PROPOSED POLICY POSITION

1. REGARDING THE IMPACT OF EPA REGULATIONS ON SOUTHERN STATES

BACKGROUND

The U.S. Environmental Protection Agency (EPA) has proposed, or is in the process of proposing, numerous regulations regarding air quality and regulation of greenhouse gases that likely will have major effects on Southern state economies, impacting businesses, manufacturing industries and, in turn, job creation and U.S. competitiveness in world markets. Concern is growing that, due to the failure of cap and trade legislation in the U.S. Congress, the EPA is attempting to obtain similar results through executive regulation. Neither the EPA nor the Obama administration has undertaken any comprehensive studies of the cumulative effects of this new regulatory activity on the nation’s wealth or financial system.

In addition, even though the EPA has identified “taking action on climate change and improving air quality” as its primary strategic goal for 2011-2015, the agency has not performed any comprehensive study of the environmental benefits gained from its regulation, in terms of global climate change. Moreover, state agencies routinely are required to identify the costs of their regulations and to justify the costs and benefits gained.

Our Southern states are rich in natural resources, providing more than half of the nation’s energy supply. Approximately 85 percent of the nation’s energy supply is derived from coal, natural gas and crude oil, and the greatest regional supplier of these critical fuels is the Southern region. Based on a 2008 report from the Bureau of Labor Statistics, seven of the top 10 states with the greatest number of manufacturing jobs per capita are in the South, many of which are located in the energy sector.

At a time when a stable and predictable business environment is imperative to economic recovery, the South has great interest in actualizing the potential for job creation through, among other avenues, the expansion of the Southern manufacturing base.

RECOMMENDATION

The Southern Legislative Conference of The Council of State Governments urges the U.S. Congress to:

1. Adopt legislation prohibiting the EPA from further regulating greenhouse gas emissions for the next 24 months, including, if necessary, defunding the EPA greenhouse gas regulatory activity;
2. Impose a moratorium on the promulgation of any new air quality regulation by the EPA, including, if necessary, the defunding of the EPA air quality regulatory activities, except to address an imminent health or environmental emergency, for a period of at least 24 months;
3. Require the Obama administration to undertake a comprehensive study identifying all EPA regulatory activities in furtherance of its goal of “taking action on climate change and improving air quality” and specifying the cumulative effects of all proposed regulations on the economy, manufacturing jobs and, generally, U.S. economic competitiveness. This multi-agency study should draw on the expertise of the EPA and all agencies and departments that are involved in economic development and/or the interstate electric energy grid system. Furthermore, this study should provide an objective cost-benefit analysis of all current and planned regulatory actions taken by the EPA; and
4. Require the EPA to identify specific actions it intends to take to achieve environmental goals, while assessing the total cost, and potential benefits, of such goals.

The Southern Legislative Conference requests that a copy of this policy position be forwarded to the Southern Congressional delegation and the president of the United States.

Adopted by the Southern Legislative Conference, Memphis, Tennessee, July 19, 2011.