HELPING SMALL DRY CLEANERS ADOPT SAFER TECHNOLOGIES: WITHOUT LOSING YOUR SHIRT

HEARING

BEFORE THE

SUBCOMMITTEE ON TAX, FINANCE, AND EXPORTS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

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HEARING ON HELPING DRY CLEANERS ADOPT SAFER TECHNOLOGIES: WITHOUT LOSING YOUR SHIRT!

THURSDAY, JULY 20, 2000

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TAX, FINANCE AND EXPORTS,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:05 a.m. in room 2360, Rayburn House Office Building, Hon. Donald A. Manzullo, (chairman of the Subcommittee) presiding.

Chairman MANZULLO. I am pleased to call this hearing to highlight what we should be doing more of in Congress—adopting incentive based approaches to resolving complex environmental problems, as opposed to heavy-handed, one-size-fits all government imposed regulatory mandates on small businesses.

There are more than 30,000 dry cleaners across the country. Most employ only a handful of workers. They are truly small businesses. These small dry cleaners face immense financial pressures on numerous fronts, including casual work days that have resulted in less business for dry cleaners, aggressive price competition and lingering superfund liabilities at the work site. We should do everything in our power to make sure that we do not add to their problems.

The Environmental Dry Cleaning Tax Credit Act is a bipartisan, creative alternative that deserves serious consideration by every Member of Congress. The benefits associated with this bill clearly outweigh the long-term environmental costs of clean up if we do nothing.

Just a few days ago, the North Carolina legislature passed a similar bill to H.R. 1303. It will be interesting to see the impact of this initiative on the state level. I look forward to hearing the testimony of the witnesses and particularly welcome those who have traveled a great distance to be with us this morning.

I now yield for an opening statement from my good friend from New York, the Ranking Minority Member, Mrs. McCarthy.

Mrs. MCCARTHY. I thank you, Mr. Chairman, and I apologize for being late. I will actually just enter my opening statement into the record to save time.

Chairman MANZULLO. I appreciate that very much. Without objection.

Do either of you have a pressing obligation right after this? Dave, do you have a mark up that you are in the middle of?

Mr. PRICE. I do, but it is right across the hall.

Chairman MANZULLO. All right. Who wants to go first?

Mr. CAMP. You can go ahead. I do not have a mark up.

Mr. PRICE. Go ahead. I will gladly defer to my colleague.

Chairman MANZULLO. Okay.

Mr. PRICE. There is no rush over here.

Chairman MANZULLO. Congressman Camp? We are going to have the five minute rule that applies to everybody, including those who wear pins.

STATEMENT OF THE HONORABLE DAVE CAMP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. CAMP. Well, thank you very much, Mr. Chairman. I will try to keep my remarks under five minutes.

Congresswoman McCarthy, thank you very much for allowing me the chance to testify before this distinguished Subcommittee. I appreciate the opportunity, and I commend the leadership of Chairman Manzullo for calling this hearing.

Our local dry cleaner is probably one of the most common services that we all use, and it is such a part of our lives that we do not even give a second thought to how our clothes are cleaned in many cases. For most of us, our clothes are cleaned right now using a 1960s era technology, specifically by a chemical known as perc.

Today's perc dry cleaners certainly look a lot different than they did when the technology was first introduced. Emissions are less, and the cleaning machinery is considerably more efficient, as we will hear from other folks today at this hearing.

I believe we need to take the next step away from incremental changes in existing technologies to new technologies and cleaner technologies. Two of these are wet cleaning and carbon dioxide cleaning, and they are the subject of today's hearing. I think they hold a potential for enormous gains in the control of emissions into the environment. That is why last year I introduced H.R. 1303 with bipartisan support from my good friend and colleague, David Price. We are original co-sponsors of the bill.

This legislation provides a tax credit for a portion of the cost of a new dry cleaning machine using environmentally friendly technology and cleaning methods. It does not discriminate in favor of or against any specific technology. It simply provides a tax credit on an even playing field for any dry cleaning method that does not use the perc chemical or a petroleum derived compound.

The wet cleaning technology and the carbon dioxide technology can clean a person's clothes effectively, but today these alternatives are still at the stage where they are not yet economically competitive with traditional dry cleaning methods.

Existing dry cleaners right now may want to make a shift to new technology for a variety of reasons. They may be frustrated with Clean Air Act requirements instead of worrying about cleaning clothes, and they may be hearing from customers who are worried about some of the studies that have been pointing toward risks in the environment or to health, associated with traditional dry cleaning methods and many cannot afford it.

Right now, because this brand new technology does cost more—the average carbon dioxide machine may cost as much as $150,000,

more than twice the cost of a traditional machine—there are only a small number of machines currently operating, and the big reason for that is the cost of this equipment.

The best way to bring down the cost is to encourage the purchase and manufacture of more machines. A tax credit to offset a portion of this cost will make the difference for at least some dry cleaners who are interested in using a cleaner and different technology.

The intention of my bill is to allow cleaner dry cleaning technology to get off the ground and start making an impact. That is what my bill does. It provides a 20 percent tax credit to the purchaser of a dry cleaning machine using environmentally friendly methods. As I mentioned earlier, the bill does not discriminate for or against any particular cleaning method.

Mr. Chairman, we all agree that we have a commitment to ensuring the cleanest possible environment for our families and our children, and there are two ways that the government can do that. First, we can impose mandates. Second, the government can contribute to a cleaner environment by encouraging the development and use of newer technologies.

We already see that in the Tax Code with tax credits for the use of electric vehicles, for example, and for wind energy, just to name a few. H.R. 1303 is designed to be an incentive for the purchase of better technology that might not otherwise occur.

In closing, I want to thank again the Chairman and the Committee for calling this hearing and for calling attention to this important issue.

Thank you.

[Mr. Camp's statement may be found in appendix]

Chairman MANZULLO. I appreciate that.

Congressman Price.

STATEMENT OF THE HONORABLE DAVID E. PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. PRICE. Thank you, Mr. Chairman, Mrs. McCarthy, other Members of the Subcommittee. I appreciate the invitation to appear here today to express my support for H.R. 1303, the Camp-Price Environmental Dry Cleaning Tax Credit Act.

Dave Camp and I have worked closely together in drafting this legislation. It was introduced on March 25 of last year and now has 29 bipartisan co-sponsors. This legislation will provide an incentive for dry cleaners to make the transition to environmentally friendly dry cleaning technologies by providing a 20 percent tax credit for the purchase of technologies that substantially reduce risk to public health and the environment. Currently these would include liquid carbon dioxide technologies and wet cleaning technologies, which rely on water based solvents.

I should mention here that we became aware during the final stages of drafting the bill that references to "dry cleaning" might be interpreted to exclude so-called wet cleaning technologies, which was not our intent and is not our intent. We were advised at the time by legislative counsel that a clarification of this issue would be appropriate in report language accompanying this bill or any legislative vehicle containing this bill.

I first became interested in the idea of a tax credit for dry cleaners after hearing about the work of Joe DeSimone, a professor of chemistry at UNC-Chapel Hill and a professor of chemical engineering at North Carolina State University. Joe is here in the audience today and has worked tirelessly on this technology. He is also the director of the NSF Science and Technology Center, and he is co-founder of Micell Technologies located in Research Triangle Park in North Carolina.

The genius of Research Triangle Park, Mr. Chairman, as you may know, has been to attract the most dynamic high tech companies to an area with a high quality of living and in the midst of three major research universities, North Carolina State, UNC-Chapel Hill and Duke University. RTP, as we call it, has been the source of countless innovations over the year, and the liquid CO_2 dry cleaning technology developed by Dr. DeSimone, who will be testifying later this morning, is a good example of RTP at its best.

Dr. DeSimone's story also illustrates how the federal government can play a constructive role in the development of technologies which benefit society. In 1995, Dr. DeSimone and fellow scientists Timothy Romack and James McClain invented an environmentally friendly alternative to traditional dry cleaning and metal cleaning methods; that is, the use of carbon dioxide for professional garment care, metal degreasing and textile processing. This process eliminates the need for conventional dry cleaning solvents such as perchloroethylene or perc, and it frees dry cleaners from the regulatory burdens associated with such solvents.

Funding from both the NSF and EPA's Green Chemistry Program supported the basic research that led to Dr. DeSimone's development of cleaning detergents that dissolve in liquid CO_2. This new technology is both environmentally friendly and safer for consumers and workers in the dry cleaning industry.

I think there is a role for the federal government in encouraging the use of technologies like this. I am not talking about choosing winners and losers. The federal government should not be in that business. It should not be favoring one technology over another. But we can play a constructive role in accelerating the transition to technologies that meet our criteria for greater energy efficiency or for the greater protection of public health and the environment.

If we really want the private sector to move towards greener and healthier technologies and, as Representative Camp just said, if we do not want simply to rely on new regulation to do this, the simplest and most effective method is through targeted tax incentives.

President Clinton and others have proposed this type of approach for equipment that helps reduce energy consumption, and I think we need to be looking at it and considering the same approach in other areas of protecting human health and the environment.

The North Carolina General Assembly enacted a similar 20 percent tax credit for environmentally friendly dry cleaning technologies on July 12, just a week ago. I hope this Subcommittee will agree with North Carolina that investing in these new dry cleaning technologies through tax credits is worthwhile.

In our lifetimes, the pace of technological progress and change has been astounding. From health care, to manufacturing, to communications, technology has changed in some way almost every-

thing about the way we live and has vastly improved the efficiency and the scope of what we as a society can accomplish.

We are just beginning to see the possibilities of what technology can accomplish for the environment and for environmental protection.

Environmental technology promises to mend the rift that has too often arisen between environmental protection and economic development. It will make reducing pollution easier and cheaper and will itself become an engine for growth in our economy.

H.R. 1303 would take a small, but important, step in the direction of encouraging the use of forward thinking technology in the dry cleaning industry. I urge you to consider it favorably, and I thank you for the opportunity to testify this morning.

[Mr. Price's statement may be found in appendix]

Chairman MANZULLO. Thank you, Congressman Price.

We are going to do something a little bit out of order here. Before we proceed with questions of the two Members, Congressman Weller has a constituent who will be appearing on the second panel. He has to run off to a Ways and Means mark up.

Jerry, if you would like to introduce your constituent, then we will bring him up here at the appropriate time.

Mr. WELLER. Mr. Chairman, Mrs. McCarthy, I thank you for the courtesy. Today is a great day. We are going to pass legislation today wiping out the marriage tax penalty for 25,000,000 married working couples, so I know Representative Camp and I will be on the Floor working on that before the Committee.

I am sorry. Mrs. McCarthy?

Mrs. MCCARTHY. Well, I was just wondering. Being that we are letting you go first, can I get some of my projects through? [Laughter]

Mr. WELLER. Thank you for the courtesy of allowing me to introduce a constituent of mine who is going to be testifying before your Subcommittee today and for accommodating me so I can move and get to the Floor.

Mr. Chairman, Mrs. McCarthy, it is my privilege today to introduce a constituent who is going to be testifying on the second panel, Tom Ustanik, of Lansing, Illinois, a south suburban community just south of Chicago on the state line, who is going to testify here today on H.R. 1303, the Dry Cleaning Environmental Tax Credit Act.

Mr. Ustanik and his family have owned and operated Lansing Cleaners in my district since 1946. They have five locations, two in Illinois, two in northwest Indiana and a main plant in Lansing, Illinois, which does both retail cleaning, as well as fire restoration work.

The Ustaniks have made great efforts to make their businesses as environmentally friendly as possible. These efforts include transitioning over to cleaner and safer cleaning technologies such as wet cleaning and liquid carbon dioxide machines. As you may imagine, these newer and cleaner technologies often come at a higher cost, which leaves us as a society to decide which is more important, a cleaner environment or lower cost equipment.

We would argue that in the long run everyone benefits by encouraging business owners such as the Ustaniks to incorporate

cleaner and safer technologies into their businesses. That is why I support H.R. 1303, which provides a tax credit to businesses that take advantage of these technologies.

I look forward to hearing about Mr. Ustanik's testimony before your Subcommittee about these new technologies, as well as they help our environment and improve his business. Mr. Chairman and Mrs. McCarthy, thank you for the courtesy of allowing me to slip in to introduce my constituent and also voice my support for H.R. 1303. Thank you, Mr. Chairman.

Chairman MANZULLO. Thank you, Congressman Weller.

Mrs. McCarthy, do you have a couple of questions you want to ask?

Mrs. MCCARTHY. I do, and I thank you.

I think it is important, Congressman Price, that you go over again, because I think this is where the confusion comes in. Your position has been that the tax credit does not discriminate against or does not favor any one dry cleaning process, and I think it is important that you explain that again.

The bill specifically states qualified dry cleaning property means equipment designed primarily to dry clean clothing and other fabric. It is my understanding that wet cleaning is not considered dry cleaning. Do you have any plans to make any changes to the bill by adding language including the wet cleaning process?

Just on a follow up, the majority of our small businesses that operate dry cleaners are family owned, and my concern is even with the 20 percent tax credit would our real small businesses, you know, the mom and pop, two people running the business very long hours, would they be able to afford the new equipment? Is it going to be enough for them?

Mr. PRICE. That latter question is one that the Subcommittee may well want to examine. We thought the 20 percent credit was about right. As I said, in the case of North Carolina, it can be combined with local or state tax credits. But exactly what kind of tax credit would be appropriate is an open question.

I think these technologies will increasingly become commercially viable. That is our hope. I know in the case of the CO_2 technology the costs have already come down some and have brought this within reach for some entrepreneurial dry cleaning owners. But we certainly do need a tax credit now to make this viable for the majority of operators. I would invite the Committee's attention to whether the 20 percent level is in fact the optimal level.

Your assumption, Ms. McCarthy, is exactly right about the so-called wet cleaning technologies. Our intention is that those wet cleaning technologies which rely on water based solvents would be included. The point here is not to favor any one technology, but to favor environmentally friendly technologies in general.

If it is deemed necessary to add language to the bill or certainly to add report language accompanying the bill, I think that would be appropriate, and again that is the Subcommittee's judgement whether that is necessary to clarify our intent.

Mr. CAMP. Could I just comment as well, please? Yes, our intent is to include the wet dry cleaning technology, and the language of the bill defines what is a hazardous solvent and then says all other technologies are in, so if we need further clarification I would cer-

tainly agree with Congressman Price that we would be willing to do that because our intent was in drafting the bill to also include that technology.

Also, the machines are not as affordable as we would like them to be now, and that is why we need the tax credit. We believe that as this tax credit, first of all, offsets 20 percent of the cost that is a help, but as more machines are built economies of scale and Economics 101 will kick in, and hopefully the cost of those machines will come down, but right now this is new technology, and it is more expensive, but if the machines were affordable we would not be before you with this legislation.

Mrs. MCCARTHY. Well, I applaud your efforts because certainly even in my own local district when a new dry cleaner is trying to come into the area we are seeing a lot of resistance, you know, from the neighborhood mainly because the reports that have been going out as far as the emissions and everything else, so I applaud what you are trying to do, and I think it is a great first step.

Mr. PRICE. Thank you.

Mr. CAMP. Thank you.

Chairman MANZULLO. Are both of you gentlemen going to be able to join us on the panel up here?

Mr. CAMP. I will be able to.

Chairman MANZULLO. How about you, Congressman Price?

Mr. PRICE. I have a competing mark up next door, so I will do the best I can.

Chairman MANZULLO. I do not have any questions.

Congressman Camp, you will be able to respond and ask questions. Any question I would have asked you can be handled otherwise.

Okay. There being no more questions, you are both excused. I appreciate your coming.

Mr. CAMP. Thank you.

Mr. PRICE. Thank you, Mr. Chairman.

Chairman MANZULLO. Mr. Camp, if you want to have a seat up here?

Thank you, Congressman Price.

If we could have our second panel come up to the table, please? Okay. We welcome our second panel. The order of witnesses will be Tom Ustanik, who is the owner of Lansing Cleaners in Lansing, Illinois. The next witness will be Gordon Shaw, a former owner of Fairlane Cleaners in LaJolla, California; Bill Fisher, who is the CEO of the International Fabricare Institute out of Silver Spring, Maryland, which is the industry association.

Joseph DeSimone, Ph.D., professor of chemistry at UNC at Chapel Hill. Wait a second. It is Simone. That is an Italian name. You have to pronounce the E at the end. We have Norwegians trying to tell Italians how to pronounce Italian names. Can you imagine that? He is the chairman and co-founder of Micell Technologies out of Raleigh, North Carolina; and Henry "Hank" Cole, president of Henry S. Cole & Associates, Upper Marlboro, Maryland, former science director of Clean Water Action.

We are going to hold everybody to the five minute rule. When you see the yellow light come on on the box that means you have 30 seconds. When the red light comes on the gavel comes down.

Our first witness, Mr. Ustanik?

STATEMENT OF TOM USTANIK, LANSING CLEANERS

Mr. USTANIK. Thank you, Mr. Chairman and Members of the Subcommittee. I appreciate the opportunity to be able to talk in benefit of this bill that holds the future of our industry.

Chairman MANZULLO. Could you bring the mike closer to your mouth?

Mr. USTANIK. Sure.

Chairman MANZULLO. Thank you.

Mr. USTANIK. Do you want me to start over or just go from here?

Chairman MANZULLO. No. Go ahead.

Mr. USTANIK. Okay. This bill will help us facilitate bringing about dry cleaning technologies that are both safe and sustainable. Wet cleaning is a water based cleaning system that uses biodegradable detergents to clean clothing that normally is not able to be cleaned in water. CO_2 is a cleaning system, no matter whose you use, that uses CO_2, the same that you would drink in your soda pop or exhale in normal breath.

These are both sustainable technologies. Water is usually recyclable, and CO_2, the kind that we use in our machinery, is recaptured from other industrial processes. This eliminate potentials of greenhouse gaseous emissions because we use them instead of conventional solvents during their production producing greenhouse gases by using energy in their production.

This bill will also facilitate getting access to these processes much sooner through our industry. We were one of the first to be able to use liquid CO_2. We have the capability of doing that. We still use dry cleaning machines that use perchloroethylene. They are fourth generation machines, and eventually they will fail. All machinery does, but a washer or dry cleaning machine using CO_2 will not have much more of an additional impact into the environment upon a failure, while my perc machines always can.

This will also help us in moving this along into a more sustainable, cleaner and safer technology without driving us into the ground with regulations that we have quite a bit of. With four machines that use perc, I have a considerable amount of paperwork in order to justify their operations and a considerable amount of inspection. These become more ominous to a smaller company that is only two or three employees.

This bill will help us move forward in that direction. This will allow us to have machinery that is safe and sustainable. This bill will also allow us to get there sooner by having additional machines put out, which will drive down the cost, just as when the personal computers came out they were quite expensive. Now you can get one for $99 that is ten times more powerful.

This will also show the cleaners that government is willing to work with us to help us go along without driving us into oblivion. We do not have the capability as a large company like Dow or General Motors to survive against environmental onslaught. It is just us.

I appreciate the time that you have given us in consideration of this bill and hope that you will pass it. Thank you.

[Mr. Ustanik 's statement may be found in appendix]

Chairman MANZULLO. Thank you, Mr. Ustanik.

Mr. Shaw.

STATEMENT OF GORDON SHAW, FAIRLANE CLEANERS

Mr. SHAW. Thank you, Chairman Manzullo and Subcommittee Members. I really appreciate the opportunity to come here today and give my testimony in support of H.R. 1303.

The reason I have come from San Diego is mainly there are three points that I feel are very important. First of all, our dry cleaning industry provides an essential service to everyone in the country, while providing paychecks to hundreds of thousands of Americans.

Secondly, we in the industry want to be the best neighbors that we can and also to be the best employers that we can. This bill can help revolutionize the industry in a positive way for the owners, the employees and for our communities.

I have been in the dry cleaning industry for 22 years in the San Diego area, and over those 22 years not only have I paid attention to my business, but I have gotten an acute understanding of the industry and a great interest in the industry. Through that interest, I have served as a director and president of the San Diego Dry Cleaners Association, a director and vice-president of the California Cleaners Association. I have also been a member of a compliance improvement team with the San Diego Air Pollution Control District.

Although I no longer hold those positions, my interest in the industry remains just as strong. I have had eight different locations, five dry cleaning plants, all of them perchloroethylene plants, and I have always gone to all the trade shows and stayed up to date with the newest technology, one of which is the CO_2 technology, among other alternative solvents.

These technologies give me a great deal of interest because I see that the way that the industry's future is. Living near the ocean, I have a lot of respect for the environment, the ocean, and anything I can do in my industry to improve the way we do things for our environment is of great interest to me.

H.R. 1303 is a great way to start. It offers something that we in the industry can do positively for the environment, but it needs to be encouraged, and it needs to be a lot more affordable.

Right now in California, well over 90 percent of all the dry cleaning is done in perchloroethylene. EPA has determined that perc is a hazardous material. Liquid carbon dioxide is a better solvent. It creates less wear and tear on clothing. It is safer on many of the delicate garments, but the machines are very expensive, as we have already heard. They can be two to three times as expensive to purchase. They cost more to install. They require more extensive tenant improvements to install, and they are more expensive to operate.

With the tax credit, this will help to stimulate dry cleaners like myself to take a chance and do something that is positive for the industry. States have already come up with an incentive. North Carolina and Nebraska have incentives to encourage dry cleaners to shift to a more environmentally friendly solvent. They are effective, but a national tax credit would be much more effective.

In summation, dry cleaning is everywhere. It is essential to everyone. H.R. 1303 protects the environment and all the proud, hard working people that work in our industry, and I want to be part of positively revolutionizing our industry. Our employees and our neighbors deserve the best that we can offer.

Thank you very much, and I really urge your support of H.R. 1303.

[Mr. Shaw's statement may be found in appendix]

Chairman MANZULLO. Before we get to our next witness, could somebody very briefly explain dry cleaning with perc, wet cleaning without perc and the method we are talking about here? You have three different methods.

Mr. USTANIK. Right.

Chairman MANZULLO. Just very quickly. We need to lay this predicate before we go on. Go ahead, Tom.

Mr. USTANIK. Wet cleaning is typically a very modified, high performance washing machine that uses specific detergents with regular water in order to clean clothes like the garments you are wearing without causing shrinkage, which is normally why you would put it in a dry cleaning situation or dye bleed. Other than that, it would clean effectively.

Perchloroethylene is another dry cleaning solvent. It is done in enclosed machinery to clean a garment again in this respect with no water using detergents to lift stains off your garments.

CO_2 would be another "dry" solvent—it does not have water in it—to clean the garments again in a very specific pressurized vessel in order to have a liquid to clean your clothing and detergents specific to it.

Petroleum would be similar as being a non-water solvent and also be silicone based.

Chairman MANZULLO. But you cannot clean all clothing in the wet cleaning? Is that correct?

Mr. USTANIK. I was involved as an evaluator for a project with design of environment for EPA called the Greener Cleaner, and there it was tried to determine how much you absolutely, positively could clean in water based.

Yes, you cannot clean 100 percent, but you also cannot clean 100 percent in perc. There are items that you cannot do, you cannot do in CO_2 and pretty much in any other solvent. They do not quite do all of them, but combinations, this case wet cleaning and CO_2, you can do or combinations of any other others if so chosen.

Chairman MANZULLO. Okay. Appreciate that.

Mr. Fisher.

STATEMENT OF BILL FISHER, INTERNATIONAL FABRICARE INSTITUTE

Mr. FISHER. Thank you. To help out on the definition of wet cleaning and laundering—as we are the association of dry cleaners, which includes CO_2, wet cleaners and launderers—laundering is what we do to your shirts and underwear. Wet cleaning is when we take water and put it in a very specialized machine that can be controlled very, very closely. Dry cleaning is machine which can be controlled very closely.

Thank you. I am Bill Fisher, chief executive officer of the International Fabricare Institute. We are the national and international trade association of professional neighborhood dry cleaners, launderers and wet cleaners. My comments today are on behalf of our members whose stores represent better than one-half of the nation's 30,000 mom and pop dry cleaners.

Today, many of those dry cleaners are either facing or going through significant financial hardship. This has been brought about by fewer clothes being professionally cleaned as a result of casual dress and by an increasing entrance into the industry by new investors.

Before I go any further, let me note on the wet cleaning side that wet cleaning technology in fact typically costs about $35,000 and that about 40 percent of the existing plants in the industry today already do some wet cleaning. In fact, with a good wet cleaning machine and dryer, one can do up to about 45 percent of the garments that would otherwise be professionally dry cleaned.

With an additional $18,000 to $20,000 investment; in other words about $50,000 total, one has a complete wet cleaning system with tensioning finishing equipment. That is what we call it. It is a press where you can stretch the garments while you press them, and that is because wet cleaning does shrink garments a little bit.

Right now, unfortunately, as we read the bill as structured we felt it was more likely to damage than to help existing small business dry cleaners and to further exacerbate their financial problems.

I want to make it clear that we actively support environmentally responsible operation of existing dry cleaning systems. We actively promote the development and investigation of alternative systems. IFI founded the professional wet cleaning partnership with Greenpeace and several labor unions. We were specifically and directly responsible for the introduction of Greenpeace and other environmental groups to carbon dioxide cleaning.

CO_2 dry cleaning, by the way, was invented by Hughes Aircraft and another company called Global Technology. Dr. DeSimone is to be credited for being the first person that was able to commercialize it so that in fact dry cleaners have been able to begin to use it.

We tested and recommended to the industry the type of dry cleaning equipment chosen by U.S. EPA as the NESHAP standard for perc, and we have continually let our members know what questions need to be asked, and the answers they have to get in order to consider new technology.

Again, I want to make it clear that we support wet cleaning and we support carbon dioxide dry cleaning. We are interested in another possible new technology that may fall under this bill, dry cleaning in silicone liquid of all things, but in representing the dry cleaning industry we would like to make sure that this bill in fact is going to do what we believe you all intended for it to do.

I am not going to go into detail with my first set of comments that arguably it does not apply to wet cleaning technology or the comments that were made about report language and/or simple language changes within the bill. That will be taken care of, but

arguably the bill did not cover wet cleaning. We are glad to see that it will because it should.

On the credit for dry cleaning equipment using reduced amounts of hazardous substances, the dry cleaning industry has, yes, used a substance that is considered hazardous, perc, for many years. We have also worked closely with EPA to reduce our consumption, and in fact the average plant today that has put in new equipment has a tenfold decrease from that of even ten years ago.

We do believe that the Committee should look at an extension of this to dry cleaners who have put in equipment that meet the requirements of EPA's NESHAP. We were one of the first National Emission Standard groups under the Clean Air Act amendments of 1990.

Dry cleaners in the past four or five years have put in some very high technology equipment, and if the Committee would like to see them be able to afford to switch to new technology they have to pay off what they have. They have done the right thing in meeting EPA's regulations.

The current language states that there is an exception for any liquid containing ten percent petroleum solvents, and that surprised us. While we do suggest that a solvent such as petroleum, if they meet EPA standards, be considered for inclusion of the tax credit here, we think the Committee needs to be careful about allowing blends that may escape any regulations, but again that is something the Committee can look at in more detail. Additionally, global stratospheric issues are of a concern to us.

Chairman MANZULLO. We are at five minutes. Could you summarize in 30 seconds?

Mr. FISHER. Yes, sir. I will.

We applaud the Committee for their action. We would like to see some of our comments certainly looked at so that there could be expansion of the bill to really afford a credit to small business dry cleaners, those that we represent.

As of tomorrow, I have been in this industry for 35 years, and there are a lot of wonderful mom and pop people out there. I literally talk one on one with thousands of them a year. I would like to see our industry be given the chance under this bill to move forward to better technologies.

Thank you.

[Mr. Fisher's statement may be found in appendix]

Chairman MANZULLO. Thank you, Mr. Fisher.

Dr. DeSimone.

Dr. DESIMONE. Okay.

Chairman MANZULLO. How do you like it pronounced?

Dr. DESIMONE. My family uses DeSimone, but my cousins use DeSimone, but others have used DeSimone.

Chairman MANZULLO. I guess the Norwegian was right on the pronunciation.

I look forward to your testimony.

STATEMENT OF JOSEPH DESIMONE, PROFESSOR OF CHEMISTRY, UNC CHAPEL HILL, CHAIRMAN AND CO-FOUNDER, MICELL TECHNOLOGIES

Dr. DESIMONE. Thank you. Mr. Chairman and distinguished Members of the Subcommittee, thank you for inviting me to testify.

My name is Joseph DeSimone, and I am an academician who has dedicated his career to establishing the utility of carbon dioxide to replace organic solvents in a wide range of processes. I do this through a joint professorship at the University of North Carolina at Chapel Hill in chemistry, as well as the chemical engineering department at NC State.

Recently I was appointed by the National Research Council onto their Board of Chemical Science and Technology, and my students and I have received numerous awards, including the Presidential Faculty Fellowship Award, the National Science Foundation Young Investigator Award and the Presidential Green Chemistry Challenge Award. Most relevant to today's issue, however, is I am director of the National Science Foundation's Science and Technology Center for Environmentally Responsible Solvents and Processes.

This NSF funded multi-disciplinary, multi-institutional center comprised of scientists and engineers from Chapel Hill, NC State, North Carolina A&T, as well as the University of Texas at Austin, is focused on the use of CO_2 to replace solvents. We use CO_2 research to develop and share scientific knowledge profitably among students, among scientists, among industry and society for a cleaner environment.

The need for our activity is clear. There is some 30,000,000,000 pounds of organic solvents that are manufactured every year. These solvents get used in everything from cleaning hard disk drives to painting cars to dry cleaning clothes. Much of the solvent inevitably ends up in our environment, in our land, our air and our drinking water.

I would like to share with you today three thoughts. For the first time in history, there is now an environmentally responsible alternative available to dry cleaners that eliminates their dependency on organic solvents, and that choice is carbon dioxide and water.

Second point. Other industries beyond dry cleaning are greatly expanding their utility of CO_2 to replace their dependency on organic solvents. Dry cleaners are not alone.

Third, government needs to treat small businesses differently than the way it treats large, multi-national companies in regards to pollution prevention.

Let me elaborate on these points. We developed a process that uses CO_2 to clean clothes in. Our focus was the development of detergents for CO_2. It is the same CO_2 that is used to carbonate soda in gas form at restaurants all over the country. It is a natural substance, and it is readily available.

Carbon dioxide is finding promise as a solvent replacement in lots of industry. Many of you heard about decaffeinated coffee or naturally decaffeinated coffee. That is a process that uses carbon dioxide instead of methylene chloride to decaffeinate 250,000,000 pounds per year of coffee beans.

Dupont has recently announced they are licensing a technology from our labs to make Teflon in CO_2. They are investing

$275,000,000 to build a world scale Teflon plant that makes Teflon in CO_2.

An offshoot of our university research was the development of these detergents for CO_2. We recognize, as Mr. Fisher mentioned, that other people have invented CO_2 machines and that detergents are going to allow CO_2 to be more useful in cleaning. CO_2 by itself is not effective, just like water by itself is not effective.

Unlike the plastics or paint industry, when we went to transfer this technology to the marketplace there are no Duponts or IBMs of the dry cleaning industry. There is actually very little R&D that gets done on behalf of small businesses, and so at this challenge and believing in the impact that we would have on society, we decided to form our own small company to bring this technology into the marketplace.

However, it became quite clear to us early on that the equipment costs were going to be expensive for our technology. These machines are made out of stainless steel. They are a very different engineering type of machine than one would use with traditional solvents.

Despite the fact that there are at least four different companies now trying to roll out liquid CO_2 dry cleaning machines, we are all faced with the fact that the equipment is more expensive, so despite all the selling about the positive attributes of CO_2, it being a room temperature process, no heat setting of stains, less lint generated, better color fastness on many different fabric types and no environment contamination issues, small businesses must focus on what is the cost as opposed to what is the return on investment. This is a challenge for small businesses.

So we are here today advocating a positive, proactive approach that allows small businesses to invest in pollution prevention technologies. What it really boils down to is we need to treat small businesses different than we do large companies. It is okay to shake a stick at a large company to invest in pollution prevention technologies, but if we do that to small businesses they will inevitably go out of business.

We see it already with the underground storage tanks in gas filling stations across this country where they were regulatorily put out of business as opposed to given incentives to invest in new tank systems. If we do not do something for dry cleaning, we are going to have on our hands a similar situation in the dry cleaning industry, and we think that would be a shame.

Thank you for your support for this incentive, and I would be happy to answer any questions later on. Thank you.

[Dr. DeSimone's statement may be found in appendix]

Chairman MANZULLO. I appreciate your testimony.

Our next witness is Dr. Henry Cole. Dr. Cole.

STATEMENT OF HENRY S. COLE, PRESIDENT, HENRY S. COLE & ASSOCIATES

Dr. COLE. Thank you, Chairman Manzullo and other distinguished Members of the Subcommittee, for this excellent hearing and for the opportunity to testify.

My name is Henry Cole. I am president of Henry Cole & Associates, a consulting firm that promotes environmentally safe commu-

nities, technologies and businesses. I am the former science director of Clean Water Action and appear today representing Clean Water Action and its 700,000 members across the U.S.

I want to make three main points. First, environmental, public health and consumer advocates have embraced safe and sustainable cleaning technologies, and by that we mean wet cleaning and liquid CO_2.

Secondly, these technologies offer safe and healthful alternatives to toxic chemicals like perchloroethylene currently in widespread use.

Third, H.R. 1303 is the right approach. It will empower dry cleaners to speed up the——

Chairman MANZULLO. Dr. Cole, excuse me a second.

Dr. COLE. Yes?

Chairman MANZULLO. We have a vote coming up now. I am predisposed at this point to cease your testimony, then when we come back to start all over with it.

Are you going to come back, Mr. Camp?

Mr. CAMP. Yes.

Chairman MANZULLO. All right. Why do you not go ahead?

Dr. COLE. Okay.

Chairman MANZULLO. We still have about another five minutes, but if we need time after that I am going to give it to you.

I have stopped the clock. Go ahead. The clock is not running, but when the bell goes off the second time please stop. Go ahead.

Dr. COLE. The third point was that H.R. 1303 will empower dry cleaners to speed up their transition to safe and healthful technologies. This is the right approach for this particular industry.

Let me elaborate. Perchloroethylene is a highly toxic chemical and one to which hundreds of thousands and dry cleaning workers and members of the public are routinely exposed. This chemical poses a range of significant risks and hazards associated not only with its use, but with its production, its release and its ultimate disposal.

We acknowledge the progress that dry cleaners have made, but it does not eliminate the fact that this is a toxic chemical that should be phased out. It is a highly volatile liquid that readily evaporates into air and is not only difficult to contain, but very burdensome to regulate.

We know that it affects the nervous system. High exposures can cause dizziness, headaches, confusion, nausea, impaired ability to walk and speak and unconsciousness. Such conditions can occur with accidental releases or spills from machines or containers. My written testimony includes an example of a recent incident in Florida in which the owner of a dry cleaner was overcome and immobilized by perchloroethylene fumes.

There are also risks associated with long-term exposure to lower levels of perchloroethylene. The International Agency for Research on Cancer in 1995 upgraded perchloroethylene from a possible to a probable human carcinogen. EPA reports that perchloroethylene may cause dysfunction of liver and kidneys and also cause birth defects.

A 1998 EPA report presents evidence showing that significant concentrations of perchloroethylene occur in the following situa-

tions; in dry cleaning establishments, including some with advanced dry to dry machines, in apartments located over dry cleaners, in stores next to dry cleaners such as in strip malls. Levels measured as reported by EPA in those locations generally exceeded New York state's community health guideline of .1 milligram per cubic meter. Frequently the values were higher than the one milligram per cubic meter, which is New York's recommended corrective action level.

There is another serious problem. Thousands of dry cleaners have released perchloroethylene to soil and groundwater. Once in the groundwater, this chemical presents a very nasty clean up job—one that is very expensive and very difficult to clean up.

I know about this problem firsthand. One of my clients owns and operates about a dozen shopping centers in New England, and at about seven of those shopping centers dry cleaners release a significant amount of perchloroethylene into the ground. In each case, that required a response under state law.

Two of those cases were terribly unfortunate because not only were the releases large, but they occurred in drinking water aquifers located upgradient of municipal well fields. Let me tell you that those clean ups will take many years to complete and will each cost more then $1,000,000.

Now, as a result, this particular company now prohibits the use of perchloroethylene on its premises. It also, because of its flammability, prohibits hydrocarbon cleaning as well.

Chairman MANZULLO. Dr. Cole, we have to go vote. We will come back, and I will give you an additional couple minutes once we get back.

[Recess.]

Chairman MANZULLO. Okay. We will reconvene our hearing.

Dr. Cole, had you completed your remarks, or do you want a couple of extra minutes?

Dr. COLE. One minute should do, Mr. Chairman.

Chairman MANZULLO. Sure. Fine. Go right ahead.

Dr. COLE. At the break, I was making the point that these clean ups, the shopping center clean ups from the perchloroethylene releases, the two worst ones, each of those, the total clean up cost will exceed $1,000,000.

The point is that when we talk about the expense of perchloroethylene we need to fully look at all of the costs, including these environmental costs and health costs. We find that the costs of perchloroethylene are not so cheap.

Now, as I said, as a result this particular landlord now prohibits the use of perchloroethylene on the premise. It will not allow a switch to flammable hydrocarbons either. Its preference is that these cleaners go to liquid CO_2 and to wet cleaning. Clearly H.R. 1303 would help dry cleaners in situations like this move to safe, preventive and sustainable technologies, wet cleaning and CO_2.

Let me repeat my three points. Environmentalists and others concerned about our health embrace safe and sustainable cleaning technologies, wet cleaning and liquid CO_2. These technologies offer safe and healthful alternatives to toxic chemicals like perchloroethylene currently being used. Finally, this bill will em-

power dry cleaners to make the transition to these safe and healthful technologies.

In conclusion, on behalf of Clean Water Action and its 700,000 members, we urge Congress to enact this very good piece of legislation, and thank you for your efforts, Mr. Chairman, and the other sponsors of the bill.

[Dr. Cole's statement may be found in appendix]

Chairman MANZULLO. Thank you for your patience, Dr. Cole.

Mr. Camp, I would like to have you go first and make sure that I would like to see a dialogue with you and Mr. Fisher about the drafting of this bill.

Mr. CAMP. Yes. Thank you very much, Mr. Chairman.

Before I do that, just one quick question for either Mr. Ustanik or Mr. Shaw.

What kind of impacts would a tax credit have on your bottom line like this, and how would it affect your business decisions, just quickly?

Mr. USTANIK. Do you want to answer first?

Mr. CAMP. Mr. Shaw? Go ahead. Either one.

Mr. SHAW. It would encourage me to move forward with something new. Something new is always more expensive, but it would be another little vote of confidence. It would not have a real significant impact on the bottom line, but it would, you know, encourage people to take that step.

Mr. USTANIK. For us it would mean cutting our time table from four years to two years before purchase of an additional machine and then, of course, consequently speed up additional purchase. For our operation it will take three machines in order to fully convert to CO_2 and liquid wet cleaning technology.

Mr. CAMP. Thank you.

Mr. Fisher, in preparing for this hearing I saw your written testimony, and in that you mention that there has been a 70 percent decline in perc use in the last decade.

Mr. FISHER. Yes, sir. That is correct.

Mr. CAMP. Is that correct? So clearly dry cleaners are searching to find a way to minimize their use of perc, and it is our understanding that the bill applies to all technologies, given our definition of what hazardous material is.

I would be happy to work with you to try to make sure that we address that because I think if wet cleaning—if there is any question, we want to make sure that that is answered. I know that Congressman Price feels the same way.

There are some other technologies out there, silicone, as you mentioned in your testimony, and others, at least two other ones. Is it your understanding that those would be included under the bill as written?

Mr. FISHER. Yes, sir. The silicone based technology being commercially sold, just beginning to be sold and placed under the name of Green Earth. Yes. Our reading is that Green Earth would probably be covered under this.

I will have to admit that the final language in the bill where it says if there are any hazards or regulations, that may be language that you would want to look at so not to exclude anything that in

fact is safe. I am not trying to say make this overly expansive, but some wordsmithing may be needed at that point.

Yes, I believe the silicone would be. Water based wet cleaning would be simply by saying dry cleaning or wet cleaning equipment, and you have solved the problem.

Mr. CAMP. Citrus Max, if there is any other technology out there, it is my understanding that that would be included as well.

Mr. FISHER. It may well be. There is another technology called Rynex. That is a glycol ether. It probably would not be, but a full evaluation of the toxic properties and safety has not been made on that either so until those questions are answered I do not think one would want to leap in that direction.

Mr. CAMP. All right. Thank you.

Dr. DeSimone, again I want to thank you for all of your work in developing this technology and helping bring it to market and all of your efforts there. I just wondered if there were any additional comments you wanted to make after having heard all the comments this morning?

Dr. DESIMONE. Yes. You know, the issue of going forward in pollution prevention versus what is typically referred to as command and control and the end of pipe issues is an interesting one.

Pollution prevention is the highest level of safety for our citizenry and our environment where you just simply eliminate the solvents that are used in that particular case. We certainly applaud the dry cleaning industry and all the manufacturers of equipment for making the equipment more effective, less emitting than historically.

But, when one looks at command and control and regulations related to emissions that continues to encourage continued use as opposed to preventing its use because there are a lot of issues related to not only at the dry cleaner level, but getting the solvents to them.

Many dry cleaners are in fact good stewards of the environment. They are practicing the issues associated with proper handling of the solvents, but often the stewardship recommendations that were given to them early on were not adequate, and it has been a challenge to achieve really a significant change, and that is where pollution prevention really differs from end of pipe controlled regulations.

Mr. CAMP. All right. I see the red light is on. Thank you, Mr. Chairman.

Chairman MANZULLO. Well, we probably will have time for another round if you want to stick around.

Mr. CAMP. Okay.

Chairman MANZULLO. Mrs. McCarthy.

Mrs. MCCARTHY. Thank you, Mr. Chairman.

I am going to go back to one of my original questions. When we say it is $150,000, is that for the machine, or is that for the whole set up? Is that for everything included, or are we talking about even more money going into this?

Dr. DESIMONE. For the machines sold by Micell Technologies, that is the cost of the machine. There is typically a chiller, an auxiliary chiller that is needed for it is just like one needs to have

steam or electricity and those sorts of things, but the machine sells for $150,000.

I have seen prices from our competitors in the market, and I have seen numbers that range from $80,000 to $140,000, so there are different price ranges.

Mrs. McCarthy. Does anybody have an estimate with the cost of the machine and the set up for what it would actually do for a small dry cleaner to really change their whole operation?

Mr. Fisher. Yes. Could I offer a comment on that? Yes. One could put in a basic CO_2 machine such as the Micell and have it up and running with the existing finishing equipment, the pressing equipment that you have, for probably in the $150,000 to $170,000 range if you could purchase a Micell machine. You cannot.

Micell has a franchise. In fact, if the Committee is interested they have a great 27-page frequently asked question list on their website as to the requirements of the franchise. One must purchase a franchise, pay a franchise fee, pay a fee on gross profits, and one is required to put in a very substantial, beautiful, and they are beautiful, dry cleaning plant.

Then the total cost with the equipment is in the $500,000 to possibly $800,000 range, and that is the only commercially available CO_2 right now, and that is one of our concerns. That is why we want to make sure that this is available.

Now, there are other CO_2 machines out there that may be commercially available in the future, but for the past two years only the franchise option is there.

Mrs. McCarthy. So basically are you saying like my little dry cleaner in Mineola, it is a husband and wife. Even if we here on the Small Business Committee try to certainly make sure there were loans through 7(A)s or 504s, 7Ms, it still would be out of their reach then?

Mr. Fisher. It is unlikely that your small dry cleaner can afford the $500,000 to $800,000 investment to become a Micell operator.

Mrs. McCarthy. And I am not saying that we should not go ahead with this, but obviously I am concerned with, you know, we here are small business. That is obviously what we are here for, and we care about them very much.

I think, you know, we are on the right track with this, and I am not against this, but again what I am saying is it is the mom and dad and the husband and wife that I am concerned with because they are not going to have the capital for this, so somehow we here on the Small Business are going to have to work with them also.

Dr. DeSimone. Yes. I would just comment that there are several different manufacturers out there with machines, and Mr. Fisher is right that we certainly were the first to market. We have cleaned almost 1,000,000 pounds of clothes now in our affiliated system, but certainly you can purchase machines from several different manufacturers.

I know Tom has seen equipment on the floor at different trade shows. I just read a press release that one of our competitors just put a machine on a Carnival cruise ship, and those prices that I have seen advertised were certainly less than $150,000.

Our particular business strategy was to combine the technology with a franchise system to allow dry cleaners to have the mar-

keting materials and related to augment the technology, but that is just the way our company chose to roll it out. There are three or four different choices out there.

Mrs. MCCARTHY. Like I said, I am not against this bill, and I am not. My concern again is for everybody to be involved in it. Obviously the more we can do the better off we all are because of the environmental issues, certainly the clean up issues.

I had asked off on the side what would this tax credit cost, and we are talking about $50,000,000.

Chairman MANZULLO. $50,000,000.

Mrs. MCCARTHY. $50,000,000 over ten years, which if you really add up the clean up costs just in a few areas we could probably justify it, so hopefully we will work together to extend this, but again I am concerned with the owners of, you know, like I said, the husband and wife. I mean, they put in so many hours. I mean, they are open at 7:00 in the morning. They close at 7:00 at night, and they are cleaning after hours.

Again, I am not discriminating against the larger commercial either. You know, we have to start somewhere, but I think this has to include everybody.

Mr. CAMP. Would the gentlelady be kind enough to yield?

Mrs. MCCARTHY. Absolutely.

Mr. CAMP. I did write the Joint Committee on Taxation, and the five-year number is $146,000,000. The ten year number is $533,000,000 in terms of cost, so it is a little bit more than what we had initially heard, but I just wanted to put that in the record.

Mrs. MCCARTHY. Everything is in this place.

Mr. CAMP. Yes. People are into numbers here.

The other thing, I just wanted to underscore the point that there is more than one company in this field. This legislation is written for any technology, any company. Some companies may choose to franchise. Some may not. I just wanted to make it clear that there are more. There are competitors in this field, and I think this would help develop that.

Some have raised the point about the people who have helped reduce their use of perc are not getting anything out of this. I worked very hard on the electric vehicle credit in the Ways and Means Committee, and we did not give credit to the existing technology, so for more efficient gasoline engines we have not adopted tax credits, in that way, but for new technology, for trying to bring new technology to the market, there has been a precedent for doing that.

That is why Congressman Price and I wrote this bill to address the new technology issue because the other is ongoing and is occurring.

Thank you.

Mrs. MCCARTHY. And I thank you. Again, I am going to support this and certainly hopefully will continue to work with all of you.

I think Small Business, certainly this Committee, can again watch out for those truly small businesses and work with them through our Committee to make sure that they have the opportunity to buy the different equipment also to the best—it is just that, you know, when you start talking about $200,000 even, you

know, for redoing the store and everything else like that, that would be way out of line with almost any of my small businesses.

Mr. SHAW. Mrs. McCarthy?

Mrs. MCCARTHY. Thank you, Mr. Chairman.

Mr. SHAW. Right here.

Chairman MANZULLO. Go ahead. Sorry.

Mr. SHAW. Am I allowed to respond on that point about small business and mom and pop because I am a mom and pop without the mom. I am just me. My daughter has helped me a little bit, and, you know, I have built my business up over 20 some years.

I can do this, and there is no reason why any other dry cleaners cannot work their way up and aspire to being the best they can. Many of the dry cleaners will not be able to do this, just as they cannot put new tile in their store, just as they cannot pay good wages, because they are not very good operators, but this is not—you know, the technology itself is not off limits to mom and pop or small organizations because I am going to do it.

Mrs. MCCARTHY. Well, I think that comes back to our Committee then to make sure that those small businesses that are running, that we make them better business people, and that is part of our job here, too, to give them the information on how to have a stronger economy in their business and make a good living.

Thank you.

Chairman MANZULLO. I am going to follow up on that. This is the Small Business Committee, and this is a reference in regard to the thousands of cleaning establishments throughout the country.

Mr. Fisher, maybe you can help me with this. The typical dry cleaning establishment is one facility.

Mr. FISHER. Yes, sir.

Chairman MANZULLO. Is that correct?

Mr. FISHER. That is correct.

Chairman MANZULLO. What is the average number of employees? A husband, wife and maybe one or two other employees?

Mr. FISHER. Typically about six, the equivalent of about six full-time employees, five to six full-time, including husband and wife.

Chairman MANZULLO. One of our concerns, and the reason why I asked for this hearing, is the fact that we are seeing communities throughout the nation following the lead of the owner of that shopping center. They are not allowing dry cleaning establishments to come in if they use perc period.

I think it is just a matter of time before perc is banned. If the EPA does not outlaw it either states will outlaw it or communities will outlaw it or people who build shopping centers will. The writing is on the wall for the demise of perc, and I think we have to recognize that.

We are not here to discriminate against the small stores that can do it, but let me explore something with you. You probably know personally tons of operators across the country. What kind of debt are they carrying, those with the perc machines? Can you give us a scenario?

Mr. FISHER. Yes. If a perc dry cleaning plant has done anything in the past six to eight years, they have put in the top-of-the-line equipment, and that would be equipment to meet the new emission standards from EPA under the Clean Air Act; very, very tight and

very good equipment, but that type of equipment would typically price out between $50,000 and $80,000 a machine depending on whether you get a Chevy or a Cadillac or a Mercedes.

Chairman MANZULLO. With an anticipated life of?

Mr. FISHER. On that, typically we are going to be looking at eight to 12 to 14 years.

Chairman MANZULLO. Okay.

Mr. FISHER. Usually they will not have paid off the debt on that before the lifespan is finished.

Chairman MANZULLO. Do you have any figures through your association to indicate the number of stores that are carrying debt on existing fifth generation perc machines?

Mr. FISHER. We do not, but we are doing some survey work right now in conjunction with U.S. EPA that would provide those numbers.

Chairman MANZULLO. We are very much interested in that because you cannot look at new technologies without also taking into consideration the fact that the fifth generation perc machine is new technology——

Mr. FISHER. Yes, sir. Could I offer——

Chairman MANZULLO [continuing]. That has not been paid off yet.

Mr. FISHER. I am sorry. Could I offer a comment on what your bill will do, because we do think it is positive.

For example, Mrs. McCarthy was talking about a very small dry cleaner. With this type of tax credit, her dry cleaner could in fact look at a wet cleaning technology. The equipment dryer there is about $35,000. That will let you do up to about 40 percent of the garments that come in in wet cleaning.

If somebody already has wet cleaning, and wet cleaning really began its resurgence in our industry about four years ago. That is one of the reasons we suggest that you look at 1996 instead of 1999. If you have wet cleaning equipment you put in three years ago, two years ago, you would not get a credit, but if you did get a credit you could afford the tensioning finishing equipment which would let you do 80 or 90 percent of the garments that otherwise would be dry cleaned if you wish.

These people that have put in new perc equipment, the very best, very tightest that is out there, those people, because of their debt service, are in a position where they cannot financially afford to look at new technology such as CO_2, and that is one of the reasons that we recommended something we would hope you would take a look at, which would be——

Chairman MANZULLO. I think that Mr. Camp——

Mr. FISHER. Yes.

Chairman MANZULLO [continuing]. Recognized the fact that that is an issue, and the purpose of this subcommittee is to help all small business people.

Mr. FISHER. Precisely. If one did look at that then perc dry cleaners in fact would have the opportunity to look at other technologies.

Chairman MANZULLO. Now, I have been learning a lot about dry cleaning lately. I guess you just take dry cleaning for granted. Somebody mentioned silicone.

Dr. DESIMONE. Yes, sir. I did.

Chairman MANZULLO. What is that? What kind of technology?

Mr. FISHER. A working partnership between General Electric, who really are the leader in silicone fluids, and some dry cleaners from California resulted in the development and now testing in about 30 or 40 installations in the U.S. of a silicone based dry cleaning fluid.

It is not as good of a dry cleaning solvent. We recognize that, but that is a tradeoff against the safety issue. It looks like toxicologically that there are no problems with that, and there is some final testing, I understand, that General Electric is finishing up for U.S. EPA and so forth to make certain of that.

Chairman MANZULLO. Did you want to add to that, Dr. DeSimone, about the silicone base?

Dr. DESIMONE. It is a chemical solvent. Certainly it has been around for a long time. It is being introduced into the dry cleaning industry. It certainly is more preferable than perc.

It is a flammable solvent like petroleum solvents, and it has to be run in special machines associated with its flammability, but certainly it is better than perc in the context of toxicity based on what I have read, but it is still a chemical solvent, whereas in the context of CO_2 and water it is really a pollution prevention.

Chairman MANZULLO. That is just gas introduced into water?

Dr. DESIMONE. Yes. We are just exhaling it as we sit here. Yes.

Chairman MANZULLO. Okay. Mr. Price.

Mr. FISHER. Could I make a clarification?

Chairman MANZULLO. Sure. Go ahead.

Mr. FISHER. You have the words flammable and so forth. Flammable means something like lighter fluid that has a very low flash point. Actually, the solvent is combustible, which means it burns like a cardboard box, so that gives you an idea.

I do not know of any commercial places in the United States that have prohibited that solvent, so fire codes have not been an issue for it.

Chairman MANZULLO. Thank you.

Mr. PRICE. Thank you, Mr. Chairman. I am sorry to have to run back and forth with this mark up across the hall, but I appreciate the chance to ask a few more questions about cost and feasibility. I understand this has been explored to some extent.

Dr. DeSimone, if you could respond to this, and any others who want to to chime in? When we talk about the up front costs of these CO_2 machines versus conventional machines, I understand there is a considerable disparity. And, of course, we hope the tax credit would ease that.

Are there other considerations, though, when a dry cleaning owner is thinking about this, considering the feasibility of this? Are there longer term savings that might factor in?

How does the equipment compare in durability, for example, with conventional equipment?

Are there liability and insurance considerations? Are there other factors that go in or should go into the calculation of costs, long-term as well as short-term?

Dr. DESIMONE. That is very interesting. When we are out, when our team is out there marketing and selling our technology, you know, there is often the very question of what does it cost? It is

hard to sell through something that is two or three times what they are used to spending.

You have to turn the argument around into what is the return on investment, as opposed to what is the cost, and exactly those issues you talk about. I mean, our machines use beverage grade carbon dioxide. It is the same CO_2 that is being delivered to every McDonalds and every Burger King. One of our dry cleaners goes through about as much CO_2 a year that a Burger King goes through in about the same order of magnitude.

There is just no contamination issues associated with that and so, you know, to play that back, to pay back the cost of, you know, no site contamination, the ability to get into sites that most dry cleaners would be prohibited to get into because of chemical solvents, we can get access to them, but it really gets back into the investment in their employees.

I mean, probably the best part of this job that I have enjoyed is getting some of the most passionate testimonials from dry cleaning operators that have been running equipment for 15, 20 years, and they come up to you, and they talk about how we have changed their lives, how when they operate the equipment they are not getting the huff of solvent that they get in a traditional machine. It is much better operators.

In fact, our cleaner in Wilmington, he bought our first machine, and his operators—he had two other perc machines or six other perc machines, put our CO_2 machine in there. His operators would not go back to the other equipment and so he had sort of an internal turmoil of operators preferring to work on equipment.

It is much better. I mean, you can just smell the difference when you go in our facilities. It is really a high quality work environment for the first time, so if you turn that into an investment in the employees it is also an investment in the consumer.

It is hard to calculate all these, you know, returns on investment associated with these issues, but it makes a difference in a business that can appreciate in value, as opposed to being a liability after years, and that is the big difference that we offer.

Mr. PRICE. So this tax credit would be available in a context where there are substantial other incentives and other payoffs, but hopefully this would clinch the deal so to speak in terms of operators?

Dr. DESIMONE. That is right. This is a cash flow business, and up front capital costs is challenging.

Mr. PRICE. Do any of the other witnesses want to chime in on this issue of cost and feasibility?

Mr. USTANIK. We have been running one of the machines for a little over a year. I did the installation, and I do all the service work, so my thing is looking at the equipment.

It is a pressure vessel. Most of the components on it are listed, which means they are good for 15 years. We are used to on the dry cleaning machines ten to 12 is probably pushing it, and even at that point after 12 years it is getting tired.

This machine already has components on it that are rated to withstand a minimum of 15 years.

It is made out of a high grade stainless steel, considerably different than our machinery. In fact, I had a friend of ours who

works for Nabisco who is a mechanic came down. He said for a change you actually got a real toy, not the stuff that we are used to that is generally sometimes pretty flimsy.

As for cost of other machinery, the wet cleaning is available for any operator and is much less expensive. All these machines have much longer longevity than our perc machines will ever have, and even for the newer solvents like DF, which is a Class III-A solvent, those machines have a lot more maintenance concerns to them because they have a lot more safety concerns to them. There is a lot more that goes into them than these machines.

These machines pretty much self-diagnose and control themselves. If they fail, they take care of it and shut it down whereas under these others the operator has to do all the work, so there is a lot more intensive maintenance in those than these would ever be.

Mr. PRICE. So the new techniques carry some advantages in terms of——

Mr. USTANIK. Right.

Mr. PRICE [continuing]. Maintenance costs and durability of the equipment?

Mr. USTANIK. And that is part of, you know, long-term ownership compared to the others.

Mr. PRICE. All right. Thank you, Mr. Chairman. I appreciate the chance to sit in.

Chairman MANZULLO. Mr. Camp, did you have some more questions?

Mr. CAMP. Not at this time, Mr. Chairman. Thank you.

Chairman MANZULLO. I wanted to ask a question about perc itself. I am also concerned about silicone, which is viewed as safe now, but that is what people have said about MTBEs several years ago.

I am not here to wave a red flag, but I can see traps happening to small businesses where they will comply today with an EPA environment, and then two years from now the EPA will, based upon some bona fide research, find out that they made a horrible mistake two years earlier and catch the small business in the trap.

Dr. Cole.

Dr. COLE. Mr. Chairman, I have to admit I do not know much about the new silicone technology, but it is a chemical. It is flammable. Like you say, we are concerned about the tests which really need to be done to look at something like that.

But, what we do know is that water and CO_2 are part of our everyday lives. They are essential ingredients to the ecosystems of this planet and to all of us. Nature, over the course of 4,000,000,000 years, has done the testing, and we do not have to worry. The real sustainable and preventive method is to use these natural substances which we know will not be hazardous or toxic.

Chairman MANZULLO. Mr. Fisher?

Mr. FISHER. Yes. That is something in the association we are very, very concerned about, and I share exactly your concerns. In 1977 when we started work with EPA's Air Office on air regulations, they asked us if we would as an association move everybody to Freon 113, F–113, because it was not toxic, and it was good for the environment and so forth.

We said yes, but Rowen and Molena have just come out with this information. Would you tell us that you are not going to ban and regulate it? They could not. We said well, until we know that is true we cannot tell the industry go that direction. Of course, we know what happened with fluorocarbons and the Montreal protocol.

I with silicones share the same thing. Until we know and the companies involved know themselves that there are just as many assurances as possible, there are no problems, we would not be going out to the industry and saying great. Hey, switch to this.

With carbon dioxide, I do not know whether anybody has done calculations to say if the entire industry went to carbon dioxide, and Micell's information is about 4,000 pounds of CO_2 released per month from a carbon dioxide machine. That is from their website. I do not know if 30,000 dry cleaners at 4,000 pounds a month is something that EPA would be concerned about, but I would like to get an answer from EPA.

Chairman MANZULLO. That sounds like a giant belch.

Dr. DeSimone, do you have an answer to that?

Mr. FISHER. I suspect there is not a problem, but I would like to know on behalf of our members, and so I think the point is well taken. We need to know about any of these possible alternatives before we move in that direction.

Dr. DESIMONE. I share Mr. Fisher's concerns for the industry and sort of the evolution of technologies over the years and how challenging it has been after being encouraged to go in one direction and going in the other direction.

CO_2 in water sort of eliminates that issue. It is very interesting that the CO_2 that is distributed all through the country that goes to fast food restaurants, all that carbon dioxide is generated from other processes. There is a huge out stream of carbon dioxide from a wide range of commercial processes. When companies make fertilizer, when they make ethanol, when they make hydrogen, CO_2 is a byproduct from all those processes.

So when companies sell CO_2 to fast food restaurants they capture a byproduct waste stream and capture that and then sell it into carbonation of soda or sell it to dry cleaners. Nobody is out there burning carbon to sell you carbon dioxide. In fact, it is estimated that far less than one percent of the CO_2 that we generate as a country is ever captured for reuse.

Every gallon of gas that you burn in your car you generate 20 pounds of carbon dioxide. It is everywhere. That is why it is so cheap, and that is why it is so easy to tap into, so that is a pollution prevention issue related to the greenhouse gas issue.

More importantly, the properties of CO_2 allow one to do distillation and separations with much less energy required than it does to distill water. If you look at how much energy is required to distill a gallon of water as opposed to distilling a gallon of liquid CO_2, it takes far more energy to do that for water than does CO_2.

When you talk about energy efficiency, you relate that back to the burning of fossil fuels, and you actually generate less new CO_2 using CO_2 based processes than you do with conventional solvents or with water, so it is not only a pollution prevention alternative. It is an energy efficient approach.

Now, our first generation dry cleaning machines do not capture all the energy efficiency that we can. We see technically we should get about a 40 percent more efficient machine, energy efficient, than a perc machine. Right now we are running on par because we are running a little inefficiently, but we think we can capture a machine or generate and design a new machine that will be able to capture that energy efficiency as well.

Chairman MANZULLO. Mrs. McCarthy.

Mrs. MCCARTHY. Being that this is a taxation committee, Congressman Camp, one of the things that I was just talking to the Congressman, our colleague, is North Carolina apparently is going to give a 20 percent tax credit, and if we give a 20 percent tax credit that is actually 40 percent.

Mr. CAMP. No. That is under the state tax.

Mrs. MCCARTHY. Under state tax.

Is there any way that we could encourage the states, because obviously to me it is an environmental issue which most of our states are concerned about. I know we do not like to put mandates down on the states. I do not think we should, but is there any way of working it out that certainly go through with the federal, but also try to encourage our states to give state credits also?

This way it would certainly in my opinion bring more people up faster, even if it was a time cap, five years or so, you know.

Mr. CAMP. I know a couple of states are looking at also enacting a state tax credit for environmentally friendly dry cleaning. I do not know offhand what we could do at the federal level to encourage the state legislatures to act from a tax standpoint, but it is certainly worth exploring.

I would like to do that because that would then make it both on state and federal tax returns they would be able to get a benefit, and I think it would make it more feasible. I have been in contact with some folks about it, and I think it would be a very good idea.

Mrs. MCCARTHY. You know, even if we on the federal level were able to give monies to the states, and I do not know, but to me even if it was a time cap of five to ten years or whatever it would certainly help everybody along the line, you know, and then you could rescind it because everybody would have the new equipment, and the regular maintenance would be there. It always sounds easy until we get involved in it.

Chairman MANZULLO. Could you yield?

Mrs. MCCARTHY. Certainly, Mr. Chairman.

Chairman MANZULLO. On that topic, you know, we have these 504 loans. These are long-term loans through the SBA. What is going on here is a pincer movement because it is a matter of time before perc is banned. For a lot of dry cleaners, it has already happened where perc simply cannot be used. One of the things I would also like to take a look at is using the 504 loan program to help dry cleaners.

Take your choice. Do we subsidize a 504 loan with cheap interest so a small business can afford to buy this new machine, or do we use that money to clean up the mess because perc machines are still out there?

Do you have an opinion on that?

Mr. FISHER. Yes, sir, I do. In fact, we as an association brought to Congress five years ago a proposal for a bill for legislation that would have imposed a tax on dry cleaners to set up a national clean up fund because of the superfund controversies, and we all know how involved it gets. That was something that was not feasible.

We have in fact worked with 12 of our state dry cleaning associations, and in fact there are now 12 state dry cleaning funds where the legislation was proposed by our industry to those states where the taxes are solely on our industry. In fact, generally there is a tax on the perc itself, which leads to a double incentive to use it. We use those funds to clean up.

The bottom line with those clean up funds is it removes the liability from the shopping center owners for the clean up and says the fund will clean up that, and the state will administer the fund.

So there is a separate trail going along on that, and anything that helps dry cleaners will help that side as well.

Mr. CAMP. Mr. Chairman?

Would the gentlelady yield?

Mrs. MCCARTHY. I love these open discussions. No, I do. Certainly I yield.

Mr. CAMP. Well, I think particularly we have had a lot of discussion about the cost of this new technology, and we really need to look at the comprehensive costs of comparing existing technology perc with the new technology.

I believe all of these costs, the costs of additional tax payments and clean up, ought to be included when you are doing a comparison because the $150,000 may not look as steep when you look at the long term, $150,000 per machine and $533,000,000 over ten years that the tax credit may cost. I think we need to look at that very carefully and get a comparison.

I do not believe there has been any in-depth study. Do any of the panelists know of those cost comparisons, cost benefit analyses? Has that been done?

Mr. FISHER. Not that I am aware of, but I share your sentiment, and we certainly realize both in approaching Congress and at the state level that the dry cleaning clean up bills would encourage people to look at all technologies, and that is definitely one of the things we knew would happen.

Chairman MANZULLO. Thank you. Thank you very much.

Would you yield?

Mrs. MCCARTHY. Certainly. Always to the Chairman.

Chairman MANZULLO. Well, let me ask a question. The more machines that are built lowers the cost of production. Can somebody elaborate on that quantitatively? Can you do that, Dr. DeSimone?

Dr. DESIMONE. When dealing with carbon dioxide, it is very different than dealing with perc or different than dealing with petroleum. Certainly, you know, the petroleum machines and silicone based solvents have, you know, fire suppression issues and oxygen sensors. They are a different level of machine than a perc machine.

But a CO_2 machine, because of its pressurized system, is made out of stainless steel, and it is a different device than a sheet metal based perc machine, for example. Therefore, you can just weigh it

and just weigh the amount of steel required to do it, compare it and that is your baseline.

No matter how you manufacture it, it is always going to be more expensive just based on the sheer weight of the equipment. Certainly economics of scale will be able to drive a lot of that out, but there is a floor there that is inherently higher than the floor associated with the perc machine.

Chairman MANZULLO. Well, we appreciate you all coming.

Mr. Fisher, I especially appreciate your openness on your concerns about the bill, I encourage the authors of the bill to work with you.

There are a lot of things that can be done. Not only is there the issue of the tax credit. Congress increased expensing from $19,000 to $30,000 so that you can now use to expense as opposed to writing off. There may be some other things that can be done with the 504 loans. There may also be some type of accelerated depreciation for environmentally friendly machines.

You have all been excellent witnesses adding unique dimensions to everything we discussed. I think everyone concurs that we must deal with the environment and we still must clean our clothes. We have to take a look at all new technologies and Congress should do whatever by way of the Tax Code to encourage the affordability of these new technologies. This has been the purpose of this hearing.

This hearing is adjourned. Thank you.

[Whereupon, at 11:57 a.m. the Subcommittee was adjourned.]

DONALD A. MANZULLO, ILLINOIS
CHAIRMAN

CAROLYN McCARTHY, NEW YORK
RANKING MINORITY MEMBER

Congress of the United States
House of Representatives
106th Congress
Committee on Small Business
Subcommittee on Tax, Finance, and Exports
B-363 Rayburn House Office Building
Washington, DC 20515-6320

REMARKS OF CHAIRMAN DONALD A. MANZULLO

"HELPING SMALL DRY CLEANERS ADOPT SAFER TECHNOLOGIES: WITHOUT LOSING YOUR SHIRT!"

July 20, 2000

I am pleased to call this hearing to highlight what we should be doing more of in Congress – adopting an incentive-based approach to resolving complex environmental problems, as opposed to a heavy-handed one-size-fits-all government imposed regulatory mandate on small business.

There are more than 30,000 dry cleaners across the country. Most employ only a handful of workers. They are truly small business.

These small dry cleaners face immense financial pressures on numerous fronts – casual work days have resulted in less business for dry cleaners; aggressive price competition; and lingering Superfund liabilities at the work site. We should do everything in our power to make sure that we do not add to their problems.

The *Environmental Dry Cleaning Tax Credit Act* is a bipartisan creative alternative that deserves serious consideration by every Member of Congress. The benefits associated with this bill clearly outweigh the long-term environmental costs of clean-up if we do nothing. Just a few days ago, the North Carolina legislature passed a similar bill to HR 1303. It will be interesting to see the impact of this initiative on the state level.

I look forward to hearing the testimony of the witnesses, and I particularly welcome those who have traveled a great distance to be with us this morning. I now yield for an opening statement from my good friend from New York, the Ranking Minority Member Mrs. McCarthy.

Subcommittee on Tax, Finance & Exports

Helping Small Dry Cleaners Adopt Safer Technologies

July 20, 2000

Opening Statement

Rep. Carolyn McCarthy (NY-4th)

Thank you Mr. Chairman for scheduling this hearing to discuss the concerns and potential remedies confronting the dry cleaning industry.

I would also like to thank Congressman Camp and Congressman Price, as well as our second panel of guest witnesses, for taking time out of their busy schedule to be here this morning.

The emergence of safer and healthier dry cleaning technologies is a step in the right direction if we want to reduce the health and environmental risks caused by current dry cleaning practices.

I applaud the efforts made by various groups in developing these technologies and support incentives to help increase the continued development and use of new dry cleaning technologies.

However, I believe these incentives should be available to all dry cleaners who already committed themselves to use various preventive mechanisms and environmental management systems in their operations.

The Dry Cleaning Environmental Tax Credit Act provides an excellent incentive for the industry to experiment with new environmentally friendly dry cleaning processes.

However, I am concerned about its narrowness in scope.

I believe we must also find ways to reward those who have already made strides towards a more environmentally-safe business.

Offering a tax credit on equipment that supports a singular technology negates the investments made by other dry cleaners.

H.R. 1303 is a step in right direction, but we should also provide remedies and other assistance to dry cleaners who experiment with all forms of environmentally-safe solutions and equipment.

Thank you Mr. Chairman. I look forward to the testimony from our witnesses.

Statement of Hon. Dave Camp, a Representative in Congress from the State of Michigan

House Small Business Subcommittee on Tax, Finance, and Exports

Environmentally Safe Dry Cleaning Products

July 20, 2000

Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to present testimony before you today. I commend the leadership of Chairman Manzullo in calling this hearing.

Your local dry cleaner is one of the most common services that you use. It's probably such a part of your life that you don't give a second thought to how your clothes are cleaned. For most of us, our clothes are cleaned right now using 1960s-era technology – specifically, a chemical known as "perc." Today's perc drycleaners certainly look a lot different than they did when the technology was first introduced. Perc emissions are less, and the cleaning machinery is considerably more efficient, as we will hear at today's hearing.

I believe that we need to take the next step – away from incremental changes in existing technologies to newer and cleaner technologies. Two of these technologies, "wet" cleaning and carbon dioxide cleaning, are the subject of today's hearing. They hold the potential for enormous gains in the control of emissions into the environment.

That's why last year I introduced H.R. 1303, with bipartisan support from people like David Price, the bill's original cosponsor. My bill provides a tax credit for a portion of the cost of a new dry cleaning machine using environmentally-friendly cleaning methods. It doesn't discriminate against or in favor of any specific technology. It simply provides the tax credit on an even playing field for any dry cleaning method that does not use the perc chemical or petroleum-derived compounds.

The wet cleaning technology and the carbon dioxide technology can clean a person's clothes as effectively as perc. But today, these alternatives are still at the stage where they are not, on their own, economically competitive with traditional dry cleaners.

Existing dry cleaners right now may want to make a shift to a new technology, for a variety of reasons -- maybe they've seen a CNN news stories about perc and want to ensure their workers aren't overexposed to toxic chemicals, or maybe they're frustrated with having to worry about Clean Air Act requirements instead of worrying about cleaning clothes. Maybe they're hearing from customers who are a little worried about studies pointing toward connections between dry cleaning and health risks.

But many can't afford it. Right now, because this is a brand new technology, it costs more. The average carbon dioxide machine may cost $150,000 – more than twice a traditional machine. There are only a small number of machines currently operating, and a big reason for that is the

cost. And the best way to bring down the cost is to encourage the purchase and manufacture of more machines. A tax credit, to offset a portion of this cost, will make the difference for at least some dry cleaners who are interested in using a cleaner technology. The intention of my bill is to allow cleaner dry cleaning technology to get off the ground, and start making an impact in our neighborhoods nationwide.

That is what my bill does. It provides a 20 percent tax credit to the purchaser of a dry cleaning machine using environmentally friendly cleaning methods. As I mentioned earlier, the bill does not discriminate for or against any particular cleaning method. Any method that is free of perc or petroleum will qualify for the credit.

Mr. Chairman, we all agree that we have a commitment to ensuring the cleanest possible environment for our families and our children. There are two ways that government can do that: first, we can impose mandates. But the second way that government can contribute to a cleaner environment is by encouraging the development and use of new cleaner technologies. We already see that in the tax code, with tax credits for the use of electric vehicles, and wind energy, just to name a few. H.R. 1303 is designed to incentive the purchase of a better technology, that might not otherwise be purchased.

In closing, I want to once again thank the Chairman for calling this hearing and calling attention to this important issue.

Rep. David Price
Testimony Before the Subcommittee on Tax, Finance, and Exports of the House Small Business Committee on H.R. 1303, the Environmental Dry Cleaning Tax Credit Act
July 20, 2000

Mr. Chairman, Ms. McCarthy, and other members of the subcommittee, I appreciate your invitation to appear here today to express my support for H.R. 1303, the Camp-Price Environmental Dry Cleaning Tax Credit Act. Rep. Dave Camp and I worked closely in drafting this legislation, which was introduced on March 25 of last year and now has 29 bipartisan cosponsors.

This legislation would provide an incentive for dry cleaners to make the transition to environmentally friendly dry cleaning technologies by providing a 20 percent tax credit for the purchase of technologies that substantially reduce risks to public health and the environment. Currently, these would include liquid CO_2 technologies and wet cleaning technologies, which rely on water based solvents.

I first became interested in the idea of a tax credit for dry cleaners after hearing about the work of Joe DeSimone, a professor of Chemistry at UNC-Chapel Hill and a professor of chemical engineering at North Carolina State University, Director of the NSF Science and Technology Center, and co-founder of Micell Technologies, located in Research Triangle Park, North Carolina in my district.

The genius of Research Triangle Park has been to attract the most dynamic high tech companies to an area with a high quality of living and in the midst of three major research universities: North Carolina State University, UNC-Chapel Hill, and Duke. Research Triangle Park has been the source of countless innovations over the years, and the liquid CO_2 dry cleaning technology developed by Dr. DeSimone, who will be testifying later today, is a good example of Research Triangle Park at its best.

Dr. DeSimone's story also illustrates how the federal government can play a constructive role in the development of technologies which benefit society. In 1995, Dr. DeSimone and fellow scientists Timothy Romack and James McClain invented an environmentally-friendly alternative to traditional dry cleaning and metal cleaning methods: the use of carbon dioxide for professional garment care, metal degreasing, and textile processing. This process eliminates the need for conventional dry cleaning solvents such as perchloroethylene (or perc), and frees dry cleaners from the regulatory burdens associated with such solvents. Funding from both the National Science Foundation and EPA's Green Chemistry program supported the basic research that led to Dr. DeSimone's development of cleaning detergents that dissolve in liquid CO_2. This new technology is both environmentally-friendly and safer for consumers and workers in the dry cleaning industry.

I believe there is a role that the federal government can play in encouraging the use of technologies like this. I'm not talking about choosing winners and losers. The federal government shouldn't be in the business of favoring one specific technology over another. But we can play a constructive role in accelerating the transition to technologies that meet our criteria for greater energy efficiency or for greater protection of public health and the environment.

If we really want the private sector to move toward greener and healthier technologies, and if we don't want to simply rely on new regulation to do it, the simplest, most effective method is through targeted tax incentives. President Clinton and others have proposed this type of approach for equipment that helps reduce energy consumption, and I think we need to be looking at and considering this same approach in other areas of protecting human health and the environment.

The North Carolina General Assembly enacted a similar 20 percent tax credit for environmentally-friendly dry cleaning technologies on July 12th, just a week ago. I hope the subcommittee will agree with North Carolina that investing in these new dry cleaning technologies through tax credits to dry cleaners is worthwhile.

In our lifetimes, the pace of technological progress and change has been astounding. From healthcare, to manufacturing, to communications, technology has changed in some way almost everything about the way we live and has vastly improved the efficiency and the scope of what we as a society can accomplish.

We are just beginning to see the possibilities of what technology can accomplish for environmental protection in particular. Environmental technology promises to mend the rift that has too often arisen between environmental protection and economic development. It will make reducing pollution easier and cheaper, and it will itself become an engine for growth in our economy.

H.R. 1303 would take a small but important step in the direction of encouraging the use of forward-thinking technology in the dry cleaning industry. Thank you again for the opportunity to join you this morning.

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TESTIMONY OF

THOMAS USTANIK, Jr.
PROPRIETOR, LANSING CLEANERS
LANSING, ILLINOIS

BEFORE THE

HOUSE SMALL BUSINESS SUBCOMMITTEE ON
TAX, FINANCE AND EXPORTS

JULY 20, 2000

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SOUTH HOLLAND
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South Holland, IL 60473

Page 1
Testimony of Thomas Ustanik

Good morning, Mr. Chairman and honorable members of the Subcommittee.

Thank you for the opportunity to testify before you today on helping small businesses adopt environmentally safe technologies. It is important that incentives such as this be made available to small business people like myself, to adopt safer, newer and more efficient ways of doing business to benefit and protect our employees, customers and environment.

Our third-generation cleaning business, Lansing Cleaners, is based in Lansing, Illinoss. My in-laws started our family-operated business in 1946. We have four dry stores –two in Illinois, two in Indiana, and our main processing facility in Illinois. We employ a total of 119 employees. Originally, my wife's family used petroleum-based solvents at Lansing Cleaners. In the early 1960's Lansing Cleaners converted to the then preferred solvent known as Percloroethelyne (PERC). The decision was based on increases in insurance, fire safety regulations and the high flammability of petroleum-based Stoddard solvent. Three years ago, Lansing Cleaners adopted technology known as wet-cleaning. Last April, we purchased a liquid carbon dioxide machine from Micell Technologies. Lansing Cleaners now houses three PERC machines, two wet cleaning machines, and one liquid carbon dioxide machine.

Our experience with liquid carbon dioxide is in fire - damaged goods. Lansing Cleaners specializes in cleaning and restoration of smoke and water-damaged clothing, due to fire and/or floods. Our liquid carbon dioxide technology cleans garments with various contamination levels of smoke odors- from burnt foods, to as severe as burnt-out homes. From our experience, liquid carbon dioxide produces a good, if not better cleaning quality than our other cleaning solvents and technology.

Lansing Cleaners has been very fortunate to be able to have had the opportunity to purchase these safer cleaning technologies—wet-cleaning and liquid carbon dioxide. We have been afforded the opportunity to compare and contrast these three cleaning solvents that are utilized in our shops. Very few of the 35,000 cleaners in this country have access or opportunity to utilize these new technologies due to the high costs of purchasing and training associated with them. If the tax credit provided by H.R. 1303 were law, we would consider another liquid carbon dioxide machine and an additional wet-cleaning machine.

Although our shop uses these newer and safer technologies, we still face the regulatory burden of owning three PERC machines. Everyday, a visual checklist has to be performed on each of the three PERC machines to see that everything is in working order and running safely. Once a week, I personally perform a more extensive and involved inspection of the machines. This inspection is needed to make sure that the temperatures are at safe levels and to determine if there is any leakage of the solvent. With this comes burdensome paperwork, which has to be logged and filed on a daily and weekly basis. Further, there is currently a $3.50 surcharge on PERC, which will be going up to $4.50 in September, plus an annual site fee of $1,500.00. Also there is the vast removal cost of spent solvent and carbon filter powder, as it is a hazardous waste. This

is a charge that Lansing Cleaners has had to consume - one that cannot be passed on to our clients.

Aside from the many regulations imposed on solvents such as PERC, we are constantly aware of the potential health risks to which our employees are can be subjected. When handling PERC, our employees are required to wear goggles, gloves and facial masks for their safety. To protect the customer, we have to apply extensive heat to each garment to try to insure that all remaining PERC is removed from the fabric. This in turn causes additional wear-and-tear to the garment (higher temperature during drying, as compared to the lower temperatures of liquid carbon dioxide and wet cleaning machines).

In our cleaning operation, we have found the long-term benefits of purchasing new cleaning technologies far outweigh the high start-up costs. Beyond the excessive regulations, health risks and garment care, there are other factors to consideration. For example, there is a lot less energy used with the wet-cleaning and liquid carbon dioxide machines, with no known hazardous waste generation from either process. Also with the liquid carbon dioxide machine it is possible to operate two units off of the same system, which would result not only in lower energy, but also lower costs. We are very interested in purchasing an additional liquid carbon dioxide machine.

Eventually, our goal is to totally switch to using only wet cleaning and liquid carbon dioxide machines. At this time however, we cannot afford the three machines we would need. Unfortunately, it will take us three years before we will be financially able to purchase even one addition machine. If the dry cleaning tax credit in H.R. 1303 were to be passed, we could seriously look at adding more environmentally safe machines for Lansing Cleaners.

We are just a small business trying to utilize the safest and most economically sound practices in our operations. Lansing Cleaner's truck fleet consists of vehicles that run on compressed natural gas, an alternative fuel. In addition, we run a large percentage of our air conditioning using ammonia and water instead of Freon (CFC's). Lansing Cleaners has always strived to the best of its ability to use many other environmentally safe practices. Examples include: extensive insulation far beyond that mandated from OSHA. We follow the guidelines of "Green Lights", an EPA program for effective lighting. On most of our motorized equipment we use motor management and soft start techniques that save additional energy. Lansing Cleaners has also been active in environmental issues. We are involved in the Greener Cleaner Project (A U.S. EPA sponsored program to determine the effectiveness of wet-cleaning process in a dry-cleaning plant.) We also participate in the Gold Star Program, a voluntary State program involved with Illinois EPA in promoting alternative fuel vehicles.

In closing, I would like to thank the Subcommittee again for the opportunity to speak before you today on such an important issue for drycleaners. It is my hope that a tax credit to help our fellow cleaners purchase new technologies will be enacted in the near future. With many years of experience in the dry cleaning field, I cannot emphasize enough the importance of giving this type of assistance and incentive to small cleaners. Owning and operating newer and safer technologies is not a reality for the majority of

cleaners in this nation. An incentive of this type would allow many small cleaners to adapt healthier and safer cleaning practices.

Lansing Cleaners

MAIN PLANT:
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SPECIALIZING IN FIRE RESTORATION AND TAKE DOWN & REHANG DRAPERY SERVICE

Tom Ustanik, Jr.
Biography

Tom Ustanik, Jr. has been the operator of Lansing Cleaners, in Lansing Illinois, for the past eighteen years. Lansing Cleaners is a family-owned business that was started by his in-laws in 1946.

Lansing Cleaners operates in five locations – two in Illinois, two in Northwest Indiana, and a main plant facility in Lansing, IL. There are a total of 119 employees at Lansing Cleaners. Both retail and fire restoration cleaning is done at the main plant, using three Percloroethelyne (PERC) machines, two wet-cleaning machines and one liquid carbon dioxide machine.

Lansing Cleaners has been in the forefront of environmental issues and compliance systems using liquid carbon dioxide and wet-cleaning machines. Other examples of Lansing's environmental integration are as follows:

- Lansing Cleaners delivery trucks operate on compressed natural gas, an alternative fuel.
- The Lansing stores use far and above the normal amount of insulating materials for energy conservation.
- The Lansing air conditioning systems are based on using ammonia and water, instead of Freon.
- Lansing Cleaners is involved with various EPA programs, such as evaluating both wet-cleaning and emerged cleaning technologies.

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TESTIMONY OF GORDON SHAW

BEFORE THE

HOUSE SMALL BUSINESS SUBCOMMITTEE ON

TAX, FINANCE AND EXPORTS

10 A.M. THURSDAY, JULY 20, 2000

Thank you, Mr. Chairman for inviting me to speak before your committee regarding the current state of the dry cleaning industry and the push to modernize it in an environmentally safe way.

I have worked in the dry cleaning industry for more than 22 years in the San Diego, California area, and during that time have gained both an acute understanding of the business, as well as a great interest in the future of this industry. My interest in dry cleaning has led me from simply being a dry cleaning storeowner to representing the interests of dry cleaners throughout San Diego and the state of California as the Director of the San Diego Dry Cleaners' Association. Additionally, I served as the Vice President of the California Cleaners Association, and served for three years as a member of the San Diego Air Pollution Control District Compliance Improvement Team. Although I no longer hold those titles, my deep concern for the industry persists, and that is why I am here today.

During my two decades in the dry cleaning industry, I have owned five plants, which are stores where the actual cleaning of clothes is performed, and three "drop stores," where the clothing that customers drop off to be cleaned is accounted for and then transported to a plant. Maintaining solid footing in an industry comprised by a large percentage of small businesses is not an easy task. I found that following technological advancements and trends within the industry was a very important factor in keeping my dry cleaning businesses successful. Consequently, I bought new equipment for my shops whenever I could and learned about new processes like the liquid carbon dioxide technology being discussed today.

From a public policy standpoint, the two most important qualities of cleaning with CO_2 go hand-in-hand. Such technology will benefit our environment, and therefore benefit the dry cleaning industry. Living on or near the ocean for decades has instilled me with a respect for our environment and a sincere interest in ensuring its protection. If enacted, the legislation supported by H.R. 1303 will put dry cleaners throughout the nation in a position to do something positive for their businesses, their industry, and their environment. Making CO_2 technology more affordable for small dry cleaning

businesses will be a catalyst for dry cleaners everywhere to move into the 21st Century with greater ease and in a more safe fashion.

I can tell you as a California resident, perc is the pervasive dry cleaning solvent for the state. Currently, more than 90% of California dry cleaners use perc to clean their customers' clothing. Perc has been determined by the EPA to be hazardous, yet has not truly been replaceable with environmentally safe methods until the recent advent of CO_2 technology. In light of this information, along with the fact that many different types of clothes that have been cleaned with liquid CO_2 have lasted much longer, it seems logical to assume that owners of dry cleaning establishments all over California and the country would simply switch from their perc-based solvents to liquid CO_2. That has not been the case. The chief reason for this is the sheer cost these dry cleaners – small business owners – must negotiate to install the new technologies. The liquid CO_2 machines are approximately three times as expensive as perc machines. As if this increased cost isn't prohibitive enough, if I or any other storeowner wanted to make the switch away from perc, I would have to account for various other costs. These would include paying for things such as possible store redesigning to fit the larger machines into the plants, as well as preparing for the increased power requirements necessary to run these machines.

Mr. Chairman, the environmental case for making the transition to liquid CO_2 is a strong one. However, the price of liquid CO_2 dry cleaning machinery, not to mention the costs associated with installing and operating it make the concept of smoothly transitioning away from the dangers of perc in our everyday lives an unrealistic one. Something needs to be done to help dry cleaners across America move into the 21st Century with other industries that have taken proactive steps towards being environmentally safe. In my observation of the dry cleaning industry, I noticed that the states of North Carolina and Nebraska passed state incentives for dry cleaners purchasing liquid CO_2 technology. These states already have liquid CO_2 dry cleaning facilities, and with the help of these incentives, more are to come. Such commitments from state governments are wonderful, but would pale in comparison to the effect that a national tax credit for this technology would have on the dry cleaning industry.

The dry cleaning industry is very important to American society. I would venture to guess that nearly everyone in this room today is wearing something that has been dry-cleaned. However, the reach of dry cleaners is well beyond what you as consumers see. Dry cleaning establishments provide employment to a lot of people. My employees over the years have frequently come from less fortunate backgrounds and worked with pride and determination to succeed professionally and provide customers with stellar results. I want to help them! I don't want them to have to work in an environment latent with hazardous chemicals. Just like any other American people, they deserve only the best.

Mr. Chairman, thank you very much for taking the time to consider my testimony. Dry cleaning is a fabric of contemporary American life, but unfortunately is not as clean as it can be. I urge you and your colleagues to support H.R. 1303 and help dry cleaners become more environmentally safe – without losing their shirts.

INTERNATIONAL FABRICARE INSTITUTE™
The Association of Professional Drycleaners, Wetcleaners and Launderers

TESTIMONY OF THE INTERNATIONAL FABRICARE INSTITUTE

ON H.R. 1303, DRYCLEANING ENVIRONMENTAL TAX CREDIT ACT OF 1999

GIVEN BEFORE THE SUBCOMMITTEE ON TAX, FINANCE AND EXPORTS

OF THE HOUSE SMALL BUSINESS COMMITTEE

July 20, 2000

William E. Fisher
International Fabricare Institute
12251 Tech Road
Silver Spring, MD 20904

INTERNATIONAL FABRICARE INSTITUTE™
The Association of Professional Drycleaners, Wetcleaners and Launderers

TESTIMONY OF WILLIAM E. FISHER
INTERNATIONAL FABRICARE INSTITUTE

I am Bill Fisher, Chief Executive Officer of the International Fabricare Institute. IFI is the national and international trade association of professional neighborhood drycleaners, wetcleaners and launderers. My comments today are on behalf of our members whose stores represent better than one-half of the nation's 30,000 mom-and-pop drycleaners.

Today, many of the nation's mom and pop drycleaning businesses are enduring a significant financial hardship. This has been brought about by fewer clothes being professionally cleaned (as a result of casual dress in the workplace), and by an increasing entrance into the industry by new investors.

Unfortunately, H.R. 1303, the Drycleaning Environmental Tax Credit Act of 1999, as drafted is more likely to damage–rather than help–existing small business drycleaners, and to further exacerbate their financial problems.

Before I go any further, let me make it clear that we actively support the environmentally-responsible operation of existing drycleaning systems, and actively promote the development and investigation of all alternative systems that may offer additional environmental benefits. IFI founded the Professional Wetcleaning Partnership (a consortium of ourselves and various environmental groups); we were responsible for the introduction of Greenpeace to carbon dioxide cleaning; we tested and absolutely recommended to the industry the type of drycleaning equipment chosen by U.S. EPA as the basis for the NESHAP Standard; and we have continually let our industry's small businesses know what questions must be asked and answered as our

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members try to decide where they will go in the future.

With that said, I also need to emphasize that we are not here to oppose H.R. 1303, but to offer comments on some problems with the language in H.R. 1303, and suggestions on changes.

Areas of Concern, and IFI's Recommendations

As it is currently structured, H.R. 1303 will arguably not apply to wetcleaning technology in general, and would definitely not apply to the majority of the wetcleaning systems already installed by small drycleaners. (So that there is no question about this, let me make it clear that I am not referring to shirt washers or similar–but instead to wetcleaning systems that wet wash garments that normally would have been drycleaned.)

Further, the language as currently structured would primarily–if not solely–benefit just the equipment of one franchiser, whose linked requirements of equipment and buildings would eliminate an estimated 95+ % of all existing small business drycleaners from considering this system. Our position is not the elimination of the tax credit for those fortunate drycleaners who could afford this franchise, but rather to recommend language that provides credit for equally significant environmental efforts by most mom-and-pop drycleaners.

The following summarizes the shortcomings of the existing language in H.R. 1303; and our recommendations:

1. In Section 2 (c), the phrasing used throughout is "dry cleaning equipment." As any of the 30,000 existing drycleaners (or manufacturers or suppliers for the industry) would tell you, this phrasing would totally exclude wetcleaning systems. Put another way, the definition of drycleaning (including the definition under the Federal Trade Commission's Care Labeling Rule) covers any "drycleaning" equipment using a variety of "dry" solvents–but specifically excludes the use of

water as a solvent.

Our recommendation: That in Section 2 (c), the phrase "dry cleaning equipment" be replaced wherever it occurs with the phrase "drycleaning or wetcleaning equipment."

2. While Section 2 is titled ***"Credit for Drycleaning Equipment Using Reduced Amounts of Hazardous Substances,"*** Section 2 (c) (3)) (A) immediately eliminates from consideration drycleaners who have already achieved a ten-fold or greater reduction in solvent use. Specifically, U.S. EPA's National Emissions Standard for Hazardous Air Pollutants (NESHAP) for perchloroethylene drycleaning–one of the first issued under the Clean Air Act Amendments of 1990–has required all equipment installed in the past four years to be of a type which has given ten-fold or greater reductions in solvent use, and typically 30 to 50 fold reductions in air emissions. Similarly, U.S. EPA's New Source Performance Standard for petroleum drycleaning facilities has created an eight-fold reduction in petroleum solvent emissions.

Our recommendation: That Section 2 (c)(3)(A) be revised to read "...such equipment does not use any hazardous solvent as the primary process solvent, unless such equipment fully complies with the applicable NESHAP or NSPS standard for that solvent."

3. Under Section 2 (c)(4) (B) (i), the current language states that an exception to the petroleum-based solvent exclusion be any solvent which does not have "...more than 10 percent...petroleum or petroleum derivatives." Our concern is that this

would allow a blending of solvents to circumvent the intent of H.R. 1303, where such a blend would not have to meet–as we recommend above–the NSPS standard for petroleum drycleaning facilities.

Our recommendation: The language in subsection (i) be revised to read "Not more than one percent of which consists of petroleum or petroleum derivatives, and ..."

4. We believe that the language under Section 2 (c)(4) (B) (ii) is well-thought out. However, in 1977 IFI was engaged in numerous dialogues in which U.S. EPA's Air Office strongly requested us to encourage or guide the industry into switching wholly to Freon 113, otherwise known as F-113, now banned under the Montreal Protocol. I was aware of the then-new Rowland-Molina theory on stratospheric ozone depletion, and my conversations with the Air Office centered around their willingness to provide assurances that there would not be future strong regulation or a ban of F-113. Ultimately, the Air Office felt that it would be impossible to provide such an assurance. Today, global stratospheric issues are still among our top environmental concerns.

Our recommendation: That a subparagraph be added under Subsection (ii) which would read: (iii) any significant potential of contributing to global warming.

5. Under Section 48 (d) the effective date "...shall apply to property placed in service on or after January 1, 1999." With this and the other existing language in H.R. 1303, the chosen date would be highly restrictive and would limit the availability of

the tax credit to franchisees of one corporation, whose first commercial installation went into service in late January/early February 1999. New perchloroethylene equipment complying with U.S. EPA's NESHAP and/or the petroleum NSPS could not take advantage of the tax credit, nor could the majority of wetcleaning systems.

Our recommendation: In concert with the other changes that we have suggested, we recommend that the effective date be changed to "...property placed in service on or after January 1, 1996, or with the compliance with the applicable NESHAP or NSPS as of that date." This date is only four years ago, so it is not overly expansive of the concept of the bill. At the same time, however, it would be in concert with the equipment requirement date in the perchloroethylene NESHAP, and with the first availability of state-of-the-art petroleum solvent equipment. Moreover, it coincides with the first availability of new wetcleaning equipment in the industry.

I would like to thank the subcommittee for the opportunity to offer this testimony. As of tomorrow, I will have been involved for exactly 35 years in this industry. Every year, I met and personally speak–one-on-one–over 1,000 small business drycleaners, their families, and their employees. I know of their hopes and fears and needs. To that end, we hope that the House and Senate will give serious consideration to H.R. 1303 and S. 1939, and that our recommendations here today be considered so that these bills have the potential to provide relief to those mom-and-pops who are trying to do the right thing. Thank you.

NSF Science & Technology Center

Environmentally Responsible Solvents and Processes

University of North Carolina at Chapel Hill
North Carolina State University
North Carolina A&T State University
The University of Texas at Austin

Joseph M. DeSimone

William R. Kenan, Jr. Distinguished Professor of Chemistry and Chemical Engineering
Director of NSF STC

TESTIMONY OF

JOSEPH M. DESIMONE, PH.D.
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AND OF

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DIRECTOR, NATIONAL SCIENCE FOUNDATION
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RESPONSIBLE SOLVENTS & PROCESSES

CHAIRMAN AND CO-FOUNDER OF MICELL TECHNOLOGIES
RALEIGH, N.C.

MEMBER, NATIONAL RESEARCH COUNCIL BOARD ON
CHEMICAL SCIENCE AND TECHNOLOGY

BEFORE THE

HOUSE SMALL BUSINESS SUBCOMMITTEE ON
TAX, FINANCE AND EXPORTS

JULY 20, 2000

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Mr. Chairman and distinguished members of the Subcommittee, I deeply appreciate the opportunity to testify today about ways to assist small business cleaners who want to adopt new, effective and safer technologies that protect our environment as well as the employees and consumers of 35,000 cleaners nationwide. My experiences in starting a small business offering a pollution-prevention solution for dry cleaners and the response we have received from extensively studying the industry may prove valuable for you and your colleagues in making the appropriate public policy decisions.

I am ultimately a scientist who is convinced and determined that I can make a difference for both business and the environment. I grew up in a suburb of Philadelphia at a time when the balance between business and nature was far out of balance. Due to local contamination of our water wells from local manufacturing solvents, my family grew up drinking bottled water as a precaution.

My education led me to study chemistry and engineering. As a dual professor at the University of North Carolina at Chapel Hill and at North Carolina State University as well as the past director of the Kenan Center for Environmentally Responsible Processes in Manufacturing, I have had the pleasure to work with and learn from some of the most brilliant minds in academia and industry who share my desire for positive change. I was and remain determined through my research and small business, Micell Technologies, headquartered in Raleigh, North Carolina, to invent, patent and commercialize technologies and processes that systematically reduce our reliance on chlorinated organic chemicals in today's society. I want to do that in a responsible way – not only for the environment but also in a way that enhances the businesses that are impacted by necessary changes for a sustainable environment.

My life's work has centered around the use of carbon dioxide – yes, the common atmospheric compound that is used to carbonate soft drinks and add the bubbles to champagne – to replace traditional polluting chemicals and water as a solvent of the future in a variety of cleaning and manufacturing processes. In the early 1990's, together with two of my most talented graduate students, Jim McClain and Tim Romack, we invented detergents that could be used effectively in pressurized carbon dioxide to clean fabrics.

In 1995, my graduate students and I founded Micell Technologies to bring our discovery into the commercial marketplace. We turned to the Kenan-Flagler Business School at UNC-Chapel Hill for assistance in developing a business plan. After raising significant venture capital, building and testing a stainless steel machine, and developing a turnkey franchise model for environmentally friendly dry cleaning, we launched our very first signature "Hangers" store in February 1999 in Wilmington, North Carolina. On hand were Congressman Dave Camp, Congressman David Price and Dr. Mary Ellen Weber of the U.S. Environmental Protection Agency's (EPA) Design for the Environment program, along with the collective leadership of the dry cleaning and environmental community.

The third-generation dry cleaner who was the first to install a Micell machine in one of his eight shops, Ted Williams, Sr., bought two more of our machines within a year and said good-bye to perchloroethylene – the traditional solvent used by the majority of dry cleaners in the U.S. Mr. Williams attributes the success of his first machine in cleaning fabrics, the positive response from his employees and customers, the business model of Hangers, the reduction of burdens of environmental regulations, and his ability to turn the business over to his family members without concern about liability, as reasons for his decision to phase out of perc and to adopt liquid carbon dioxide. I would like to insert into the hearing record Ted's presentation during a panel discussion on dry cleaning alternatives sponsored by the International Fabricare Institute at last year's Clean Show in Orlando, Florida.

Micell now has 12 liquid CO_2 machines in operation serving 28 dry cleaning stores in five states – Illinois, Massachusetts, Nebraska, North Carolina and Rhode Island. The EPA has published a case study on our technology with favorable reviews and we have successfully cleaned more than 725,000 pounds of clothing to date using liquid CO_2. The proof that our technology and small business plan works is the success of our partners in these five states and the plans for a total of almost 100 Hangers stores prior to the year's end.

The additional cost involved, nearly double the cost of a new perc machine (from $50,000 for a new dry cleaning machine using

perchloroethylene to $150,000 for a Micell liquid carbon dioxide machine) is a *major* impediment for small business dry cleaners. That is why we were so pleased when Congressmen Dave Camp and David Price introduced H.R. 1303, the Dry Cleaning Environmental Tax Act of 1999. If enacted, H.R. 1303 would offer small business dry cleaners a 20 percent tax credit against the cost of environmentally friendly technologies such as liquid CO2 and wet cleaning (water-based) systems. Congressman Camp and Price's efforts have resonated on Capitol Hill as H.R. 1303 enjoys the support of cosponsors from both parties representing 14 different states. Dry cleaning consumers and owners, environmentalists, health advocates, and womens' groups are solidly behind the five-year, 20 percent tax credit to help small business afford new and safer technologies.

In the early 1990's, I invented a process to manufacture Teflon using carbon dioxide. This replaced previous processes that used chlorinated chemicals or millions of gallons of water that needed to be treated prior to its return to the public water system. DuPont, the maker of Teflon, was the obvious technology transfer company to adopt my invention. As a result, DuPont announced that they are investing $275 million to build and operate a world-scale manufacturing facility in Fayetteville, North Carolina, using this new technology. The first $40 million phase of this project is well underway. The state of North Carolina offered DuPont a 20% tax credit to build this state of the art, environmentally superior facility in North Carolina, which DuPont agreed to do after considering options overseas.

There is *no* "DuPont" of the dry cleaning or wet cleaning industry; therefore, the government must step in and help small business owners who want to adopt safer technologies. Federal tax credits, low-interest financing and outright grants are needed to bridge the gap in financing and to keep the liquid CO2 technology platform viable. There are probably many other examples of innovation for small businesses that never made it as far as Micell has, or that cannot be commercialized without government support.

My early research was funded in part by the EPA and National Science Foundation and, in late 1999, I was privileged to be the lead principal investigator in the University of North Carolina higher education system that won an $18 million NSF Science and Technology Center grant

around the development of environmentally friendly solvents. I have collaborated with the US Department of Energy national laboratory, Pacific Northwest National Laboratory and understand the many benefits of government partnerships. However, I fail to see it in small business settings for dry cleaners. Much more emphasis has been placed on training and regulatory compliance.

Local, state and federal regulations (predominantly EPA and OSHA) are prevalent and keep our small business dry cleaners occupied with red tape rather than operating and growing their companies. Fifteen states tax the use and handling of perc (one state has raised the tax to $25 per gallon for a solvent that usually costs $5 per gallon) and place the collected tax dollars into a remediation fund for contaminated dry cleaning plants. I believe, as many others do, that providing tax credits for switching to pollution prevention technologies makes far more sense than collecting funds to clean-up environmental messes which encourages the continued use as opposed to the elimination of toxins.

As our local communities and states begin to document the vast number of dry cleaning plants that are contaminated, it is imperative, in my opinion, that government provide incentives to invest in pollution prevention technologies as opposed to imposing regulations. This proactive approach is much more appropriate for small business, otherwise we will see happen to dry cleaners that which has already happened to many small businesses that had to replace underground storage tanks at gasoline filling stations-- they'll go out of business.

I do not favor more costly regulation of the dry cleaning industry. But now that two alternatives to traditional cleaning solvents are available and proven to work – liquid CO2 and wet cleaning – I do favor a gradual switch to dual use of these technologies by new and existing dry cleaners. The government provided the seed funding to help discover these processes and now it should provide the jump-start necessary to encourage a wider adoption of these environmentally sound and effective cleaning processes.

Thank you again for the opportunity to share my insights. I welcome the chance to serve as a resource to the Subcommittee on this important topic. I think the Subcommittee will find at the conclusion of today's hearing that there is an overwhelming body of evidence suggesting that the Congress has a compelling role to enact incentives for small business dry cleaners who are inclined to adopt safer technologies to gradually reduce the use of toxic and flammable cleaning solvents. The alternative is a perpetual and regrettable imbalance between small business and the environment.

CLEAN WATER ACTION

Testimony

Of

CLEAN WATER ACTION

For the

Subcommittee on Tax, Finance, and Exports
Of the Small Business Committee
U.S. House of Representatives

Hearing on

H.R. 1303 THE DRY CLEANING ENVIRONMENTAL TAX CREDIT ACT

July 20, 2000

Presented by

Henry S. Cole, Ph.D.

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RECYCLED PAPER

INTRODUCTION. My name is Henry S. Cole. I am the president of Henry S. Cole & Associates, an environmental consulting firm that promotes environmentally safe communities and sustainable technologies including Liquid CO2 cleaning technology.

I am the former Science Director for Clean Water Action and appear today representing Clean Water Action and its 700,000 members across the U.S.

Clean Water Action urges Congress to enact H.R.1303. We believe that the bill's financial incentive will allow many dry cleaners around the nation to switch from highly toxic perchloroethylene to safe and sustainable alternatives including wetcleaning and liquid CO2.

For the last two decades Clean Water Action and the environmental movement as a whole has organized extensive efforts aimed at:

- Reducing the public's exposure to toxic chemicals
- Protecting the aquatic environment
- Protecting the public's drinking water resources including groundwater
- Promoting pollution prevention and toxic use reduction
- Promoting environmentally sound technologies and businesses

Phasing-out the use of chlorinated solvents including perchloroethylene use has been a critical objective of a wide variety environmental, consumer and health advocacy organizations.

H.R. 1303 will help to meet all of these objectives by accelerating the shift from toxic perchloroethylene to sustainable wetcleaning and liquid CO2. Empowering dry cleaners to make this shift to 21st Century technologies will provide substantial environmental, health and economic benefits for the nation.

THE HAZARDS OF PERCLOROETHELYNE. Perchloroethylene is one of the most dangerous chemicals to which workers and members of the public are routinely exposed. Consider the following points.

Perchloroethylene is highly toxic. First, perchloroethylene is a highly toxic chemical. The more that we know, the worse this chemical looks.

- **Cancer and Birth Defects.** The International Agency for Research on Cancer in 1995 upgraded perchloroethylene from a "possible" to a "probable" human carcinogen. According to EPA, several studies suggest that workers exposed to perchloroethylene in the drycleaning industry for many years may result in increased rates of esophageal cancer. EPA also reports evidence suggesting that perchloroethylene may cause altered growth and birth defects. Due to the risk of cancer, the drinking water standard (MCL) for perchloroethylene is a very low 5 ug/L. Moreover, perchloroethylene inhaled by nursing mothers can be passed through the milk to infants.

- **Neurotoxic effects.** People who breathe air-containing perchloroethylene for short periods may experience short-term effects on the nervous system. At moderate levels of exposure, the effects can include dizziness, drowsiness, headaches, faintness, and reduced coordination. Higher exposures, such as those associated with accidental spills, can cause collapse, seizures, coma and death.[1] (See Box 1 for example)

- **Kidney and Liver.** EPA also reports that people who breathe air that contains perchloroethylene may experience liver and kidney dysfunction.[2]

Perchloroethylene is highly volatile. Although perchloroethylene is liquid solvent, it readily evaporates into the air. This happens as perchloroethylene is loaded, poured, mixed, heated in machines and drained in drycleaning facilities. Perchloroethylene also off-gases from drycleaned garments. This high volatility makes perchloroethylene very difficult to contain and increases exposure. This volatility coupled with the chemical's toxicity spells trouble for the nation's several hundred thousand dry cleaning workers and for those who live in close proximity to dry cleaners.

To protect public health NY State Department of Health (DOH) has established a residential air guideline for perchloroethylene of **0.1 mg/m^3**. In addition NYS DOH recommends immediate actions to reduce perchloroethylene levels when the concentration exceeds **1 mg/m^3**. A number of studies reported in EPA's 1998 assessment of fabric cleaning technologies have shown that perchloroethylene levels in dry cleaning establishments are routinely measured in **hundreds or even thousands of mg/m^3**.
Moreover:

- Concentrations in the **tens to hundreds of mg/m^3 have been measured in dry cleaning facilities using advanced dry-to-dry equipment** (e.g. using refrigerated condensers).[3] The same findings are supported by data collected the International Fabricare Institute.[4]

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[1] U.S. EPA, Design for the Environment, Cleaner Technologies Substitutes Assessment for Professional Fabricare Processes, EPA 744-B-98-001, June 1998, p. 3-7.

[2] U.S. EPA, 1998, p. 3-7.

[3] U.S. EPA, 1998, (Chapter 4) and Earnest, G.S., 1996. "Evaluation and Control of Perchloroethylene Exposure During Dry Cleaning." U.S. Department of Health and Human Services, Public Health Service, Centers for Disease Control and Prevention. Appl. Occup. Environ. Hyg. 11(2) 125-131. As reported in Phillips, D., May 1998, Reducing Occupational Cancer Risk From Tetrachloroethylene in New Jersey Dry Cleaners, Masters Dissertation, Environmental and Occupational Health Sciences Institute, University of Medicine and Dentistry – New Jersey.

[4] U.S. EPA, 1998, See Exhibit 4-6.

- **Levels tens to hundreds of times the NYS DOH health levels in apartments located in the same buildings have been measured in numerous studies in many cities.**[5]

- Even measured concentrations in residences above non-vented dry-to-dry machines exceeded the NYS DOH 0.1 mg/m^3 health guideline with levels in residences above vented dry-to-dry machines were generally higher than the immediate action level of 1 mg/m^3. [6]

- Perchloroethylene is also retained on drycleaned clothes and brought into homes. A person wearing a freshly drycleaned sweater or jacket will inhale perchloroethylene off-gassed from the garment. [7]

Perchloroethylene threatens drinking water. The evidence indicates that a large percentage of dry cleaners have released perchloroethylene to soil the ground below or near the facility.[8] These releases readily infiltrate to the groundwater where they cause a serious problem. Perchloroethylene is an especially nasty chemical because it frequently forms pools or blobs of product known as Dense Non-Aqueous Phase Liquids or DNAPLs. The DNAPLs tend to sink deep into groundwater (for example into bedrock aquifers) and can serve as a source of aquifer contamination for many decades. Because perchloroethylene's drinking water standard (MCL) is so low (5 ug/L), a small release can contaminate a large volume of groundwater.

As a result, perchloroethylene contamination from dry cleaners represents a very difficult and expensive cleanup proposition and can take many years or decades.

My firm has done extensive consulting for a real estate company that owns and operates about 10 shopping centers in New England. Dry cleaners have caused significant releases of perchloroethylene in 6 of these shopping centers. All of these releases required extensive multi-year field investigations to define the extent of contamination. Unfortunately, the largest releases occurred in two shopping centers located in groundwater aquifers that feed large municipal well fields. In each case, the cleanup cost will far exceed the $1 million level. Even with these enormous efforts, there is no guarantee that municipal well fields will be protected from the perchloroethylene.

Such cases are all too frequent. Ninety percent of dry cleaners are very small businesses that cannot cover such costs. The result is that cost of cleanup is often borne by landlords or by the public.

From the perspective of landlords, dry cleaners are wonderful assets that help bring people to a shopping center. However, landlords are beginning to grapple with the enormous potential liabilities of perchloroethylene -based cleaning. My New England real estate client now prohibits dry cleaning tenants from using perchloroethylene at its shopping centers. It also prohibits the use of hydrocarbon solvent cleaning due to its flammability. This company is working to

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[5] U.S. EPA, 1998, Chapter 4 contains a survey of studies from U.S. and European cities that demonstrate this finding.

[6] U.S. EPA, 1998, See Exhibit 4-8.

[7] Consumers Report, 1994.

[8] Brownfield Report, February 1998.

encourage tenants to use wetcleaning and liquid CO2. The financial incentive such as the tax credit contained in H.R. 1303 clearly would help dry cleaners make the switch.

SAFE AND SUSTAINABLE ALTERNATIVES. Both Liquid CO2 and Wetcleaning are environmentally sound commercially available alternatives to perchloroethylene -based dry cleaning. The cleaner of the future is likely to use both of these technologies -- which collectively can clean nearly every type of fabric and stain imaginable. The goal of H.R. 1303 is to help cleaners make the transition in the near term future.

The goal is not to perpetuate technologies that rely on hazardous chemicals.

An additional alternative to perchloroethylene based on hydrocarbon solvents is also available. However, these solvents are flammable, based on non-renewable resources, and cannot considered to be non-hazardous or sustainable and should, therefore, not be eligible for a tax credit under H.R. 1303.

Some of those who support continued use of perchloroethylene have proposed that dry cleaners installing advanced machines or vapor barriers should be eligible for tax credits as well. We strongly oppose this proposal for the following reasons:

- Improved technologies, e.g. dry-to-dry machines with refrigerated condensers have not been able demonstrate effective control of perchloroethylene vapors to health protective levels.
- Even the best closed-loop (fifth generation) perchloroethylene machine will not prevent accidental spills and environmental releases.
- Perchloroethylene is a chlorinated solvent that requires chlorination. Chlorine use introduces additional environmental and health hazards. For example, chlorine is an acutely hazardous gas that causes more serious chemical accidents (e.g. those involving deaths and injuries) than any other chemical.[9]
- Regulating perchloroethylene for 35,000 small businesses through a complicated patchwork of state, federal and local regulations is expensive and burdensome without being effective.[10] The burden is borne by governments, the tax-paying public and by the families who operate cleaning businesses.[11, 12]

The truly preventive approach is not containment but is to phase-out perchloroethylene -based dry cleaning and to replace it with wetcleaning and Liquid CO2 – technologies that are non-toxic, non-flammable, and sustainable. This transition will remove multiple waste streams, multiple pathways of exposure, and the virtually eliminate the need for environmental regulation!

Economic Benefits. Passage of H.R. 1303 is critical in order to help America's garment cleaning industry become safe and sustainable. This bill clearly addresses the financial limitations that cleaners face. Many dry cleaners recognize the liabilities inherent in the use of perchloroethylene and would like to shift to non-hazardous technologies. However, dry cleaners are very small businesses that on the average employ less than 10 people and gross less than $250,000 in sales. H.R. 1303's 20 percent tax credit for Liquid CO2 and wetcleaning equipment will help these small businesses make the transition without the burdensome regulations that will be required to upgrade and control continued use of perchloroethylene.

We believe that the tax credit will increase demand for wetcleaning and Liquid CO2 equipment. This stimulus will in turn boost production and lower costs. In short, this bill will help to:

- Eliminate huge cleanup costs and liabilities
- Reduce damage to health and associated costs
- Eliminate perchloroethylene's costly regulatory burden to business and government
- Empower small businesses
- Encourage sustainable business development

We congratulate the bill's authors and co-sponsors for introducing this important legislation and urge Congress to make it law.

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[9] U.S. EPA, Acute Hazardous Events Data Base, Final Report, 1989.

[10] Perchloroethylene use in drycleaning involves multiple waste streams, media, and pathways of exposure. There are occupational exposures, air emissions, hazardous wastes, discharges to sewage plants, accidental spills, and cleanups. Thus, OSHA, the Clean Air Act, RCRA, the Clean Water Act, and Superfund have a piece of the action.

[11] Dry cleaners in different states and cities are subject to drastically differing regulations and enforcement programs.

[12] State and local governments are often the first line of enforcement, however regulations and level of enforcement vary widely from state to state and city to city. For example, New York City's more than 1600 dry cleaning facilities (more than half in residential buildings) are virtually exempt from New York States requirements. In New York City. The City's Bureau of Environmental Inspections told my office that authorities may act to abate a problem, but only on the basis of public complaints.

Box 1. Accidental Releases at Dry Cleaners - Example

Four injured from perchloroethylene spill. Four people including the owner, a customer and two rescue workers were injured as a result of a perchloroethylene release that occurred in a Titusville, Florida dry cleaning establishment in March 2000. According to police, the owner "had been heating perchloroethylene to mix into a dry cleaning solution when a container valve blew."

A police commander, first to arrive at the scene discovered the owner was immobilized on the floor of the shop's bathroom where he had gone to wash the chemical out his eyes. The commander decided not to wait for firefighters but pulled the owner out of store. He was able to take this action because he happed to have high quality gas mask in the trunk of his car. The police commander was treated for minor chemical burns.

A second firefighter was treated for dizziness, a common symptom of exposure to perchloroethylene. This occurred despite his wearing of a self-contained breathing apparatus, indicating that some of the chemical may have been absorbed through the skin.

Firefighters cordoned off the store, which is located in a strip mall and contained the spill. A private emergency response company cleaned up the spill some three hours later.

The victims were treated at a local hospital for exposure to perchloroethylene.

Source: Marilyn Meyer, in Florida Today, March 15, 2000. Page 1-B.

Henry S. Cole & Associates, Inc.
Science and Solutions for the Environment and Sustainable Communities

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HENRY S. COLE, PH. D. – PROFESSIONAL RESUME

Henry S. Cole, Ph. D., President, founded the firm in 1993. He has a long and distinguished career as an environmental scientist and leader. Dr. Cole brings a wealth of experience, skill and credentials as a scientist and environmental leader.

- Cole received a **Ph.D. in meteorology from the University of Wisconsin in 1969**. His minor was geology. He obtained his B.S. with High Honors from Rutgers University – College of Agriculture. Additional honors included Phi Beta Kappa and Sigma Xi. Majors included soil science and meteorology.

- During the 1970's, Dr. Cole was an **Associate Professor of Environmental Earth Sciences at University of Wisconsin-Parkside** where he;

  - conducted a research program in air pollution meteorology and photochemical oxidants,
  - organized several environmental organizations,
  - served as a member of the state's Air Pollution Control Council, and
  - served as an environmental advisor to Congressman Les Aspin.

- Cole also was **professor of environmental studies at Howard University** (1979-1980).

- From 1977-1983, Dr. Cole served as a **senior scientist and section chief with U.S. EPA's Office of Air Quality Planning and Standards.** In this capacity, he directed several programs that used air quality models to develop control strategies for stationary source, urban and regional air pollution problems.

- Dr. Cole served as **Science Director of Clean Water Action** from 1983 to 1992. In this role helped lead national coalitions working to strengthen Superfund, and to promote waste reduction and recycling over disposal. In addition, he:

  - Authored a series of reports alerting the public to the nation's mercury contamination problem -- its extent, sources and solutions. The reports received widespread media coverage and spurred successful campaigns to reduce mercury use and emissions.

  - Authored a series of reports on EPA's Superfund Cleanup Program and testified frequently before the U.S. Congress on ways to improve the hazardous waste site cleanup program.

  - Provided technical and strategic assistance to dozens of community organizations, corporations, and municipal governments in their efforts to obtain protective cleanups of Superfund sites and other hazardous waste and environmental release sites.

* * *

- References and Publications List – provided on request.

Henry S. Cole & Associates, Inc.
Section 2

Henry S. Cole & Associates is an environmental consulting firm that provides a variety of support services to clients, including businesses, communities, governmental agencies and non-government organizations. The firm:

- Helps businesses make their facilities more sustainable, community-friendly and cost-effective through technical advice and project development
- Helps businesses and communities obtain protective and cost-effective cleanups through technical expertise and strategic advice
- Provides expert advice on community involvement and develops and implements stakeholder process
- Provides reports and studies that effectively deliver client messages to the public, the media and decision-makers

The firm couples scientific expertise on environmental issues with a proven ability to communicate with the public, to work effectively with diverse stakeholders, and to promote innovative solutions.

- Cole & Associates have In-depth experience and expertise on site remediation, and the "greening" of commercial facilities.
- Cole has helped clients organize, conduct and participate in highly successful stakeholder involvement processes.
- Cole is nationally recognized for reports that are scientifically valid, clearly written and that receive wide media coverage for clients.

These abilities enable Cole to make the difference on projects such as development (including Brownfields) where public input is vital and where solutions must address commercial, community and environmental objectives. His value as an advisor and contributor to policy development is enriched by his extensive hands-on experience with a wide range of projects and clients.

Additional Information. More detailed information on Cole & Associates' experience is provided in the following sections:

- *Dr. Cole's professional resume*, Section 1.
- *Sustainable facilities, development and technology applications*, Section 3.
- *Environmental cleanup and restoration*, Section 4.
- *Community and stakeholder involvement process*, Section 5.
- *Public communications, studies and reports*, Section 6.
- *Comments from clients*, Section 7.

Henry S. Cole & Associates, Inc.
Section 3

SUSTAINABLE FACILITIES, DEVELOPMENT AND TECHNOLOGY APPLICATIONS

Making facilities and development community and environmentally friendly – more sustainable – can reap important advantages to owners and developers:

- Energy-efficiency can increase revenues by reducing energy costs
- Replacing hazardous technologies and chemicals reduces liabilities
- Involving communities builds trust rather than controversy
- Greener, more "livable" facilities can attract tenants and customers and enhance asset value

Cole & Associates, Inc. provides advice and project facilitation designed to make facilities and development more environmentally and community-friendly. Cole works with a variety of remedial, design and engineering and technology vendors to help owners find practical solutions that meet economic, environmental and community objectives.

More Sustainable Shopping Centers: Over the past five years, Cole & Associates, Inc. has played a key role in Gravestar's (a Boston-area real estate firm) successful efforts to restore and improve the sustainability of its shopping centers and buildings. In this project Cole:

- Provided technical and strategic advice on a full range of environmental issues including site remediation, sustainable technologies and *contractor selection and oversight.*

- Provided strategic advice and project coordination for two photovoltaic (PV) applications at Gravestar facilities.

- Has worked with Gravestar and dry cleaners to identify safe and cost-effective alternatives to traditional dry cleaning that uses hazardous solvents.

- Helped the company develop recognition for Gravestar's achievements and has obtained government funding for renewable energy application.

Porter Square Shopping Center Renovation. The Porter Square renovation is described in the attached report by Cole et al. presented at *AIA's Mainstreaming Green* Conference[1] (Oct, 1999) and is also featured in an article in *Shopping Center World,*[2] (September, 1999). This renovation transformed a declining 1950's strip mall into an attractive, beautifully landscaped community market place. Neighborhood associations, involved in the planning, strongly influenced the design. Environmentally sustainable features include a photovolatic (solar electric) installation, energy savings measures, toxic use reduction and a system that collects, cleans and stores parking-lot drainage to irrigate the landscaping.

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[1] See Attachment 2
[2] See Attachment 2

Henry S. Cole & Associates, Inc.
Section 4

ENVIRONMENTAL CLEANUP AND RESTORATION

Henry S. Cole & Associates has extensive experience advising clients on issues relating to the investigation and cleanup of environmental releases and hazardous waste sites. Cole has helped many clients obtain effective cleanups. Services and examples are listed below.

- Oversight of remedial contractors
- Third party review of investigations and cleanup plans
- Selection of remedial technologies
- Representing clients in environmental negotiations

Hilton Davis Site, Cincinnati, OH. Large quantities of industrial wastes were disposed on a site located adjacent to a residential neighborhood. The client is a community organization, Citizens Concerned about Hilton Davis (CCHD). Kodak (the PRP) and the City of Cincinnati have provided funding for Dr. Cole's services for more than three years. Cole & Associates, Inc.:

- Provides CCHD with technical assistance and represents the group in a multi-party process that includes community organizations, the responsible party (Kodak), Ohio EPA, and the City of Cincinnati. Cole has provided a leadership role in the evolution of this highly successful stakeholder process.

- Works for better definition of the site's many disposal areas and better information on offsite contaminant migration.

- Helps to negotiate an agreement on protective procedures to ensure that extensive sludge excavation did not lead to significant volatile emissions into the community air.

Boston-Area Shopping Centers. Dr. Cole serves as environmental advisor to Gravestar, Inc., a firm that owns and operates Boston-area shopping centers. The most serious problems include dry cleaner releases located in wellhead protection and underground storage tank releases.

- Cole provides contractor oversight and plays a key in the design of field investigations and the choice of remedial methods.

- Cole also serves as the firm's representative in negotiating environmental cost-recovery from former partners

Evesham Township, NJ. Dr. Cole serves as technical advisor to the Township's Ellis Site Task on issues pertaining to the Ellis Properties Superfund Site. Problems include heavy metal and solvent contamination from a former drum recycling operation. Cole has reviewed all documents pertaining to the site and played a key role in winning improvements in the state's planned cleanup of groundwater. Evesham Township funds the project.

Winthrop, ME. Dr. Cole served as technical advisor to the Winthrop Landfill Citizen Action Group. He helped the group win its primary objective – pro-active measures to prevent the landfill's chemical leachate from contaminating a lake that is used extensively for recreation, fishing and a backup water source. The work led to the formation of a multi-party stakeholder process described in Cole's circular, "Negotiating Environmental Cleanup: Creating Win-Win Frameworks."

Henry S. Cole & Associates, Inc
Section 5

COMMUNITY AND STAKEHOLDER INVOLVEMENT PROCESS

Henry S. Cole is an expert on the processes that can help parties with differing interests identify common ground, win-win solutions and compromises. Cole & Associates, Inc. has helped clients develop, carry out and participate in successful stakeholder and community involvement processes.

- Cole's experience with communities originated with his leadership of the Racine (WI) Coalition for Clean Air a grassroots group that worked for the cleanup of industrial emissions in urban neighborhoods in the 1970's

- As Science Director for Clean Water Action (1983-1992) and as president of Cole & Associates, Cole has provided technical advice to dozens of "Superfund community" groups attempting to protect and restore their communities.

- His ability to work with diverse groups is further enhanced by his five-year tenure at U.S. EPA and through his consultation with a number of businesses including Church & Dwight, The Trane Company, and real-estate firms.

- Several examples Cole's work with community involvement are described below. The attached circular entitled, "Negotiating Environmental Cleanup: Creating Win-Win Frameworks" provides descriptions of two specific examples of multi-party processes and Cole's role.

Agency for Toxic Substances and Disease Registry. ATSDR, a federal agency (DHHS) that conducts health assessments, health studies and protective actions in communities affected by environmental releases, encountered widespread public discontent owing to its failure to address community concerns. ATSDR has retained Henry S. Cole & Associates from 1995 to the present to advise the Agency on improving its relations with communities.

- Dr. Cole was principal investigator and author of a 1996 report evaluating ATSDR's community involvement practices and recommending changes to improve performance. (Report provided on request.).

- Since early 1998, Dr. Cole has served as an information resource / facilitator to the Community/Tribal Subcommittee, a diverse group of activists from affected communities which advises on ATSDR on improving its services to communities.

- Cole currently advises the Subcommittee and ATSDR on process to help ensure that the parties effectively exchange information and derive common understandings and win-win solutions whenever possible.

- Cole developed a computerized system to track the status of requests, recommendations, and Agency responses and develops issue / discussion summaries which serve as a basis for Subcommittee recommendations.

- Initially the interactions involved considerable anger on the part of community leaders and skepticism on the part of many agency officials. However, the process has evolved and has begun to foster collaborative efforts.

PUBLIC COMMUNICATIONS: REPORTS AND TESTIMONY

Henry S. Cole has written a large number of reports designed to inform the public and to advocate client positions. Reports are written to be scientifically accurate and to effectively reach the public, the media, and decision-makers. These reports have enjoyed wide coverage in print and electronic media including the New York *Times*, the Washington *Post*, Boston *Globe*, CBS *Evening News* , ABC and CNN. Examples of reports are summarized below. A full list of publications is available on request.

Mercury Warning: A Study of Mercury Contamination in the United States, Published by Clean Water Fund and Clean Water Action, Washington, DC, August, 1992. This report received widespread media coverage and was used extensively by environmental groups around the country to press for the elimination of mercury in products and tighter emission controls. The report is a comprehensive compilation of important information on major sources, environmental transport, bioaccumulation, and toxicological effects of mercury.

Learning From Success: Health Agency Efforts to Improve Community Involvement in Communities affected by Hazardous Waste Sites, Submitted to Agency for Toxic Substances and Disease Registry, with Boston University School of Public Health, August 1996. The report's recommendations to ATSDR are based on 11 case studies conducted by Henry S. Cole & Associates. ATSDR has distributed this document to its staff and to state and local health agencies that work with environmentally stressed communities.

Super-Clean and Super-Green: The Environmental Case for Concentrated Liquid Laundry Detergents, for Church & Dwight Co., December, 1994. This document helped the client make its case for the environmental and resource advantages for its Arm & Hammer brand super concentrated laundry detergents.

Advantage Glass: Prepared for the Glass Packaging Institute, September, 1993, Co-author, Kenneth Brown. This study documents a number of environmental advantages of glass containers including their ability to be recycled and low-toxic production inputs. The report included a review panel that included independent environmental leaders and scientists.

The NJ Board of Public Utilities Must Act Decisively to Protect Public Health and Environment, Submitted to the NJ Board of Public Utilities, February, 1997, (With Dolores Phillips). The client was a law firm representing utilities that have initiated clean and efficient power production including co-generation. The report recommends incentives for renewables and co-generation and for measures that prevent "cheap and dirty" power from gaining a competitive advantage via deregulation.

Congressional Testimony. As Science Director for Clean Water Action, (1983-1992) Dr. Cole testified frequently before U.S. House and Senate committees on issues including Superfund cleanups, solid waste policy, municipal waste incinerators and mercury contamination. He has been a forceful advocate for better cleanups, public involvement, pollution prevention, and recycling.

WHAT CLIENTS SAY ABOUT HENRY S. COLE AND COLE & ASSOCIATES

Bryan M. Thomlison, former Director, Public Affairs and Environmental Management, Church & Dwight Co., Inc. "Henry S. Cole & Associates has considerable knowledge and technical expertise on a range of environmental issues. The firm is particularly adept at translating complicated technical matters into terms that lay people can understand. I have been pleased with their work and will continue to use their services as needs arise."

Jane Nogaki, Former Chairperson, New Jersey Environmental Federation. "Dr. Cole has a personal style that enables him to break through communication barriers that so often exist between governmental agencies, the public, and industry."

David Altman, Altman & Calardo Law Firm (Cincinnati). "It is his mix of political and technical advice that makes Dr. Cole such a unique asset to those who wish to understand how our institutions operate and those who wish to institute reform and consensus on critical topics related to the environment."

Dr. Barry Johnson, Assistant Administrator, Agency for Toxic Substances and Disease Registry. "We appreciate the thorough and constructive evaluations .... your work will materially help ATSDR and communities to better realize their joint aspirations. We look forward to working with you in implementing recommendations in your report and to getting your assistance in ATSDR's community involvement efforts."

Patricia Engdahl, President, Winthrop Landfill Citizens' Action Group.
"The members of the Winthrop Landfill Citizens' Action Group enthusiastically recommend Dr. Henry Cole for work with any group that is struggling to deal with environmental problems. He has been most effective in helping lead our group to success."

Kathy Hinds, environmental leader in Maine. "Dr. Hank Cole helped us enormously at the McKin Superfund Site in East Gray, Maine. Through his expertise and effective communication, Dr. Cole was instrumental in improving our Superfund Cleanup. We have valued his advice, his reports, and his public appearances over the years."

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Congress of the United States
House of Representatives
Washington, DC 20515–3214

Testimony of
Representative Carolyn B. Maloney
to the Small Business Subcommittee on Tax, Finance, and Exports
July 20, 2000

Mr. Chairman, I would like to thank you, Ranking Member Carolyn McCarthy of my home state of New York, and other members of this panel for bringing to our attention the availability of environmentally-friendly methods of dry cleaning.

I am proud to be a cosponsor of H.R. 1303. This legislation promotes the use of environmentally safe and friendly dry cleaning technology by offering a 20% tax credit against the cost of developing environmentally friendly cleaning technologies. I am encouraged by the co-sponsorship of Ranking Member Charlie Rangel of the Ways and Means Committee where H.R. 1303 has been referred, and I am hopeful that we can find a legislative vehicle to move this legislation towards passage.

I first became interested in this issue after I reviewed a preliminary study released by the non-profit Silent Spring Institute. The study noted a number of environmental factors that could possibly be linked to the cases of breast cancer in a suburb of Boston – Newton, Massachusetts. Among the *possible* factors listed was the chemical used in dry cleaning, perchlorethylene (known as "perc"). While the study was not conclusive and could not find a direct link between the incidence of breast cancer and perc, I am convinced that there should be more studies to find the impact of environmental pollutants on rates of cancer.

I am particularly concerned about a New York statewide report which shows unusually high breast cancer rates in Upper East Side zip codes, in neighborhoods within my district. As you may know, New York City has a high number of dry cleaning stores. I am very concerned about the potential exposure to ground and air contaminants, including those caused by some dry cleaning solvents. Are women in my district more likely to develop breast cancer because of these environmental factors? If so, we need to know.

In the June 19 issue of U.S. New & World Report, Dr. Lynn Goldman, a former California pediatrician who now teachers at the Johns Hopkins School of Hygiene and Public Health, warned parents about everyday household pesticides and toxins that could cause developmental neurotoxicity among children. Perc was one of the six specific concerns Dr. Goldman raised.

It is clear that we do not have determinative scientific evidence on this issue yet. However, it is also clear that there are serious concerns surrounding the use of perc. I have met with representatives of the International Fabricare Institute and the Halogenated Solvents Industry Association who support the use of perc by dry cleaners. While I am impressed by the improved machinery and reduced use of the dry cleaning solvent, I encourage the small business dry cleaning industry to welcome alternative cleaning methods.

I believe it is the time to listen to the EPA. The agency has published a positive case study on liquid CO2 last May, and for years has been funding the training of dry cleaners in adopting a water-based wet cleaning operations in their shops.

Congress should encourage the use of these successful alternatives which are ready to revolutionize the dry cleaning industry. Now that we have the technology, the next step is to help small businesses with a financial incentive to switch to more environmentally friendly machines. H.R. 1303 will do that.

H.R. 1303 will give the incentive to switch to wet cleaning, liquid carbon dioxide, or other methods of safer cleaning for dry cleaning employees, consumers, and the environment.

I thank the Subcommittee for providing this forum to discuss alternative methods for environmentally safe cleaning and would like to reiterate my support for H.R. 1303, the Dry Cleaning Environmental Tax Credit Act of 1999.

cc: Minority Subcommittee Staff

Written testimony for Ted Williams, Sr.

July 25, 2000

Hon. Donald A. Manzullo
Chairman
House Small Business Subcommittee on
Tax, Finance and Exports
B-363 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I was pleased to learn of the July 20 hearing to explore federal government incentives for alternative dry cleaning technologies that are safer for workers, consumers and the environment.

I addressed this issue in great detail at a forum held at the 1999 Clean Show, the major trade show of the cleaning and laundering industry. Enclosed are my remarks from my personal experience in deciding to switch from perchloroethylene to liquid carbon dioxide and wet cleaning. My family who help run our nine dry cleaning stores in the greater Wilmington area, our employees and our customers are extremely pleased with these new, safer technologies. I have never looked back from my days of cleaning in other solvents.

From networking with other dry cleaners in my home state and around the country and from my experience in speaking at the Clean Show, I know that one of the most important issues facing the dry cleaning industry is how to move away from a reliance on traditional solvents to those that are environmentally friendly. Hundreds of dry cleaners and vendors to the industry attended the Clean Show forum, and I received many positive comments on my candid remarks about switching to new, safer cleaning technologies.

One of the best business decisions I made was to switch to new methods of cleaning and to serve as the testbed for innovation in my industry. The technology works and local, state and federal governing bodies need to help others in the dry cleaning industry afford to adopt liquid CO2 and wetcleaning. Thank you for your Committee's attention to this issue and for your support of H.R. 1303.

Sincerely,

Ted Williams, Sr.

Hangers
CLEANERS

For Immediate Release:
For more information, contact:
Mike Fulton (703) 351-5666

HANGER'S CHARTER FRANCHISE OPERATOR TED WILLIAMS, SR., TO APPEAR ON CLEAN SHOW PANEL

Friday, June 25—Orlando. Ted Williams, Sr., a fixture in the Wilmington, North Carolina, dry cleaning market for decades, who opened the first Hangers store in the nation this February, appeared today on a panel entitled, "Separating Snake Oil From Reality – Is There a New Technology in Your Future?," at the 1999 Clean Show. Williams, whose family has been in the dry cleaning business for nearly 60 years, discussed why he is converting all of his stores to Micell Technologies' liquid carbon dioxide process offered through the Hangers chain.

"I am here to tell you loud and clear that liquid carbon dioxide is reality," said Williams. "I am living and breathing proof of its success, and a strong believer in its potential to revolutionize the dry cleaning industry."

The Williams family has been at the core of the dry cleaning community in North Carolina for 59 years. As a past President of the North Carolina Association for Launderers and Cleaners, Williams' decision to alter the future of his family business by switching to liquid CO_2 technology has significant ramifications for the industry as a whole.

Attached are Mr. Williams' prepared remarks. For more information, please contact Mike Fulton at (703) 351-5666.

7516 PRECISION DR.
RALEIGH, NC 27613

919.313.2102

Remarks for Ted Williams, Sr. – Clean 99 Show

It is a genuine pleasure to be at this year's Clean Show. This event has become important for me personally and for my family-owned business. For three generations, the Williams family has been providing cutting-edge dry cleaning service to its customers in the greater Wilmington, North Carolina, market, and the Clean Show has been the leading way for us to keep on top of developments that allow us to better serve our customers and employees.

It is an honor to participate in this panel discussion today. I believe it is important for dry cleaners to be aware of the latest developments the industry offers so that we can better serve our customers. I also believe it is important for dry cleaners and launderers to be more environmentally sensitive as new technologies are developed. The Clean Show is, of course, one of the best opportunities to see and hear what is out there.

I am here to tell you loud and clear that liquid carbon dioxide is reality! I am living and breathing proof in its success, and I am a strong believer of its potential to revolutionize this industry in the next decade. There has been a lot of lip service given about the roll-out of liquid carbon dioxide cleaning machines, but Micell Technologies and its Hangers franchise program have delivered what no other company has to date. Liquid carbon dioxide lives up to its promise.

I bought my first Micell liquid CO_2 machine in 1998 and placed it in an existing shop on Military Cutoff Road in Wilmington. Its performance was exceptional and the reaction from the customers and my employees was so positive, I have now committed to two additional Micell machines and will be perc-free by September! Three new Micell machines have the capacity to clean the clothes from my eight stores throughout Wilmington as well as any additional stores I might acquire in the future.

We launched the new Hangers store at Military Cutoff Road on February 5 of this year, and I have never once second guessed my decision to come clean for the environment – my customers – my employees – and my community.

Now that I have got your attention, let me step back and tell you why I switched from perc to liquid carbon dioxide.

Dry cleaning has been a way of life in our family for three generations. The first Williams dry cleaning store opened in the 1930's, and now we are raising the next generation of Williams cleaners. We truly represent both the old and the new in dry cleaning. But now it is time for us to come clean, and so we have jettisoned our old methods and replaced them with new, environmentally-clean equipment that uses liquid carbon dioxide—the same substance that puts the bubbles in soft drinks and champagne.

After nearly 60 years of cleaning clothes, we came to the conclusion that we had to change the way we have been doing business. We had to switch to a cleaner process that was better for the environment. The reason why we are investing in new technology, and an entirely new method of cleaning clothes at the turn of the millennium, is the future of the dry cleaning business itself. It simply cannot survive if it continues to use perchloroethylene—known as "perc"-- the same chlorinated solvent it has relied on for most of this century

It has only been in the last two years that liquid carbon dioxide, pioneered by University of North Carolina chemist Joe DeSimone and his students as a dry cleaning substitute for perc, has become available. Dr. DeSimone found that liquid carbon dioxide could clean clothes as well as perc, and has developed the equipment to replace perc with this clean and safe process. Not only is this equipment environmentally safer, but the process is gentler on clothes. In February, we opened the first commercial liquid carbon dioxide dry cleaning store in the country. The success of this store, and the overwhelming response from our customers and employees, has convinced us to rapidly convert the remainder of our stores to this groundbreaking technology.

Because it is heavily regulated, perc requires costly handling and disposal procedures. By switching to this new technology, I have eliminated the burdens associated with the use of this substance: countless hours spent completing paperwork to ensure that I am adhering to the regulations, training my employees in the disposal process, paying high insurance rates to cover my business in the event of a spill, and paying special taxes to cover the cost of possible spills. In North Carolina alone, there are some 50 contaminated perc sites that need to be cleaned up. In Florida, the number is

nearly 1000. Now, I am free to spend more time with my customers and employees, and to help to act as a leader in the dry cleaning industry, showing my peers that there is a new and better way of doing business.

But the dry cleaning business is slow to change. Unlike virtually every other industry in the United States, the dry cleaners stubbornly stick to their roots as an industry comprised almost exclusively of small, family-run businesses. It is not an easy decision for a small business to commit to an investment that represents a radical change in the way we operate.

We are proud of that history and proud of the reputation Williams Cleaners has built over the past 60 years. And we are thrilled to be out from under the burdensome regulations and taxes that perc requires.

Our family has woven strong ties to the community of Wilmington, North Carolina, where we own and operate eight stores. Wilmington residents know us for our "Coats for Kids" program that we run with the Salvation Army. Each fall, we dry clean thousands of donated coats for needy children throughout the Wilmington area.

We feel a strong responsibility to our community, where we look forward to raising the fourth generation of Williams, and we believe we must be a part of preserving our environment and protecting our natural resources. We hope our peers in the dry cleaning industry will feel the same.

The future of dry cleaning in America and the world can be a bright one, thanks to the innovation of liquid CO_2.

I would like to conclude my remarks by thanking Joe DeSimone; Tim Romack; Jim McClain and Ken Huggins; and a host of others at Micell Technologies who have make my transition smooth and one I think my fellow dry cleaners should consider soon.

- **Micare delivers a better process.**
  - Micare *cleans* as well as traditional dry cleaning methods.
  - Micare is *easier on clothes* than typical dry clean methods.
  - Micare leaves clothes *feeling* clean and *smelling* clean.
  - Micare is the *environmentally-safe alternative* to perc.
  - CO_2 is *more cost-effective* than Perc; no drying time and less finishing means *more loads per hour*.

- **Micell, through its Hangers outlets, offers a total solution.**
  - Hangers stores are *not restricted* by costly and burdensome environmental regulations; environmental and health liability is eliminated.
  - The Hangers name offers *brand awareness* and the benefits of global retail marketing.
  - The Hangers concept delivers *better and more customer services*.
  - The Hangers brand provides *strategic counseling, recruiting, training, and retraining* for store operators; it allows you to attract quality employees.
  - *Hangers means more profits for the Williams family.*

- **Micell works—It is a proven concept.**
  - Hangers has eight operating sites which have *processed close to 100,000 consumer garments*.
  - Micell's *technology* has proven itself in more than six months of continuous commercial operation.
  - Micell's Hangers stores are *succeeding* as profitable businesses.

TESIMONY OF

ANN HARGROVE
PRESIDENT
ANN HARGROVE AND ASSOCIATES; AND
EXECUTIVE DIRECTOR
PROFESSIONAL WET CLEANING NETWORK

BEFORE THE

HOUSE SMALL BUSINESS SUBCOMMITTEE ON
TAX, FINANCE AND EXPORTS

JULY 20, 2000

I would like to express my sincere appreciation to the Chairman and Members of the subcommittee. I strongly believe in helping small business adopt environmentally safe technologies. It is both an honor and a privilege to be presented with the opportunity to submit testimony for the record on this important issue.

I bring over 20 years experience in dry-cleaning in both ownership and management capacity. In 1995 I participated in the EPA sponsored "Greener Cleaner Project." The project goal was to test a process of cleaning garments that would normally be cleaned in traditional solvents using water in a "real world" commercial setting. Wetcleaning is a process using computer-controlled equipment, humidity sensitive dryers; new additives (detergents, conditioners, sizing) combined with the knowledge of the fabricare professional.

Today I run a Chicago-based consulting firm specializing in dry-cleaning alternatives. Due in part to my pioneering work in wetcleaning, I am considered to be the leading authority on wetcleaning. In my capacity as a consultant in the cleaning industry I have the opportunity to regularly meet cleaners. They all have one common denominator, an interest in alternatives. Many professional cleaners want to offer wetcleaning as a service to enhance their marketing strategies to build business. Others choose to integrate wetcleaning in their daily operations to reduce solvent consumption. While some see consumer demand through casual wear dress and satisfaction the benefit.

Environmentally speaking, wetcleaning has many advantages including minimal emissions, less toxic raw materials and no hazardous waste. Alternatives hold a tremendous promise to the garment cleaning industry; the consumer and the environment will benefit. However, the shift to wetcleaning is not simple. Many individuals and their families rely on their dry cleaning businesses for their livelihood. Profit margins for small businesses are slim. In order to induce change toward alternatives there must be some built-in incentive. Dry cleaners have worked diligently to reduce perchloroethylene consumption without any incentive.

This bill offers the first real promise of HELP. That is why I support H.R.1303, the Dry Cleaning Environmental Tax Act of 1999. This legislation offers dry cleaners a 20 percent tax credit against the cost of all environmentally friendly technologies. A tax incentive for a business to employ environmentally sound methods of cleaning garments is a win-win situation for all.

Thank you again for giving me a chance to voice my opinion.

Sincerely,

Ann Hargrove, CPW
Ann Hargrove & Associates, Inc.
Executive Director
The Professional Wetcleaning Network
P.O. Box 1
Lyons, IL 60534

Hangers Cleaners
2101 G Street, Lincoln, Nebraska 68510
402-435-3217

Testimony of

Carl Rohman
Proprietor of Hangers Cleaners
Lincoln, Nebraska

Small Business Subcommittee on
Tax, Finance and Exports
Hearing:
Helping Small Cleaners Adopt Safer Technologies

July 20, 2000

Chairman Manzullo and members of the Subcommittee, I appreciate the opportunity to submit testimony regarding incentives to help small businesses adopt safer technologies. I have been an ardent supporter of H.R. 1303, the *Dry Cleaning Environmental Tax Credit Act*, and have personally worked to ensure its success this past year because of my belief that it would greatly benefit small business cleaners around the nation.

I began my career in the cleaning industry in 1985. Today I own a ten-store cleaning operation in Lincoln, Nebraska. My stores employ about forty part-time and twenty full-time employees. Until this past March, we cleaned clothes with Perchloroethylene (PERC), petroleum-based and wet-cleaning solvents. In March, I purchased two liquid carbon dioxide machines and discontinued the use of PERC and petroleum in my stores. Today, my stores use wet-cleaning and liquid carbon dioxide exclusively.

Liquid carbon dioxide is an extremely effective dry cleaning solvent. When balanced with wet-cleaning, it works just as well as or better than traditional cleaning solvents, without the environmental and health ramifications. Liquid carbon dioxide is safe for my employees, my customers, and for the environment.

Cleaning in carbon dioxide greatly reduces damage to clothing fibers, reduces fading of color dyes and eliminates dry cleaning odors. Damage to fibers results when clothes are heated and tumbled. Broken fibers can be measured in lint. Imagine the giant ball of lint that would result from drying 500 pounds (about 35 loads) of clothes in a conventional home dryer, which dries at about 200 degrees. Cleaning in PERC, which dries at 140-160 degrees, would yield about a football-sized bag of lint from the same clothes. Carbon dioxide, because its vapor recovery phase occurs at about 60 degrees, yields only about a marble-sized ball of lint. Garments cleaned in liquid carbon dioxide also fade much less, and look and feel new longer. Even if I weren't a cleaner, I would prefer to have my own clothes cleaned in carbon dioxide.

Additionally, many of my employees have told me they are glad to have the exposure to PERC eliminated even though, when tested, the level of PERC exposure always measured at 8ppm TWA or less, well under any current and proposed regulations. One of my employees formerly had severe allergy symptoms that would worsen during the week; when she returned to work every Monday from her weekend off, her symptoms would be gone, but they would return by the middle of the week. Since I switched from PERC to liquid carbon dioxide in March, her symptoms have disappeared and have not returned.

Since liquid carbon dioxide machines are fairly new, they are very expensive compared to conventional PERC and petroleum machines. The liquid carbon dioxide machines I have seen cost between $110,000 to $150,000. A

PERC machine is approximately $50,000 and a petroleum machine is about $80,000. Yet, health and environmental consequences far outweigh the cost of a new and safer cleaning machine. Small businesses need to be encouraged to use these new technologies for several reasons. First, so it will be made clear that government endorses and encourages safer alternatives in the industry. Second, with wider use of these technologies, they will become more affordable and, therefore, more accessible to small businesses.

In order for liquid carbon dioxide and other new cleaning technologies to really take off and progress in the industry, a critical mass of dry cleaners will have to start using them. This will benefit everyone—not just one company or manufacturer. If these safe technologies do not become the standard within the industry, the machines and detergents will always cost more and there will not be an opportunity for the technologies to develop to full potential.

Recently, I have been asked my opinion about including fifth-generation PERC machines in any tax incentive legislation. My answer is an unequivocal no; fifth-generation PERC machines should not be included in any type of tax incentive legislation. If the bill includes fifth-generation machines, government would send a strong message that it endorses the continued use of PERC. Such an endorsement could have a chilling effect on the market for liquid carbon dioxide and other emerging technologies. Currently, the biggest problem facing the cleaning industry is ground water contamination. Dry cleaners have greatly improved their handling of hazardous chemicals in recent years, but I don't believe that it is possible to use PERC without a risk of ground contamination. Therefore, I believe that totally eliminating PERC is an even better choice. The best approach that government can take is to encourage the adoption of environmentally safe alternatives.

If the bill is to be expanded, it seems odd to me to limit the bill to a single machine per site per year since such a limitation seems more likely to slow the adoption of the technology than encourage it. I believe that plants should be totally converted whenever possible, and in many instances this could require multiple machines.

I consider myself to be an environmentally-conscious cleaner. I have always tried to use healthy and safe cleaning practices. Further, I installed some of the first wet-cleaning machines in the country. Because of my beliefs in protecting the environment, as well as my employees and my customers, I am hopeful that safe technologies will one day be the norm for the cleaning industry. If it is the goal of Congress to encourage the growth of environmentally friendly cleaning alternatives, the passage of this tax credit bill is imperative.

I thank the Subcommittee again for this opportunity to submit testimony on such an important issue.

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House of Representatives

EXTENSIONS OF REMARKS

FINANCIAL INSTITUTIONS SHOULD PROVIDE LENDING CAPITAL FOR ENVIRONMENTALLY RESPONSIBLE DRY AND WET CLEANING SMALL BUSINESSES

HON. DONALD A. MANZULLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 2000

Mr. MANZULLO. Mr. Speaker, today, I am introducing a Sense of the Congress Resolution that would urge financial institutions to promote environmentally responsible dry and wet cleaning processes and to work with business enterprises to provide streams of capital to protect the environment.

I am offering this important resolution to help bring to light the situation that our nation's small dry and wet cleaning businesses face with regard to the cleaning process that most of the small cleaning establishments utilize—namely, percholoroethelyne (perc) and petroleum based solvents. Perc and petroleum based solvents are known pollutants; they contaminate the air, land and groundwater. However, there are other options available to small dry and wet cleaning businesses.

On Thursday, July 20, 2000, the Small Business Subcommittee on Tax, Finance and Exports, which I chair, held an extraordinarily important hearing on H.R. 1303, the Environmental Dry Cleaning Tax Credit Act. This bipartisan bill, introduced jointly by Representatives DAVE CAMP and DAVID PRICE, is an incentive-based approach to resolving the complex environmental problems the dry cleaning industry faces as a result of its use of perc, a hazardous waste when it is emitted into the air and groundwater. There are nearly 35,000 dry cleaners across the country. Most employ only a handful of workers. They are truly small businesses.

H.R. 1303 provides a 20 percent tax credit toward the purchase of new equipment that uses non-hazardous waste producing wet and dry cleaning technology. Recent technological developments utilize carbon dioxide—the same chemical compound found in sodas (or pop, depending on what part of the nation you represent). Carbon dioxide is obviously not harmful to the environment, since we consume it and our vegetation thrives on it.

Like all new ideas on the market, this technology is expensive. That is exactly why the tax credit is necessary. While there are costs associated with H.R. 1303, they are far outweighed, in our view, by the expenses associated with cleaning up the dry cleaning solvents that have been used for decades. For example, in North Carolina, it is estimated that once the assessment and remediation for sites contaminated from the use of perc, costs using the state's own "cost-per-site" estimates could approach $72 million to $90 million annually. The State of Florida has estimated that it has 2,700 contaminated dry cleaning sites that are requiring almost $1.5 billion needed for clean-up. The numbers are staggering for nationwide clean up costs, which could approach nearly $20 billion—far outweighing the costs estimated for H.R. 1303.

After we heard testimony from the witnesses at our hearing, I was approached by a gentleman from the Bank of America, who shared with me the situation facing the dry and wet cleaning industry from the perspective of banks. He stated that the "severe and costly nature of environmental issues has virtually eliminated dry cleaners' access to conventional bank capital over the past seven to eight years." He pointed to one overwhelming reason: fear over liability as a result of contamination from perc and petroleum solvents.

I submit his letter for printing in the RECORD. However, I want to share with you the assessment by the Bank of America that financial institutions face because of these environmental risks. These include: (1) direct legal liability; (2) complete asset value loss; (3) partial asset value loss; and (4) indirect operation risk.

Mr. Speaker, it is quite obvious that the concerns of our nation's financial industry are serious enough to shy away from lending to a specific industry. But what is striking is the extent upon which the Bank of America is willing to share with Congress about why they will not lend to dry cleaners that use perc or petroleum based solvents.

What is encouraging is that the Bank of America, along with other lending institutions, such as the Central Carolina Bank, have determined that dry and wet cleaning processes that utilize carbon dioxide technology and other non-hazardous waste causing substances deserve financial backing. I am sure that other banks across the country have similar lending policies. Although I do not know specifically which one, I invite those banks to contact and confirm this with me. I, in turn, will share this information with my colleagues.

I want to reiterate the important of this resolution. There is a need that must be met. We have an enormous number of dry and wet cleaning businesses in the United States that find it difficult to obtain financial backing from lending institutions because of environmental concerns. The reason I am offering this resolution, along with my colleagues, is that I believe the American public needs to be aware of this safer, environmentally sound dry and wet cleaning technology. There are options out there, and I encourage our financial institutions to work with our dry and wet cleaners to expand this new environmentally safe technology.

BANK OF AMERICA,
SMALL BUSINESS RISK MANAGEMENT,
Raleigh, NC, July 25, 2000.

Re H.R. 1303, the Environmental Dry Cleaning Tax Credit Act.

Hon. DONALD A. MANZULLO,
Member of Congress, Chairman, House Small Business Subcommittee on Tax, Finance, and Exports, Washington, DC.

DEAR CHAIRMAN MANZULLO: Thank you for speaking with me at last Thursday's post-hearing luncheon briefing. As I stated then, the severe and costly nature of environmental issues have virtually eliminated dry cleaners' access to conventional bank capital over the past 7–8 years. There is one overwhelming reason for this—chemical contamination from perchloroethylene and petroleum solvents.

The historical environment risk to banks of lending to dry cleaners can be broken down into four groups:

(a) *Direct Legal Liability*—Simply being in the chain of title-after a foreclosure can create varying degrees of bank responsibility for funding property cleanups.

(b) *Complete Asset Value Loss*—The extent of contamination is often such that banks will "walk away" from foreclosure and write off the entire asset value.

(c) *Partial Asset Value Loss*—Even if the bank is not liable for cleanup operations, or the cleanup is not so extensive to justify a complete loss, banks can only sell contaminated, foreclosed properties for a small fraction of what the appraised value was at loan origination—before the contamination! Banks must write off the difference.

(d) *Indirect Operational Risk*—Even if the bank is not taking a lien on real property, there is still a high risk due to the potential for significant unexpected expenses associated with dry cleaning operations. These expenses include spill clean-up costs, regulatory fines, operational interruption due to permit loss, and increased costs due to various employee health issues.

Regardless of how much better today's perchloroethylene or petroleum based dry cleaning machines are when compared to older machines, the risks noted above persist. While updated perchloroethylene and petroleum equipment may decrease the discharge of hazardous chemical solvents, they cannot eliminate them. Thus, banks will continue to avoid financing the equipment, the property on which they're located and the operator who uses them.

The complete elimination of the risks noted above by the CO_2 process would clearly be the single most important positive development in the relationship between banks and dry cleaners in over a decade. However, this does not mean that banks will immediately be welcoming back dry cleaners. The removal of the environmental bank risk due to hazardous solvents is replaced with the financial risk of high leverage due to the cost of the new CO_2 technology. Tax incentives such as those included in H.R. 1303 would significantly help to make this important new technology financially viable for dry cleaners and thus create a credit risk atmosphere acceptable to federally insured banks and banking regulatory agencies.

Bank of America is the leading lender to small businesses in the United States with $6.8 billion in commercial loans to businesses with less than $10 million in annual revenue. The average dry cleaner personifies what we would love to include in our portfolio—small, hard working, mostly family owned businesses with close ties to their communities. Legislation such as H.R. 1303 should allow these business owners to replace existing high interest loans, expensive leases, and less than desirable commercial locations with access to the conventional bank capital needed for commercial viability and sustainable long-term growth.

Sincerely,

JOSEPH C. BONNER,
Vice President, Small Business Risk Management, Commercial Credit Policy Development.

SAM BRICKLE
582 Great Road. North Smithfield, RI 02896. (401) 767-2449

Testimony of Sam Brickle

Before the House Small Business Subcommittee on Tax, Finance, and Exports

July 20, 2000

Thank you Mr. Chairman for taking the time to consider my testimony about government incentives to promote the increased usage of environmentally safe methods in dry cleaning. As a small business dry cleaner using newer, more-effective, less-harmful, and certainly more expensive technology than most other dry cleaners in America, I urge your committee to look closely into the legislation, H.R. 1303, being discussed here today.

The technology currently being used to clean our clothes in over 90% of dry cleaning stores in America utilizes a chemical that the Environmental Protection Agency has classified as a potentially dangerous toxin. This chemical, known as perc, has been the centerpiece of dry cleaning as we know it for decades. Even though it has been known that perc is destructive to the environment and can be harmful to those who are regularly exposed to it, such as small business people like myself, as well as my employees, there was no alternative to perc until only a few years ago. This alternative is liquid carbon dioxide technology.

When I became aware of this new movement in the dry cleaning industry, I was excited by the potential of liquid carbon dioxide cleaning. In fact, I was the first major investor in the company that produces the machines I use in my shops today. Not only did I recognize the potential business growth that could come from using liquid carbon dioxide, but I also understood its applicability in our society where we are constantly striving to preserve the environment. My stores, Hangers of New England, all use liquid carbon dioxide and water exclusively for cleaning clothes. I have found that this technology is beneficial to cleaners and communities in ways that stretch beyond the scientists' claims regarding the positive environmental impact of liquid carbon dioxide. The fact is that clothes cleaned this way have been proven to last much longer than their perc-washed counterparts. This begs the obvious question – if liquid carbon dioxide technology is safer and performs better than the current alternative, why do more than 90 percent of America's dry cleaners still use perc? The unfortunate answer to that is that liquid carbon dioxide technology is between two and three times as expensive for cleaners as maintaining the status quo.

That is why H.R. 1303 is so important. The 20 percent tax credit that would be provided to dry cleaners who purchase liquid carbon dioxide cleaning machines would certainly serve as a catalyst for the expansion of

environmentally favorable dry cleaning businesses like my own. Already both the North Carolina and Nebraska state legislatures have passed incentives that support this same technology. Those states, it should be noted, have been on the forefront of liquid carbon dioxide usage in dry cleaning, each boasting dry cleaning plants like my own. Although state incentives will help the industry be more safe and provide better jobs for Americans in those two states, a federal tax credit would have a much more pronounced affect on the industry.

Mr. Chairman, I cannot stress enough the importance of passing H.R. 1303. In my opinion, the Dry Cleaning Tax Credit Act of 1999, if enacted would literally lead to revolutionizing the dry cleaning industry in America, and help small businesses and the environment at the same time. The industry is currently using the same chemicals as it was decades ago – chemicals that harm dry cleaning employees on a daily basis. The passage of H.R. 1303 would be an enormous step towards moving the dry cleaning business into the 21st Century. Thank you very much for your consideration.

TESTIMONY OF

PATTY BRYDEN

BEFORE THE

HOUSE SMALL BUSINESS SUBCOMMITTEE ON TAX, FINANCE AND EXPORTS

JULY 20, 2000

1036 Summit Lane
Mountainside, NJ 07092

Testimony of Patty Bryden

Mr. Chairman and members of the a Subcommittee, I would like to thank you for allowing me the opportunity to submit testimony before you on helping small businesses adopt environmentally safe technologies.

I am a 42-year old mother of two school-aged children, a wife, a certified educator, and I have a degree in Biological Sciences. Dry cleaning is a necessary part of my world; however, in good conscience and with respect to the health and well being of my family and community at large, I can not allow my household to rely on and thereby propagate and support traditional dry cleaning. Besides the immediate skin reactions and odoriferous chemical residue, traditional dry cleaning methods are poisoning our groundwater and our environment in general.

The carbon dioxide dry cleaning method developed by Dr. Joseph DeSimone and utilized by the "Hangers" franchise, is a dry cleaning process that I fully endorse. I and assuredly most parents and Americans in general want healthy products, practices and processes to replace unhealthy ones as soon as technology permits the switch.

In the case of dry cleaning, now is the time. With Alzheimer's, autism, cancer, and so many other mysteriously caused illnesses on the rise, we must stop subjecting our bodies to substances known to be harmful. Financial roadblocks that prohibit dry cleaners from switching to the carbon dioxide method must be removed sooner rather than later. With the help of H.R.1303, you, as our representatives, can remove those massive roadblocks to a healthier world. Families like mine need the carbon dioxide process to be made available immediately.

In closing, I would like to thank the Subcommittee again for the opportunity to submit testimony to you today on this important issue, and I urge you to vote for H.R. 1303. This is clearly an urgent win-win situation that will benefit everyone in the end.

Bank of America

Bank of America
Small Business Risk Management
NC7-002-03-01
One Hannover Square, Suite 301
Raleigh, NC 27601

July 25, 2000

The Honorable Donald A. Manzullo
Member of Congress
16th District, Illinois
Chairman
House Small Business Subcommittee on Tax, Finance, and Exports
409 Cannon House Office Building
Washington DC 20515

Re: H.R. 1303, the Environmental Dry Cleaning Tax Credit Act.

Dear Chairman Manzullo:

Thank-you for speaking with me at last Thursday's post-hearing luncheon briefing. As I stated then, the severe and costly nature of environmental issues have virtually eliminated dry cleaners' access to conventional bank capital over the past 7-8 years. There is one overwhelming reason for this – chemical contamination from perchloroethylene and petroleum solvents.

The historical environmental risk to banks of lending to dry cleaners can be broken down into four groups:

a) Direct Legal Liability – Simply being in the chain of title after a foreclosure can create varying degrees of bank responsibility for funding property cleanups.
b) Complete Asset Value Loss – The extent of contamination is often such that banks will "walk away" from foreclosure and write off the entire asset value.
c) Partial Asset Value Loss – Even if the bank is not liable for cleanup operations, or the cleanup is not so extensive to justify a complete loss, banks can only sell contaminated, foreclosed properties for a small fraction of what the appraised value was at loan origination – before the contamination! Banks must write off the difference.
d) Indirect Operational Risk – Even if the bank is not taking a lien on real property, there is still a high risk due to the potential for significant unexpected expenses associated with dry cleaning operations. These expenses include spill

clean-up costs, regulatory fines, operational interruption due to permit loss, and increased costs due to various employee health issues.

Regardless of how much better today's perchloroethylene or petroleum based dry cleaning machines are when compared to older machines, the risks noted above persist. While updated perchloroethylene and petroleum equipment may decrease the discharge of hazardous chemical solvents, they cannot eliminate them. Thus, banks will continue to avoid financing the equipment, the property on which they're located and the operator who uses them.

The complete elimination of the risks noted above by the CO_2 process would clearly be the single most important positive development in the relationship between banks and dry cleaners in over a decade. However, this does not mean that banks will immediately be welcoming back dry cleaners. The removal of the environmental bank risk due to hazardous solvents is replaced with the financial risk of high leverage due to the costs of the new CO_2 technology. Tax incentives such as those included in H.R. 1303 would significantly help to make this important new technology financially viable for dry cleaners and thus create a credit risk atmosphere acceptable to federally insured banks and banking regulatory agencies.

Bank of America is the leading lender to small businesses in the United States with $6.8 billion in commercial loans to businesses with less than $10 million in annual revenue. The average dry cleaner personifies what we would love to include in our portfolio – small, hard working, mostly family owned businesses with close ties to their communities. Legislation such as H.R. 1303 should allow these business owners to replace existing high interest loans, expensive leases, and less than desirable commercial locations with access to the conventional bank capital needed for commercial viability and sustainable long-term growth.

Sincerely,

Joseph C. Bonner
Vice President
Small Business Risk Management
Commercial Credit Policy Development
(919) 829-6639
joe.bonner@bankofamerica.com

July 31, 2000

The Honorable Donald A. Manzullo
Chairman
Subcommittee on Tax, Finance & Exports
Committee on Small Business
U.S. House of Representatives
Room B363 Rayburn House Office Building
Washington, DC 20515

RE: Official Comments for Submittal Under HR 1303 (Dry Cleaning Environmental Tax Credit Act) Proceedings on behalf of DryWash™ Cleaning Process Liquid Carbon Dioxide Technology Manufacturers

Dear Mr. Chairman:

On behalf of Global Technologies and the 10 commercial manufacturing entities that we have issued licenses for a liquid carbon dioxide dry cleaning technology (DryWash™), we are pleased to provide the following comments in support of HR 1303 (Dry Cleaning Environmental Tax Credit Act).

It is rare that a small business industry, in conjunction with large corporate entities and the federal government, can work together to create a technology to relieve regulatory burden and renew growth in an industry. DryWash™ is such a technology, and more than 5 (five) years and millions in R&D investment after the initial USEPA grant that funded its beginning, our manufacturers are poised to begin manufacturing and selling thousands of machines annually in the US and worldwide. What this technology promises is simple, yet with profound implications for small business dry cleaners nationwide - the elimination of excessive regulatory oversight under federal, state, and local toxic, hazardous waste, air, and water regulations. These regulations, and the possibility of liability under Superfund, are THE central concerns for most drycleaners and the reason for the lack of growth in this industry today.

The virtues of carbon dioxide are clear: it is non-toxic, non-flammable, non-ozone depleting, and non-hazardous waste producing. And since it is a gas under atmospheric conditions, ***it cannot spill into the soil or groundwater***. No other solvent, conventional or otherwise, can claim all of these properties. And yet, these properties have been known for many years. But it was only recently that federal USEPA (original funding was provided by the Environmental Technology Initiative), DOE's Los Alamos National Laboratory (which did the initial research), Raytheon Corporation (which developed the actual process), and our licensed manufacturers (cited below) invested collectively in development of a technology that could exploit these properties in a commercially viable

GLOBAL TECHNOLOGIES LLC
222 N. SEPULVEDA BOULEVARD, SUITE 2200, EL SEGUNDO, CA 90245 • TEL 310.414.9680 FAX 310.414.9682

GLOBAL Technologies

process. Never before has this industry seen this level of investment dedicated towards development of a new process.

The development of DryWash has always been conducted with the small business dry cleaner in mind. Our investment has been both within and outside the current industry infrastructure, and DryWash products will be offered in much the same manner that cleaners are accustomed to buying their products today. ***There are no franchises, fees, or other restrictions associated with use of the process***. The machinery is simple, safe, and easy to use. The footprint and size of the equipment is comparable, and in some cases smaller, than that of a similar capacity conventional machine. The energy usage is less, and the cycle times are twice as fast. Plus, the cleaning performance is comparable to that of any conventional process.

We believe that the operating cost of this process, which is the true measure of actual cleaning cost, is very competitive with that of conventional processes. The capital cost, which is the most visible cost to most cleaners, is more. This is in part due to the fact that a pressure vessel is inherently more expensive than a conventional vessel. In addition, our manufacturing partners, like all private entities, must be able to recoup their investment in a reasonable time period. At present, a machine from one of our manufacturers will cost a dry cleaner roughly $100,000, as compared to a price of roughly $50,000 to $70,000 for a conventional machine. At full manufacturing output, we anticipate that our machines will be priced between $60,000 and $80,000, depending upon the manufacturer.

This bill would provide a substantial incentive to those cleaners that would otherwise be quick to adopt this process, but for what is perceived to be a restrictive capital cost. The benefits of the adoption of this technology to the environment, to the industry, to the government, and to society in the form of savings, growth, productivity, health, and safety are potentially enormous. We fully support the implementation of this bill, and applaud the vision that has led to its being introduced.

Sincerely,

Jack Belluscio, President
Global Technologies, on behalf of Raytheon Corporation and DryWash Licensed Manufacturers

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GLOBAL Technologies

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CLEAN WATER ACTION

August 1, 2000

The Honorable Donald Manzullo, Chairman
Small Business Subcommittee on Tax, Finance and Exports
409 Cannon House Office Building
Washington, DC 20515

Dear Chairman Manzullo:

I would like to take this opportunity to express my appreciation for inviting Henry S. Cole to testify at the July 20th Small Business Subcommittee on Tax, Finance and Exports hearing, *Helping Small Dry Cleaners Adopt Safer Technologies*. It was a wonderful opportunity for Hank to represent Clean Water Action and its 700,000 members on such an important environmental issue.

Clean Water Action believes that H.R. 1303, the *Dry Cleaning Environmental Tax Credit Act of 1999*, will allow many dry cleaners around the nation to switch from perchloroethelyne to new cleaning technologies that are both safe and sustainable, such as liquid carbon dioxide and wet-cleaning. Clean Water Action is an ardent supporter of phasing out the use of perchloroethelyne and other hazardous solvents. In addition, many environmental, consumer and health advocacy organizations are concerned about the health of the environment, as well as those who are in direct contact with chlorinated organic solvents—dry cleaning employees or consumers.

We feel it is important that government embrace safe and sustainable cleaning alternatives. Without government's support, the message is being sent that it is acceptable to continue using hazardous chemicals that contaminate our environment, as well as harm our health. Including fifth-generation perchloroethelyne machines in any tax-incentive legislation would also do the same irreversible damage by showing that government endorses the continued use of perchloroethelyne. This would have a devastating effect on current and developing environmentally-friendly cleaning technologies. Newer and safer technologies, such as liquid carbon dioxide and wet-cleaning, need to become the norm of the cleaning industry.

On behalf of Clean Water Action, thank you again, Chairman Manzullo, for the opportunity to voice our interest in incentives for small business cleaners to purchase environmentally-safe cleaning technologies. We will work with you in any capacity to ensure that legislation is passed in support of this goal.

Sincerely,

David Zwick,
President, Clean Water Action

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Honorable Dave Camp
U.S. House of Representatives
137 Cannon House Office Building
Washington, DC 20515-2204

Dear Mr. Camp:

This letter is a revised response to your request for an estimate of the revenue effects of a proposal to provide a tax credit for the purchase of certain qualified dry cleaning equipment.

Your proposal would amend Internal Revenue Code section 48 to provide that an investment tax credit may be taken for 20 percent of the basis of each qualified piece of dry cleaning equipment placed in service during the taxable year. The basis of the property would be reduced by the amount of the tax credit. This credit would apply to only one qualified piece of equipment per year at each business premise of the taxpayer. Qualified equipment is equipment that does not use any hazardous substance as the primary process solvent. For the purpose of your proposal, a hazardous substance is defined as a substance which contains: (1) a chlorinated solvent, (2) a substance determined to possess carcinogenic potential in humans or bioaccumulative properties, or (3) more than 10 percent petroleum or petroleum derivatives. This proposal would be effective for any equipment placed in service on or after January 1, 1999.

The estimate that we sent to you in our letter dated June 11, 1999, was incorrect. Our revised estimate is that this proposal would have the following effects on Federal fiscal year budget receipts:

Fiscal Years [Millions of Dollars]											
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2004	2000-2009
-8	-14	-30	-44	-50	-57	-66	-77	-87	-98	-146	-533

NOTE: Details do not add to totals due to rounding.

I apologize for any inconvenience the original letter may have caused. Please let me know if we may of further assistance in this matter.

Sincerely

/s/

Lindy L. Paull

Subcommittee on Tax, Finance & Exports

Helping Small Dry Cleaners Adopt Safer Technologies

July 20, 2000

Opening Statement

Rep. Carolyn McCarthy (NY-4th)

Thank you Mr. Chairman for scheduling this hearing to discuss the concerns and potential remedies confronting the dry cleaning industry.

I would also like to thank Congressman Camp and Congressman Price, as well as our second panel of guest witnesses, for taking time out of their busy schedule to be here this morning.

The emergence of safer and healthier dry cleaning technologies is a step in the right direction if we want to reduce the health and environmental risks caused by current dry cleaning practices.

I applaud the efforts made by various groups in developing these technologies and support incentives to help increase the continued development and use of new dry cleaning technologies.

However, I believe these incentives should be available to all dry cleaners who already committed themselves to use various preventive mechanisms and environmental management systems in their operations.

The Dry Cleaning Environmental Tax Credit Act provides an excellent incentive for the industry to experiment with new environmentally friendly dry cleaning processes.

However, I am concerned about its narrowness in scope.

I believe we must also find ways to reward those who have already made strides towards a more environmentally-safe business.

Offering a tax credit on equipment that supports a singular technology negates the investments made by other dry cleaners.

H.R. 1303 is a step in right direction, but we should also provide remedies and other assistance to dry cleaners who experiment with all forms of environmentally-safe solutions and equipment.

Thank you Mr. Chairman. I look forward to the testimony from our witnesses.