



**American Chemistry Council Testimony
Before**

**U.S. House of Representatives
House Committee on Oversight and Government Reform**

**Regarding “Continuing Oversight of Regulatory
Impediments to Job Creation: Job Creators Still Buried
by Red Tape”**

Submitted by

**Mr. Steve Russell
Vice-President
Plastics Division
American Chemistry Council**

July 19, 2012



Chairman Issa, Ranking Member Cummings, and Members of the Committee:

Good morning. My name is Steve Russell, and I am Vice-President of the Plastics Division at the American Chemistry Council. ACC thanks you for the opportunity to participate in this hearing on regulatory burdens facing our economy that impede job and economic growth.

ACC represents the leading companies in the business of chemistry. Our members apply the science of chemistry to make innovative products that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care[®], and to common sense advocacy designed to address major public policy issues. The business of chemistry is a \$760 billion enterprise and a key element of the nation's economy. Our industry is one of the nation's largest exporters, accounting for 10 cents out of every dollar in U.S. exports, and we are among the largest investors in research and development.

In response to the Committee's request for information, ACC pointed out five areas where regulatory burdens are impeding our nation's economy and costing jobs specific to just the chemical industry. Those areas included the chemical assessment process and onerous air regulations.

I'm here today to highlight another example: the General Service Administration's decision to designate a single green building rating system – LEED – as the standard for all federal agencies and departments. LEED is one of several private sector “green building” systems which are helping drive reductions in energy use in public and private sector buildings. To be clear, ACC supports this broad objective; our members have worked with the LEED developers, and we have supported laws and regulations to



increase energy efficiency. Unfortunately, GSA has given its stamp of approval only to LEED, and LEED is currently being revised in a way that could jeopardize U.S. jobs and our industry's competitiveness, not to mention building performance and efficiency. This matters to ACC – and it should matter to the Committee – because many of the construction materials our industry manufacturers are essential to the insulation, roofing, windows and sealants that allow private-sector and federal government buildings to achieve the kind of energy efficiency and cost savings critical to reducing environmental impacts and ensuring a sustainable future.

GSA's selection of LEED is damaging for many reasons, but I will highlight three.

First, by picking a single rating system GSA effectively creates a monopoly for federal buildings. Building rating systems function as standards, and the various standards produced by the private sector compete in an open marketplace. When the entire federal government picks just one private standard, competition – the engine that drives lower prices, greater efficiency, and higher quality products – is removed. Once a standard captures the entire market there is no competition, and no incentive to keep the price of implementing the standard down, so in the end the taxpayer pays more.

In this case, GSA continues to award a monopoly to LEED. The Committee should urge GSA to construct performance-based criteria for selecting green building ratings systems, and then accept those private standards that meet the designated performance criteria.

Second, regulations and standards adopted by agencies should be data-driven and science-based. Federal agencies cannot avoid obligations to make regulatory decisions based on science by adopting a private standard that is not based on science. Yet this is what GSA has done. Recently-proposed LEED updates are so poorly grounded in



science that the system gives “credits” for avoiding proven US-made products. These products include energy-efficient foam insulation; shatter-resistant polycarbonate glass (essential to federal courthouses and prisons) and cool vinyl roofing, such as the very roof recently installed on the DOE headquarters. Because credits such as these are not adequately justified by science or data, GSA should not use LEED for federal buildings if these credits remain.

And third, GSA is wrongly giving preference to a building standard that could hurt the competitiveness of many small American businesses. For example, as the wood industry points out, LEED credits can be manipulated to encourage use of lumber shipped from overseas over domestic lumber. And, under a proposed chemical avoidance credit in the current LEED update, small U.S. manufacturers of building materials will have to “certify” that their materials comply with complex European regulations so that builders can obtain the credit – imposing additional costs for small U.S. manufacturers if they want to compete.

A different proposed credit requires materials to be screened against a cumbersome tool developed by an environmental NGO which adds unnecessary costs not easily born by small domestic manufacturers. Of course, if compliance with European requirements is a function of a LEED standard, U.S. manufacturers could always decide that the compliance cost is too high and exit that product market. Going forward, builders wanting LEED-compliant materials (even for federal buildings) could import the materials from Europe. In either case, GSA’s actions will have hindered U.S. business, and cost American workers their jobs.

ACC appreciates the Committee’s interest in limiting regulations that hinder job and economic growth. We urge you to ask GSA to recommend science-based, performance-



based green building ratings systems that reduce costs to businesses, and save American jobs.

Thank you for the opportunity to testify before the Committee today; I am happy to answer any questions that you may have.



Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

I am testifying on behalf of the American Chemistry Council, a national trade association representing chemical manufacturers in the United States. I am the Vice President of the Plastics Division.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None

Sten Russell

July 16, 2012

I certify that the above information is true and correct.
Signature:

Date: July 16, 2012

Steven Russell

Vice President, Plastics Division
American Chemistry Council

Steven Russell joined the American Chemistry Council (ACC) in 1995, and currently serves as the Vice President of the Plastics Division. In that capacity he manages the Division's advocacy, policy and research programs, including initiatives to address recycling, energy recovery, and overall sustainability. Under Mr. Russell's leadership the plastics industry has organized globally to launch innovative programs to reduce marine debris.

Mr. Russell previously served as the Senior Director for Health, Products and Science Policy. Mr. Russell has also represented the interests of ACC members on legislative issues including TSCA and Europe's REACH legislation, and served as chair of the Business Industry Advisory Committee's (BIAC) Chemicals Committee at the Organization for Economic Cooperation and Development (OECD).

Mr. Russell earned his Bachelor's degree from the University of Kansas in 1984, and a Doctor of Law degree from California Western School of Law in 1987. He is a member of the bar in California and the District of Columbia.