



B-285129

May 8, 2000

The Honorable Robert C. Smith
Chairman
The Honorable Max Baucus
Ranking Minority Member
Committee on Environment and Public Works
United States Senate

The Honorable Thomas J. Bliley, Jr.
Chairman
The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
House of Representatives

Subject: Environmental Protection Agency: Phase 2 Emission Standards for New Nonroad Spark-Ignition Handheld Engines At or Below 19 Kilowatts and Minor Amendments to Emission Requirements Applicable to Small Spark-Ignition Engines and Marine Spark-Ignition Engines

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA), entitled "Phase 2 Emission Standards for New Nonroad Spark-Ignition Handheld Engines At or Below 19 Kilowatts and Minor Amendments to Emission Requirements Applicable to Small Spark-Ignition Engines and Marine Spark-Ignition Engines" (RIN: 2060-AE29). We received the rule on March 27, 2000. It was published in the Federal Register as a final rule on April 25, 2000. 65 Fed. Reg. 24268.

The rule finalizes a second phase of regulations to control emissions from new nonroad spark-ignition handheld engines at or below 19 kilowatts (25 horsepower). The engines covered by the rule are used principally in handheld lawn and garden equipment such as trimmers, leaf blowers, and chainsaws. According to EPA, the standards will result in an estimated 70-percent reduction of emissions of hydrocarbons plus oxides of nitrogen (HC+NO_x) by year 2010.

Enclosed is our assessment of the EPA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the EPA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Peter Guerrero, Director, Environmental Protection Issues. Mr. Guerrero can be reached at (202) 512-6111.

Robert P. Murphy
General Counsel

Enclosure

cc: Mr. Thomas E. Kelly
Director, Office of Regulatory
Management and Information
Environmental Protection Agency

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
"PHASE 2 EMISSION STANDARDS FOR NEW NONROAD SPARK-IGNITION
HANDHELD ENGINES AT OR BELOW 19 KILOWATTS AND MINOR
AMENDMENTS TO EMISSION REQUIREMENTS APPLICABLE TO
SMALL SPARK-IGNITION ENGINES
AND MARINE SPARK-IGNITION ENGINES"
(RIN: 2060-AE29)

(i) Cost-benefit analysis

EPA performed a cost-benefit analysis of the final rule that resulted in an annual cost of \$180 million. This is the result of adding manufacturer costs ranging from approximately \$20 for a typical low-cost residential string trimmer to approximately \$56 for a typical piece of commercial equipment.

The resulting cost-effectiveness of the rule is approximately \$830 per ton of HC+NO_x if fuel savings are not taken into account. If fuel savings are considered as a credit against cost, the cost-effectiveness calculation results in approximately \$560 per ton of HC+NO_x.

The methods used and a summary of the analysis are explained in the preamble. GAO received a complete copy of the Regulatory Impact Analysis.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Administrator of EPA has certified that the final rule will not have a significant economic impact on a substantial number of small entities. However, the preamble to the final rule outlines the flexibilities EPA has adopted to reduce the burden on any small-volume engine manufacturer, such as production caps and sufficient lead time to incorporate the new technology with normal model changes.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

Since the final rule will impose a mandate on the private sector of more than \$100 million in a single year, EPA has prepared the impact statement required by section 202 of the Act. The statement is in the preamble to the final rule and contains the information required by including the statutory authority, an assessment of the costs and benefits, and the alternatives considered.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

Instead of the notice and comment procedures in the Administrative Procedure Act, the EPA promulgated this rule using the procedures, which have similar notice and comment requirements, contained in section 307(d) of the Clean Air Act, as amended. 42 U.S.C. § 7607(d). The use of these procedures regarding rules pertaining to nonroad engines or vehicles is mandated by section 307(d)(1)(R) of the Clean Air Act.

On March 27, 1997, EPA published an Advance Notice of Proposed Rulemaking (62 Fed. Reg. 14740) which contained two Statements of Principles signed with the small engine industry. Following receipt of comments, a Notice of Proposed Rulemaking was published on January 27, 1998 (63 Fed. Reg. 3950) and a public hearing was held on February 11, 1998. The comments received by EPA from these publications and an additional Notice of Availability are responded to in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act.

EPA has prepared and submitted an Information Collection Request document to OMB that contains the information required by the Act and which is summarized in the preamble to the final rule.

EPA has estimated that the final rule will impose a reporting burden of approximately 87,120 hours annually at an estimated annual cost of \$5,360,000.

Statutory authorization for the rule

The final rule was issued pursuant to the authority contained in sections 202, 203, 204, 205, 206, 207, 208, 209, 213, 215, 216, and 301(a) of the Clean Air Act, as amended, 42 U.S.C. §§ 7521, 7522, 7523, 7524, 7525, 7541, 7542, 7543, 7547, 7549, 7550, and 7601(a).

Executive Order No. 12866

The final rule was determined to be an “economically significant” regulatory action under the Order and was reviewed and approved by the Office of Management and Budget as complying with the Order’s requirements.

Executive Order No. 13132 (Federalism)

EPA has determined that the final rule does not have federalism implications and therefore section 6 of the Executive Order does not apply. However, EPA did consult with the State of California since under section 209(e)(2) of the Clean Air Act, California may adopt and enforce standards relating to the control of emissions from new nonroad engines.