



ECONOMIC IMPACT OF FEDERAL REGULATIONS

by Texas Attorney General Greg Abbott

TEXAS IS REPEATEDLY PRAISED BY BUSINESS leaders and economic development experts as the nation's best place to do business. Thanks to a business-friendly regulatory environment, pro-growth policies and the lack of an income tax, residents from other states are flocking to live, work and start new businesses in Texas. The Lone Star State leads the nation in job creation, which has helped ensure that employment levels in Texas exceed the national average despite the nation's economic downturn.

Since the President has repeatedly claimed that job creation is his administration's top priority, one would think the federal government would do all it could to keep the nation's job creation engine churning. Instead, the Obama Administration and the U.S. Environmental Protection Agency have issued a slew of heavy-handed, overreaching and burdensome regulations that threaten the State's economy and job losses for hardworking Texans.

Consider Texas's highly successful flexible permits program, which the EPA rejected last year. First launched in 1994 when Ann Richards was governor, the State's flexible

permits program proceeded without challenge during the Clinton-Gore Administration. Thanks to an effective, common-sense approach to regulation, the State's flexible permits program reduced sulfur dioxide emissions by 60 percent and nitrous oxide emissions by 43 percent. Despite these successes, the Obama Administration's EPA rejected the program in July 2010 – more than 15 years after the program was instituted. In doing so, the EPA violated the federal law that requires the EPA to issue such a disapproval within 18 months. Because the EPA improperly rejected Texas's flexible permits program more than a decade too late, the State took legal action to challenge the Administration's unlawful actions.

The State has also challenged the EPA's improper attempt to regulate greenhouse gases under the Clean Air Act. When Congress decided not to pass the President's controversial cap and trade law, the Obama Administration simply decided to have the EPA limit greenhouse gases by issuing regulations. Worse, while ignoring the regulations' sweeping impact and billion-dollar economic cost, the

EPA did not adequately conduct its scientific review – a failure for which the EPA was recently criticized by its own inspector general.

More recently, the EPA's cross-state air pollution rule garnered widespread opposition because it threatens the reliability of Texas's electrical grid – not to mention could result in rising electricity prices – and job losses for the State's coal miners and power plant workers. In fact, a bipartisan coalition that included 31 of Texas's 32 congressmen wrote to the White House outlining the rule's dire consequences for our State, particularly our rural communities.

Regulatory overreach by the EPA creates economic uncertainty and discourages employers from expanding their businesses, which exacerbates unemployment and stifles job creation. These draconian new federal regulations will require Texas employers to spend millions of dollars on regulatory compliance – rather than new employees – and threaten project delays, factory closures and job losses. With more than 14 million Americans out of work, the Administration should focus on fostering job creation, not

unnecessary, burdensome regulations.

Texas has long recognized that economic growth need not come at the expense of clean air and water. According to the Texas Commission on Environmental Quality, ozone and nitrogen oxide emissions from industrial sources in Texas have been on a steady decline since 2000. As for greenhouse gases, since 2004, no other state in the nation has reduced power-sector carbon dioxide emissions more than Texas. And Texas has been a pioneer in producing energy from clean and renewable sources too. Texas provides one-fourth of the nation's natural gas supply and has more wind power capability than any other state in the nation – and all but four countries.

Texas has demonstrated its commitment to air quality – but we have done so without sacrificing economic opportunity. In January, President Obama ordered a government-wide review of federal regulations that harm our economy and stifle job creation. A good place to start would be scaling back the EPA's seemingly endless stream of burdensome and unlawful regulations.

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