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May 11, 2004

The Honorable James M. Inhofe
Chairman
The Honorable James M. Jeffords
Ranking Minority Member
Committee on Environment and Public Works
United States Senate

The Honorable W.J. "Billy" Tauzin
Chairman
The Honorable John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce
House of Representatives

Subject: *Environmental Protection Agency: National Emission Standards for Hazardous Air Pollutants: Surface Coating of Automobiles and Light-Duty Trucks*

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 "National Emission Standards for Hazardous Air Pollutants: Surface Coating of Automobiles and Light-Duty Trucks" (RIN: 2060-AG99). We received the rule on March 2, 2004. It was published in the Federal Register as a final rule on April 26, 2004. 69 Fed. Reg. 22602.

The final rule promulgates national emission standards for hazardous air pollutants for automobiles and light-duty trucks surface coating operations located at major sources of hazardous air pollutants.

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 Robert Robinson,

Managing Director, Natural Resources and Environment. Mr. Robinson can be reached at (202) 512-3841.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Stephanie Daigle
Deputy Associate Administrator
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
"NATIONAL EMISSION STANDARDS FOR HAZARDOUS
AIR POLLUTANTS: SURFACE COATING OF
AUTOMOBILES AND LIGHT-DUTY TRUCKS"
(RIN: 2060-AG63)

(i) Cost-benefit analysis

EPA performed a cost-benefit analysis that found that the estimated total capital costs of compliance, including the cost of monitors, is \$670 million, which results in an additional annualized capital cost of \$75 million. The projected total annual costs, including capital recovery, operating costs, monitoring, recordkeeping, and reporting is \$154 million per year.

EPA states that the final rule will decrease hazardous air pollutants (HAP) from an estimated 10,000 tons per year to 4,000 tons per year, a 60-percent decrease. Also, volatile organic compounds will decrease by approximately 12,000 tons per year to 18,000 tons per year. EPA did not attempt to quantify the health benefits of reductions in HAP.

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

Because there are no small entities engaged in automobile and light-duty truck surface coating, EPA has determined that the final rule will not have a significant economic impact on a substantial number of small entities.

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

The final rule contains a mandate on the private sector, as defined in title II, of more than \$100 million in any one year. EPA has prepared the required statement, which is summarized in the preamble to the final rule.

(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, EPA promulgated the 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 this rule is mandated by sections 307(d)(1)(C) of the Act. 42 U.S.C. 7607(d)(1)(C).

On December 24, 2002, EPA published a Notice of Proposed Rulemaking in the Federal Register. 67 Fed. Reg. 78612. The comments received are discussed in the preamble to the final rule.

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

The final rule contains information collection requirements that have been submitted to the Office of Management and Budget (OMB) for approval under the Paperwork Reduction Act. EPA estimates that the annual burden will be 33,436 labor hours at a total annual cost of \$982,742.

Statutory authorization for the rule

The final rule is promulgated under the authority of section 112 of the Clean Air Act (42 U.S.C. 7412).

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.

Executive Order No. 13132 (Federalism)

EPA has determined that the final rule does not have federalism implications.