
- ✓ >Mandate the recapture, recycling, and safe disposal of ozone-depleting chemicals;
- ✓ >Ensure that the servicing of automobile airconditioners proceeds in a manner that prevents release of CFCs and prohibit the sale of automobile airconditioner recharge canisters for do-it-yourself repairs;
- ✓ >Prohibit, in two years, the sale and distribution of portable fire extinguishers containing halons and other non-essential consumer products containing ozone-depleting chemicals;
- ✓ >Encourage the use of alternatives to ozone-depleting chemicals.

"This legislation is essential in what must be an international effort to control ozone-depleting chemicals and protect the stratospheric ozone that protects us from dangerous ultra-violet radiation," Gore said. "Congress clearly recognizes the risk and the urgent need for action. President Bush must do

the same and join with other nations of the world to work for the stringent agreements that will provide the necessary protections."

Gore today has written President Bush along with other members of the Senate Global Warming Task Force seeking specific environmental agreements from the Paris Economic Summit which begins tomorrow. For the first time, environmental issues will be on a summit agenda.

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101ST CONGRESS
1ST SESSION

S. 870

To label consumer products containing substances that contribute to the depletion of the ozone layer in the upper atmosphere, to regulate the sale, distribution, and use of such substances in consumer products and services in and affecting interstate commerce, to recapture and recycle such substances, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 1 (legislative day, JANUARY 3), 1989

Mr. GORE introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To label consumer products containing substances that contribute to the depletion of the ozone layer in the upper atmosphere, to regulate the sale, distribution, and use of such substances in consumer products and services in and affecting interstate commerce, to recapture and recycle such substances, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Consumer Ozone Protec-
5 tion Act of 1989".

7/5/89

M E M O R A N D U M

TO: Members and staff, Committee on Environment and Public Works

FROM: staff

SUBJECT: Wednesday, 7/12/89 markup of the Stratospheric Ozone and Climate Protection Act of 1989

Attached is a memorandum and section-by-section explanation of the draft bill that will be presented for Committee approval on Wednesday, July 12 at the 2:00 mark-up session. The legislative language has been sent to GPO. It should be available tomorrow and will be circulated as soon as possible.

We plan to hold a staff meeting on Monday, the 10th, to answer any questions and to discuss the mark-up. We will contact you with a time and place as soon as it is set. Please review these materials before then. If you have any questions, contact Mike Shields at x42699 or Steve Shimberg at x46228.

The major differences between this bill and the version that was circulated prior to the mark-up that was scheduled for June 20 are the addition of: (1) a base sixty cents per pound fee on the production and importation of CFCs and halons as a supplement to the original proposal, which is now an alternative fee keyed to price increases attributable to government regulation; (2) a legislative phase-out and emission control program; and (3) directives for EPA to study and report to Congress on methane emissions and the potential to control such emissions.

These changes are being made in response to concerns raised by CBO about our original proposal and are designed to assure that the Committee will satisfy its reconciliation instructions.

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Summary of The Stratospheric Ozone and Climate
Protection Act of 1989

This bill is divided into three parts:

- A -- Control of Chlorofluorocarbons and Other Manufactured Substances;
- B -- Methane Assessment; and
- C -- Offset of Government Expenses Associated with Implementation of Regulatory Controls and Imposition of Production, Importation and Distribution Fees on Ozone-Depleting Chemicals.

A discussion of each part follows. A section-by-section analysis of the bill begins on page 6.

Part A -- Control of Chlorofluorocarbons and Other Manufactured Substances.

This portion of the bill is modeled after the Chafee/Baucus bill, S. 491, with the addition of provisions on: motor vehicle air-conditioning, modeled after the Jeffords/Leahy and Kerry bills, S. 1035 and S. 1052; fire extinguishers and nonessential consumer products, modeled after the Gore bill, S. 870; and safe alternatives, modeled after the McCain and Gore bills, S. 644 and S. 872. The Subcommittee on Environmental Protection held a hearing on May 19, 1989 to receive testimony on S. 491 and related legislation.

The bill begins by emphasizing the facts that (1) the ozone depleting chemicals subject to controls under this bill are also powerful greenhouse gases and that (2) this bill will help address two related but distinct environmental problems -- global climate change resulting from an accelerated greenhouse effect and destruction of the stratospheric ozone layer.

Part A of the bill has six main elements:

first, it establishes as a national policy that the production and use of the five worst chlorofluorocarbons (CFCs) [11, 12, 113, 114, and 115], the halons, and carbon tetrachloride should be reduced and eliminated "as expeditiously as possible". The bill directs the Administrator to implement a phase-out schedule to control, reduce and eliminate production more rapidly than the schedule set forth in the bill if (1) new information suggests such an accelerated schedule may be necessary, (2) the Administrator determines, based on the availability of substitutes, that an accelerated schedule is attainable, or (3) the Montreal Protocol on Substances that Deplete the Ozone Layer is modified to include a schedule that is more stringent than that included in the bill;

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second, subject to acceleration by the Administrator as outlined above, the bill places the five worst CFCs on a production phase-down schedule that tracks the Montreal Protocol (20% reduction in 1993 and 50% reduction in 1998), and adds an additional step: virtual elimination by not later than 2000;

third, where the Protocol will only freeze production of the halons and does not regulate carbon tetrachloride at all, powerful ozone depleters, the bill puts these chemicals on the same phase-out schedule as the most harmful CFCs;

fourth, where the Montreal Protocol will allow unlimited growth in the production and use of other, less potent ozone depleting chemicals and, in turn, continue the threat to the ozone layer, the bill places a limit on the growth of such chemicals by requiring that total ozone depletion potential be reduced by 95% between now and 2010; the key here is to control the chlorine loading of the atmosphere from all manufactured chemicals;

fifth, the bill includes a supplement to the production phase-out: recognizing that it would be extremely difficult to eliminate all production and use of ozone depleting and greenhouse chemicals on a 2 to 3 year time frame, the bill provides for the virtual elimination of emissions that are destroying the ozone layer and contributing to the greenhouse effect; to achieve this--

- the practice of venting or releasing these chemicals into the environment will be prohibited as of January 1, 1993;
- labeling, recapture, recycling and safe disposal will be required;
- EPA is directed to promulgate standards for control of emissions to the lowest achievable rate and for the use of alternative substances; and
- specific limitations and controls are prescribed for motor vehicle air-conditioning systems (including prohibitions, effective January 1, 1991, on the sale of do-it-yourself CFC cannisters and, effective with model year 1994, on the sale of motor vehicle air-conditioning systems that are dependent on CFC-12 as a refrigerant), halon fire extinguishers for consumer applications (a ban on sale and distribution, effective 2 years after enactment), and nonessential consumer products containing CFCs (a ban on sale and distribution of items such as CFC propelled plastic party streamers and noise horns, effective 1 year after enactment); and

sixth, twelve months after this bill becomes law, importation of the five worst CFCs, halons and carbon tetrachloride in bulk or in products will be prohibited unless

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EPA certifies that the country of origin is implementing a phase-out and regulatory control program that is as stringent as ours; and persons subject to U.S. jurisdiction will be prohibited from transferring technology or investing in facilities to produce or use such substances in countries that are not so certified.

Part B -- Methane Assessment.

Part B of the bill is designed to develop information that is lacking on methane, one of the three most significant greenhouse gases (CFCs and carbon dioxide are the other two most significant greenhouse gases.) The Administrator is directed to study and report to Congress on the factors causing atmospheric concentrations of methane to increase; the sources of methane emissions; and opportunities for reducing such emissions.

Part C -- Offset of Government Expenses Associated with Implementation of Regulatory Controls and Imposition of Production, Importation and Distribution Fees on Ozone-Depleting Chemicals

Background

Both the Reagan and the Bush budgets for FY 1990 proposed the development and implementation of a system to charge market value for the limited rights to produce or import chlorofluorocarbons (CFCs) and other ozone depleting chemicals. These limited rights are the result of the Montreal Protocol and EPA regulations that have been promulgated to implement the Protocol.

The Administration has been considering several mechanisms, including permit fees at a level designed to recapture revenues in excess of those earned in previous years or, as an alternative, periodic auctions of limited production rights. Such systems to charge market value are estimated to result in the collection of \$400 million in FY 1990, \$1.35 billion in '91, \$550 million in '92, \$625 million in '93, and \$950 million in '94. EPA and OMB estimate that, without a recapture mechanism, windfalls to CFC producers could range from \$1.8 to \$7.2 billion through the turn of the century.

The Senate Budget Resolution and the Environment Committee's reconciliation instructions accept the President's assumption of \$400 million in FY 90 from CFC production rights. The draft legislation that is before the Committee will establish production, importation and distribution fees for CFCs and halons (another group of ozone depleting chemicals that are controlled under the Montreal Protocol).

The draft bill is modeled after S. 503, Senator Baucus' Chlorofluorocarbon and Halon Reduction Act of 1989, which was the

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subject of a hearing before the Subcommittee on Environmental Protection on May 19, 1989.

At the hearing, producers argued against the creation of any mechanism to capture excess revenues attributable to limited production rights. They argued that such a mechanism is unnecessary and would be counterproductive inasmuch as it would deprive them of funds needed to finance R & D work on safe substitutes. The Administration's response to these arguments are reprinted in the next section. the issue of R & D for substitutes is addressed at the bottom of page 5. The producers also argued that an auction system would be unworkable.

Representatives of the user groups (particularly relatively small users such as foam insulation manufacturers) argued vehemently against an auction system. They are also concerned that a permit fee, unless keyed directly and completely to producers' revenues (i.e. 100% of revenues attributable to increased prices), will be simply passed along to them as consumers and drive prices up even higher. The draft bill before the Committee is designed to address the concerns of the user groups that testified in May and creates production, importation and distributions fee that are keyed directly to excess revenues earned by producers, importers and distributors.

The following explanation of the issue is reprinted (with a few minor corrections) from page 154 of President Reagan's budget document entitled "Major Policy Initiatives, 1990." A section-by-section analysis of the entire legislation follows the explanation.

Explanation

Production of CFCs and related substances is being curtailed worldwide because of the risks that current production levels pose to human health and the environment.

CFCs are widely used as refrigerants and solvents, as well as to make insulation and other foam products. Unfortunately, CFCs are persistent chemicals that rise into the stratosphere where they catalyze the destruction of stratospheric ozone.

Stratospheric ozone is the earth's main shield against ultraviolet (UV) radiation. A decrease in stratospheric ozone will allow more UV radiation to reach earth, resulting in potential health and environmental damage, including increased incidence of skin cancer.

In response to this threat, an international agreement was negotiated and signed in 1987. Known as the "Montreal

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Protocol", it requires a 50 percent reduction in CFC consumption by industrialized countries by 1998. However, the method by which such a reduction will be achieved was not specified.

The scarcity of CFCs brought about by the production restrictions required to carry out the Montreal Protocol will result in a significant rise in CFC prices. However, the price consumers pay for products made with CFC's will be independent of how these rights are allocated. The administration's proposal would capture the windfall profit resulting from the price rise for the Treasury, rather than giving it to CFC producers and importers.

Current regulations assign production and importation privileges to firms based on their 1986 levels of production and importation. Consequently, these firms are expected to receive a substantial windfall profit from the price rise that is attributable to the Protocol taking effect in 1989.

Assigning windfall profits through regulation to producers and importers is not in the best interest of the general public who share the risk of physical harm caused by CFCs and are bearing the burden of paying higher prices for protection from ozone depletion. The Federal Government should receive the windfall so that it can benefit the general public, offsetting the higher prices paid.

Charging market value for CFC production rights could produce up to \$7 billion in revenue through the year 2000 without losses in economic efficiency.

Capturing the price rise for the Treasury will not delay the introduction of environmentally safe substitutes for CFCs and will provide an appropriate signal for the development of safe products generally.

In fact, current producers, who are the most likely developers of substitutes, will have an incentive to develop safe substitutes more quickly if revenues go to the Treasury. If producers are allowed to retain the windfall, they would likely be reluctant to introduce safer but less profitable substitutes.

Producers do not need the windfall in order to develop substitutes. The potential profits from substitutes will be more than sufficient to attract the necessary investment capital. In any event, the size of the windfall is far greater than the amount needed to conduct all research and development of potential substitutes. [emphasis added]

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Section-by-section analysis

Section 4001. Short Title.--

The Stratospheric Ozone and Climate Protection Act of 1989.

Section 4002. Findings.--

The bill begins by emphasizing the facts that (1) the ozone depleting chemicals subject to controls under this bill are also powerful greenhouse gases and that (2) this bill will help address two related but distinct environmental problems -- global climate change resulting from an accelerated greenhouse effect and destruction of the stratospheric ozone layer.

Various findings are included regarding the nature of the problem, the status of scientific understanding and government responses, the effect such government responses will have on CFC prices, the need to impose additional controls and to recapture excess revenues resulting from government regulation.

Section 4003. Objectives and National Goal.--

The objectives of this Act are to restore and maintain the chemical and physical integrity of the Earth's atmosphere, to protect human health and the global environment, and to provide a smooth transition from the use of ozone-depleting chemicals to safe substitutes.

The national goal is declared to be the elimination of emissions of manufactured substances with ozone depleting potential as well as global warming potential, to reduce to the maximum extent possible emissions of other greenhouse gases, and to provide for an orderly and equitable shift to safe alternatives.

Section 4004. Definitions.--

The following phrases are defined: Administrator; distributor; household appliances; import; manufactured substances; medical purposes; ozone-depleting chemicals; person; producer; Secretary; and substances covered by this Act.

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PART A--CONTROL OF CHLOROFLUOROCARBONS AND OTHER
MANUFACTURED SUBSTANCES

Section 4005. Listing of Regulated Substances.--

Directs the Administrator to publish a "priority list" of chemicals to be phased-out, including CFCs 11, 12, 113, 114, 115, carbon tetrachloride, and halons 1211, 1301, and 2402. ~~Also (b) and (c)~~

The chemicals are listed in the other category in S. 491

In addition, the Administrator is directed to publish a list of other regulated substances that will be subject to section 4013's limit on total ozone depletion potential (ODP), including CFCs 22, 123, 124, 125, 141(b), 142(b), methyl chloroform, and methylene chloride. Such an approach will allow production of these "other regulated substances" to increase approximately ten-fold while, at the same time, assuring that total chlorine loading of the atmosphere is reduced.

Pending publication by the Administrator of ozone depletion factors (the relative destructive force of each chemical), such factors are included in the bill for purposes of computing and enforcing the section 4013 limit on ODP that is applicable to all substances covered by this Act.

Section 4006. Reporting Requirements.--

Requires annual reporting by producers, importers and distributors of chemicals covered by this Act.

Section 4007. Production Phase-Out of Substances on the Priority List.

(a) National Policy.--

Declares it to be the national policy that the production and use of chemicals on the priority list be reduced and eliminated "as expeditiously as possible."

(b) Accelerated Schedule.--

The bill directs the Administrator to implement a phase-out schedule to control and reduce production more rapidly than the schedule set forth in the bill if (1) new information suggests such an accelerated schedule is necessary, (2) the Administrator determines, based on the availability of substitutes, that an accelerated schedule is attainable; or (3) the Montreal Protocol is modified to include an accelerated schedule that is more aggressive than the schedule set forth in the bill;

*not in
S. 491*

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(c) Schedule.--

In the absence of regulations under the preceding subsection, the bill codifies the reduction schedule currently set forth in the Montreal Protocol (20% reduction in 1993 and 50% reduction in 1998), and adds an additional step: virtual elimination by not later than 2000.

(d) Exception for Medical Purposes.--

The Administrator may authorize the production of limited quantities of substances on the priority list after the year 2000 if such authorization is necessary for medical purposes.

Section 4008. Production Phase-Out Exception For National Security.--

The President may authorize the production and use of CFC 114 and the three halons, notwithstanding the provisions of this Act, if he finds that substitutes are not available and such production and use is necessary to protect the national security interests of the United States.

Section 4009. National Recycling and Disposal Program.--

Sec 90 = By July 1, 1991, EPA is to promulgate standards and requirements to reduce the use and emissions of substances covered by this Act to the lowest achievable level.

Prior to January 1, 1994, EPA is to promulgate standards and requirements for the recapture, recycling and safe disposal of substances covered by this Act, including provisions that:

- mandate removal of these substances from products, such as refrigerators and air-conditioners, prior to disposal of the products;

Sec 902 - prohibit the manufacture or distribution of products containing substances covered by this Act unless such products are equipped with a servicing aperture that allows recapture during service and repair; and

- prevent, to the maximum extent practicable, the release of these substances during disposal of products in which the substances are incorporated, such as rigid and soft foams.

As of January 1, 1993, it will be unlawful to knowingly vent, release, or dispose of substances covered by this Act in a fashion which permits such substances to enter the environment. Exceptions to this prohibition are included for approved medical purposes and de minimus releases associated with good faith attempts to recapture and recycle.

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As of July 1, 2000, it will be unlawful to use a priority list substance except for approved medical uses and, until the year 2010, to maintain and service household appliances and commercial refrigeration and air-conditioning units.

Section 4010. Motor Vehicle Air-Conditioning.--

As of January 1, 1992, any person who services motor vehicle air-conditioning systems for consideration must use extraction and reclamation equipment that meets standards set by the Society of Automotive Engineers.

The sale of do-it-yourself recharge cannisters of motor vehicle refrigerants will be prohibited as of January 1, 1991.

The sale or export of motor vehicles that contain passenger compartment air-conditioning systems that are dependent on CFC 12 will be prohibited with respect to model years 1994 and later.

As of January 1, 1994, it will be unlawful to install or sell for installation any such air-conditioning system. If technological development problems will prevent the sale or installation of alternative air-conditioning systems prior to the effective date of this prohibition, the Administrator is to report such fact to the Congress and recommend alternative effective dates for the prohibitions.

Section 4011. Fire Prevention or Extinguishing Equipment.--

EPA's regulations on use and disposal under section 4009 are to include requirements to reduce releases of priority list substances associated with training, testing, leakage and accidental discharges from fire control systems.

Effective 2 years after enactment, the sale and distribution of portable fire extinguishers containing halons will be prohibited. The Administrator is authorized to create an exception to this prohibition for commercial applications where use of such equipment is necessary to protect human health. For example, it may be necessary to allow, for a limited period, the sale of portable halon extinguishers for use in airplanes and similar closed environments.

Section 4012. Nonessential Consumer Products Containing Chlorofluorocarbons.--

Effective one year after enactment, the sale and distribution of CFC propelled plastic party streamers and noise horns, CFC cleaning fluids for noncommercial electronic and photographic equipment and other products determined by the Administrator to be nonessential will be prohibited.

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Section 4013. Limitation on Ozone Depletion Potential.--

To supplement the section 4007 production caps and reductions applicable to priority list substances, production caps on total ozone depletion potential (ODP) of all substances covered by this Act will be imposed. Effective July 1, 1989, it will be unlawful for any person to produce substances covered by this Act in annual quantities that yield a total ODP that exceeds such person's 1986 levels.

By July 1, 1992, EPA is to promulgate regulations that will assure an overall ODP reduction of 95% by the year 2010. If EPA fails to promulgate such regulations by July 1, 2000, it will be unlawful for any person to produce substances covered by this Act in annual quantities that yield a total ODP greater than 5% of such person's 1986 levels.

The 95% reduction in total ODP will limit the percentage of the market captured by less potent substances that contribute to total chlorine loading of the atmosphere and destruction of the ozone layer. Such a cap is projected to accomodate an approximate ten-fold growth in HCFC production and to be reached around the year 2010.

Section 4014. Certification of Equivalent Programs.--

Effective one year after enactment, the importation of priority list substances in bulk or in products will be prohibited unless EPA certifies that the country of origin is implementing a phase-out and regulatory control program that is as stringent as that set forth in this bill.

At the same time, persons subject to U.S. jurisdiction will be prohibited from transferring technology or investing in facilities to produce or use priority list substances in countries that are not so certified.

Section 4015. Labeling.--

Twenty one months after a substance is listed under this Act, canisters or products containing or made with such substances must be labeled as such prior to being introduced into commerce.

Section 4016. Safe Alternatives Policy.--

To the maximum extent practicable, substances covered by this Act are to be replaced with alternative substances and processes that reduce overall risk to human health and the environment.

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The Administrator is directed to recommend Federal research programs and other activities to assist in the identification of safe alternatives; and to examine Federal procurement practices and recommend measures to promote a transition by the Government to the use of safe substitutes.

The Administrator is also directed to collect health and safety studies from producers of chemical substitutes. Not less than 60 days prior to introducing a chemical substitute, the producer of such chemical must notify EPA.

Section 4017. Federal Enforcement.--

The Administrator is authorized to issue compliance orders, assess administrative civil penalties up to \$25,000 per day of noncompliance for each violation, and commence civil actions in court.

Criminal penalties (up to 2 years imprisonment and fines as set forth in the uniform criminal code) and civil penalties (up to \$25,000 per violation) are provided for violations of the Act. The list of "knowing" activities subject to criminal penalties are specified in the bill.

Section 4018. Judicial Review.--

Review of any final action under this Act may be had in the Circuit Court of Appeals for the Federal judicial district in which the petitioner resides or transacts business.

Section 4019. Citizens Suits.--

Citizen suits are authorized in the same manner as in most environmental statutes such as the Clean Water Act and RCRA.

Section 4020. Separability.--

Invalidation of a portion of this Act will not affect the balance of the Act.

Section 4021. Relationship To Other Laws.--

This Act does not affect the authority of the Administrator under the Clean Air Act or TSCA, the authority of other agencies, or the authority of any State or political subdivision.

Section 4022. Authority of Administrator.--

The Administrator is authorized to prescribe such regulations as may be necessary to carry out this Act.

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PART B--METHANE ASSESSMENT

Section 4023. Objective and National Goal.--

Objective is to reduce the risks of tropospheric ozone formation and global climate change by: reducing methane emissions enough to keep atmospheric concentrations from increasing; and promoting additional analyses of (1) the factors causing methane concentrations to increase, (2) the sources of methane emissions, and (3) the opportunities for reducing such emissions.

The national goal is to reduce methane emissions in the U.S. and other countries; stimulate international agencies to fund projects in developing countries that will reduce methane emissions; and provide data in support of international efforts to reduce methane emissions.

Section 4024. Information Collection.--

The Administrator is authorized to collect data and require the maintenance of records by persons responsible for the release of methane during manufacturing, processing, resource recovery or distribution, or waste management.

Section 4025. Economically Justified Actions.--

By September 30, 1990, EPA is to report to Congress on measures that could reduce methane emissions and are economically justified with or without consideration of environmental benefits.

Section 4026. Domestic Methane Source Inventory and Control Options.--

By September 30, 1990, EPA is to submit to Congress reports, including inventories of emissions associated with the following activities in the U.S.:

- natural gas and coal extraction, transportation, distribution, storage, and use;
- management of solid waste;
- agriculture; and
- other activities deemed by the Administrator to be significant.

By September 30, 1990, EPA is to submit a plan to Congress that could be implemented to stop the growth in atmospheric concentrations of methane from sources in the U.S. and shall include an analysis of U.S. programs that could be used to induce developing countries to implement measures that will reduce methane emissions.

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Section 4027. International Studies.--

By September 30, 1990, EPA is to submit to Congress reports on methane emissions from other countries and on the potential for preventing an increase in atmospheric concentrations of methane from sources in other countries.

Section 4028. Natural Sources.--

By September 30, 1992, EPA is to submit to Congress reports on methane emissions from natural sources such as forests, tundra, and woodlands, and on the changes in emissions that may occur as a result of increased atmospheric concentrations of carbon dioxide.

PART C--OFFSET OF GOVERNMENT EXPENSES ASSOCIATED WITH IMPLEMENTATION OF REGULATORY CONTROLS AND IMPOSITION OF PRODUCTION, IMPORTATION AND DISTRIBUTION FEES ON OZONE DEPLETING CHEMICALS

Section 4029. Imposition of Fees.-- Production, importation and distribution fees are established for the 5 CFCs and the 3 halons covered by the Montreal Protocol. The effective dates for such fees are July 1, 1989 for CFCs and January 1, 1992 for halons. The different dates reflect the fact that, under the Montreal Protocol, production of halons will not be reduced until 1992. The Administrator is authorized to add ozone depleting chemicals to the list when and if production or importation limits are imposed for such chemical.

A base fee of 60 cents per pound is established for each person producing or importing substances subject to the fee. An alternative fee is established in an amount representing the greater of (1) the base fee or (2) an amount equal to each producer's, importer's and distributor's share of the total revenues collected by the industry and attributable to sales of each covered chemical less (1) an amount equal to the revenues that such sales would have generated at the 1987 average sales price and (2) an amount equal to income taxes paid on the revenues collected. In instances where the 60 cents per pound base fee has been passed through to a distributor by a producer or importer, the distributor will receive an additional allowance of 60 cents per pound.

Section 4030. Offsetting Government Expenses Associated with Implementation of Regulatory Controls and Support for Activities Related to Alternatives to Ozone-Depleting Chemicals.-- The fees established by this Act are estimated to produce approximately \$400 million in FY 1990. The Administration's proposal is estimated to produce \$400 million in FY 1990, \$1.3 billion in

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'91, \$500 million in '92, \$600 million in '93, and \$900 million in '94. This section directs that up to \$100 million of this money be deposited each year in a new Ozone Layer and Climate Protection Trust Fund and be available, subject to appropriations, for grants related to alternatives to chemicals that contribute to ozone depletion or global climate change. The balance of these monies are to be deposited in the Treasury for appropriation to the EPA for purposes of administering this Act.

Section 4031. Advisory Committee.-- A committee of government and nongovernment officials will be established to advise EPA on research to be funded under this Act.

Section 4032. Grants.-- This section authorizes the grant program referred to in section 4030.

Section 4033. Trust Fund.-- This section establishes the Trust Fund referred to in section 4030.

Section 4034. Authorizations.-- This section authorizes appropriations to EPA to carry out the grant program referred to in section 4030 and to offset government costs associated with implementation of the Montreal Protocol and this Act.