



June 15, 2015

Via Email: Phosphorus@wisconsin.gov
Division of Intergovernmental Relations
Department of Administration
PO Box 8944
Madison, WI 53708-8944

To whom it may concern;

Thank you for this opportunity to comment on economic impact analysis (Analysis) for phosphorus standards and the preliminary determination from the Wisconsin Department of Administration (DOA) and Wisconsin Department of Natural Resources (DNR).

Wisconsin Manufacturers & Commerce (WMC) is a business trade organization with more than 3,800 members statewide in the manufacturing, agricultural, energy, commercial, mining, and service sectors. Roughly one-quarter of private sector employees in Wisconsin are employed by WMC member companies. Numerous WMC members hold Wisconsin Pollutant Discharge Elimination System ("WPDES") permits or otherwise have a substantial economic stake in attaining the water quality standard for phosphorus.

WMC supports the major finding in the Analysis, which is that without the variance Wisconsin will face widespread social and economic hardship due to the imposition of the proposed phosphorous rule. The multi-discharger variance would provide an opportunity for technology necessary to reduce point-source phosphorous emissions to catch up with the regulatory burden of the rule. The variance buys time for the necessary technology to reduce in price to a point where the purchase and use of it would not cripple our membership economically. However, for many industries the costs associated with compliance are still staggering and underestimated by DNR's report.

DNR's cost impact estimates are far too conservative because they do not take into account the need for many businesses to expand their physical footprint in order to comply with the eventual full implementation costs after the variance period has ended. For example, the Analysis has not taken into account costs associated with land acquisition, facility construction, or piping. Many businesses will need to construct new water treatment facilities on their current premises in order to fully comply with the proposed rule. If the business does not have the physical footprint on their premises to construct these new facilities, then they have to acquire land elsewhere. Furthermore, capital improvements, and associated administrative costs, to construct a pipeline or other mechanism to transport the effluent to the new facility is not taken into account in the

Analysis. The costs associated with these improvements are staggering and may not be sustainable to a certain portion of our members.

Another issue of concern is the methodology used in developing screening criteria for municipal facilities. WMC opposes the requirement that a municipality meet a primary screen based on median household income and then, for certain municipalities, two secondary screens based on the economic status of the county. Requiring two secondary factors will unjustifiably assure that the variance is not available for many communities. We believe that any one secondary economic indicators should be sufficient in conjunction with the primary indicator to allow the variance to be an option.

Even the potential economic impact on businesses and the communities they are a part of as measured by DNR is disconcerting. According to the Analysis, Wisconsin would lose out on six-hundred million dollars of Gross State Product, \$238 million of wages, and almost five thousand jobs over the next ten years if this rule was implemented. Furthermore 47% of businesses signaled they were more likely to decrease investment, 37% stated they would postpone expansion, and 42% indicated they would be more likely to shift production to other states if this new regulatory burden is imposed on them. These burdens extend to key sectors of the Wisconsin economy who face large costs associated with compliance to remove a minimal amount of phosphorous from their effluent. For instance the dairy industry will incur \$72.5 million to install new technology to remove less than 2% of the phosphorus in their effluent (the dairy industry already removes approximately 98% of phosphorus from their effluent). The vegetable industry, another major Wisconsin employer, faces major costs to comply in a highly competitive industry. The loss of business activity and the effects of the rule on localities also greatly harm Wisconsin's citizenry.

According to the Analysis, Wisconsin citizens in many areas of the state will be effected by costs passed along by businesses. The Analysis notes that there will be increased costs in water/sewer utilities, power companies, and the paper industry which are likely to be passed on to residents/households. So Wisconsinites will face the burdens of a loss of jobs directly responsible due to this rule, lower job growth, and increased costs for services. All of these costs are being levied on Wisconsin citizens and businesses in a quixotic attempt to reach a laudable goal.

WMC and its members are committed to being environmentally responsible members of the communities, and state, that we operate in. However, the fact that 80% of phosphorus in Wisconsin's rivers and streams comes from non-point sources, which this rule does not address, means that further regulation of point-source discharges is unlikely to achieve the desired, and laudable, outcome. Lost jobs, secondary economic activity, and tax revenue while not achieving the desired outcome is a lose-lose-lose situation for Wisconsin businesses, citizens, and the environment.

To summarize, WMC supports the conclusion of the economic impact analysis that the variance is necessary in order to prevent Wisconsin from facing widespread social and economic hardship. However even with the variance it is far from certain that Wisconsin businesses will be able to shoulder the costs necessary to fully comply with the proposed rule. Losing businesses

and the economic activity they create while not tackling the real source of the problem is a loss for Wisconsin.

Sincerely

Scott Manley
Vice President of Government Relations
Wisconsin Manufacturers & Commerce