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SOLUTIONS FOR SPECIALTIES

SOCMA Meeting with OMB Regarding EPA TSCA Fees Rule
September 7, 2022

About SOCMA

The Society of Chemical Manufacturers and Affiliates (SOCMA) is the only U.S.-based trade association solely dedicated to the specialty and fine chemical industry – a $300 billion industry that is fueling high paying jobs in local economies across the United States. SOCMA members play an indispensable role in the global chemical supply chain, providing specialty chemicals to companies in markets ranging from aerospace and electronics to pharmaceuticals and agriculture.

Issue Background

The Toxic Substances Control Act (TSCA) grants the Environmental Protection Agency (EPA) the authority to collect fees from chemical manufacturers and importers to offset the costs associated with the overall implementation and administration of TSCA. The current TSCA Fees Rule, which was promulgated in 2018, is in the process of being updated by EPA.

SOCMA Position

An increase in fees for EPA's New Chemical Review Program would create additional hurdles to innovate new chemicals, by increasing costs, which in turn leads to greater economic impacts analysis and of course further delays the process by creating additional paperwork burdens. The Lautenberg Act (LCSA) was not intended to stifle innovation, but that is becoming a product of EPA's new approach to the New Chemicals Review Program, which includes the Fees Rule.

- Innovation is a driving force in the specialty chemical industry, and new chemicals are vital to improvement of products in downstream manufacturing. Large increases in fees dissuade the submission of premanufacture notices (PMNs) and low-volume exemptions (LVEs), which can affect innovation in the wider economy.

- A substantial increase in fees is unjustified at a time when EPA is routinely missing the statutory deadlines for approval of PMNs and LVEs.

- Many specialties chemical companies meet the Small Business Administration standard of a small business. Small businesses cannot easily absorb a sharp increase in fees.

- An increase in fees would also function as a barrier to entry for potential new market participants. Startups may not be able to pay high fees, especially combined with an inconsistent review process that regularly misses statutory review deadlines.

- Large increases in fees may cause subsequent economic harm as an increase in the cost of bringing new chemicals to market may be passed on to downstream customers, ultimately leading to higher prices for consumers.

- Large increases in fees could encourage manufacturers to move production overseas, leading to the loss of U.S. jobs.

- To date, EPA has failed to adequately calculate the costs of running New Chemical Review Program. Any increase in fees needs to be justified based on a proper cost accounting of the staff time and resources needed to complete PMN and LVE reviews.

Economic Impacts

There are substantial economic impacts to companies related to the TSCA New Chemicals Review Program, of which TSCA Fees directly impact. SOCMA is developing additional data points, but this information has already been provided to SOCMA:

- Delayed review of a PMN for a product which is of national security interest, is resulting in immediate lost sales of $100,000/year.
    - The delayed review process is stagnating market growth for this product which is estimated to be worth $1,000,000/year in five years.

- A single delayed PMN can cost between $50,000 - $200,000 per year.

- A $200,000 sale was completely lost as a direct result of the PMN not being reviewed in statutorily required period.