New NAM Analysis Confirms:
Federal Ozone Regulation Could Be Costliest in U.S. History

Key Points: The analysis found that the EPA's proposed regulation could:

- Reduce U.S. GDP by **$140 billion** per year and **$1.7 trillion** from 2017 to 2040
- Result in **1.4 million** fewer job equivalents[1] on average through 2040
- Cost the average U.S. household **$830** per year in the form of lost consumption

EPA's Proposed Rule

On December 17, 2014, the Environmental Protection Agency (EPA) proposed tightening the National Ambient Air Quality Standard (NAAQS) for ozone from 75 parts per billion (ppb) to between 65–70 ppb.

NAM Study Confirms Rule Could Be Costliest in U.S. History

An updated analysis by NERA Economic Consulting and commissioned by the National Association of Manufacturers (NAM) finds that the EPA's proposed ozone rule could reduce GDP by **$140 billion** annually and eliminate **1.4 million** job equivalents per year. In total, the costs of complying with the rule from 2017–2040 could top **$1 trillion,** making it the most expensive regulation ever issued by the U.S. government.

Unattainable Regulation

More than 60 percent of the controls and technologies needed to meet the rule's requirements are what the EPA calls "unknown controls." Because controls are not known, the new regulation could result in the closure of plants and the early scrappage of equipment used for manufacturing, construction and agriculture.

The Air is Already Cleaner Under The Current Standard

Ozone-forming emissions have already been cut in half since 1980, and dozens of regulations already on the books will drive improvements to ozone levels over the next decade. If the EPA simply let the current law be implemented, emissions would be cut by another **36 percent** from current levels. In some parts of the country, air quality is already at or approaching background or natural levels.

NAM Recommendation:
Maintain Current Standard, Support Clean Air and Manufacturers

The NAM urges the EPA and the Obama Administration to maintain the current ozone standard—the most stringent standard ever, which has not even been fully implemented. We can have a clean environment and strong economy, but only with balanced and reasonable policies.

[1] Total job equivalents equal total labor income change divided by the average annual income per job.

www.nam.org/ozone

NATIONAL ASSOCIATION OF Manufacturers