

clothes, and mortgages. It will meet the day-to-day needs of working families, and it will be spent right in their communities. It will spur local economies and prevent the recession from deepening.

An unemployment check is always second best to a paycheck. The 142,000 workers in Wisconsin who have been forced to file for benefits want a job, they want to work, they want to contribute to the economy and pay taxes. Unemployment insurance is meant to help hard working people through difficult times. It is an insurance plan that workers and employers contribute to for emergencies just like today. American workers have paid for these benefits, they have earned them, and they deserve this extension.

#### RESTORING TEA 21 FUNDING LEVELS

Mr. BAUCUS. Mr. President, for the past 6 months Congress has been discussing the best ways to stimulate the economy. Even though we are no longer working on an economic stimulus bill, we face a real crisis that will negatively affect our economy. We face unprecedented losses to our highway program. Every state will lose money.

If we want to create true stimulus and maintain jobs for our citizens then there is an easy solution. Highways. For every \$1 billion dollars that goes into the highway program, 42,000 jobs are created. In an attempt to address unemployment concerns and immediate stimulus to the country's economy, I, along with others on the Environment and Public Works Committee, propose an increase in obligation authority for the fiscal year 2003. This would restore the authorized levels for that fiscal year. It doesn't get us all the way there, but it's a start.

This is about jobs. Skilled and unskilled jobs in highway construction are well-paid. These jobs would provide employment opportunities for workers who have lost manufacturing jobs, with minimal training requirements. In addition current jobs will not be lost in many of the supplier and heavy equipment manufacturing industries. This is money that can be spent quickly by state DOTs. Fast spending means fast jobs. Both state DOTs and contractors confirm that money can be spent and jobs maintained within the first 6 months. Without restoring TEA 21 levels, over 360,000 jobs will be lost.

There is \$20.5 billion in the Highway Trust Fund. We can afford at least the \$4.369 billion from that balance to be distributed over the next year. In fact, we can't afford not to.

This extra \$4.369 billion begins to take care of this huge problem that we face. It is a problem that we addressed the other day in the Environment and Public Works Committee hearing on TEA 21 reauthorization. We are looking at a highway program that is \$9 billion lower for FY 2003 than it was in FY 2002. For my state of Montana that

means a \$79 million loss to our highway program. And in Montana, highways are our lifeblood. We need the highways and we need the jobs created from new highway funding. Also, we can't afford to lose any highway-related jobs because of this under funding.

We passed a six year highway bill for a reason. So states knew how much was coming in from year to year. My State Department of Transportation is counting on at least the TEA 21 level.

Secretary of Transportation Norman Mineta was at that hearing I just mentioned. And when I pressed him about this extra obligation authority for highways, his response was that highway money is good economic stimulus.

In conclusion, I propose that we give States at least what they were expecting for highway projects in fiscal year 2003. They say there is no such thing as an easy fix, but let me tell you—this idea comes as close as any.

#### THE FEDERAL REFORMULATED FUELS ACT

Mr. JEFFORDS. Mr. President, I ask unanimous consent that documentation important for the legislative history of S. 950, the Federal Reformulated Fuels Act, be printed in the RECORD.

The first is a supply impact analysis of that legislation. The analysis concludes there is a significant probability that total gasoline production capacity would increase under the provisions of S. 950. The second is an estimate by the Congressional Budget Office of the effects of any private-sector mandates included within that bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. ENVIRONMENTAL  
PROTECTION AGENCY,  
Washington, DC, January 18, 2002.

Hon. JIM JEFFORDS,  
*Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC*

DEAR MR. CHAIRMAN: This is in response to your letter of December 20, 2001, co-signed with Senator Bob Smith, requesting technical and economic analyses regarding the elimination of MTBE as a gasoline additive.

We are enclosing two documents that are responsive to your request. The first is a draft report prepared by PACE Consultants, under contract with the Environmental Protection Agency. This report is entitled, *Economic Analysis of U.S. MTBE Production Under the MTBE Ban*.

The second document is a draft EPA staff analysis entitled, "Supply Analysis of S. 950—The Federal Reformulated Fuels Act of 2001." This analysis, which was prepared in October 2001 by EPA staff who have technical expertise in matters relating to motor vehicle fuels, has never been released and should not be construed to be Administration policy. The analysis draws extensively from the findings of the above-mentioned PACE report.

As you know, the issue of MTBE is related to a current Clean Air Act provision that requires the use of oxygenates in reformulated gasoline. It is my understanding that Congress designed this provision to promote the

use of renewable fuels, enhance energy security, support the agricultural economy, and improve the environment. EPA welcomes the opportunity to work with the Congress to further these important goals.

Again, thank you for writing. If you have questions about these documents, please feel free to contact me or your staff may contact Diann Frantz in the Office of Congressional and Intergovernmental Relations at (202) 564-3668.

Sincerely yours,

CHRISTINE TODD WHITMAN.

Enclosures.

#### SUPPLY IMPACT ANALYSIS OF S. 950—THE FEDERAL REFORMULATED FUELS ACT OF 2001

There are four primary provisions in S. 950 that could have an impact on gasoline supply in the U.S. These include the nationwide ban on MTBE, rescinding the 1 psi RVP waiver for ethanol blended into conventional gasoline, the additional air toxics requirements, and the provision of grant money to support the conversion of merchant MTBE plants to the production of other gasoline blendstocks. The impact of each of these provisions is discussed below. The evaluation of the financial support for the conversion of merchant MTBE plants to the production of other gasoline blendstocks is combined with that of the ban on MTBE use.

#### A. NATIONWIDE MTBE BAN

Due to the attention that has been placed on the MTBE issue over the last several years, there have been a number of different MTBE ban scenarios that have been put forward and a considerable amount of analysis already performed for at least some scenarios. Differences in how the bans would be implemented, however, can cause significant differences in what impact they will have on the gasoline fuel supply. What follows is a summary of a recent analysis EPA conducted for a nationwide ban on MTBE use which mirrors relatively closely the MTBE ban provisions in S. 950.

Table A-1 shows the sources of the MTBE used in U.S. gasoline and estimated 2000 production volumes (from Pace Consultants). The total MTBE volume of 263,000 bbl/day represents approximately 3.1% of U.S. gasoline consumption. However, MTBE contains only about 80% of the energy density of gasoline. Consequently, on a energy equivalent basis this MTBE volume represents approximately 2.5% of total U.S. gasoline consumption.

TABLE A-1.—YEAR 2000 PRODUCTION VOLUME OF MTBE (BARRELS/DAY) IN THE U.S.

| Type of MTBE plant                           | Physical volume | Gasoline equivalent volume |
|--|-----------------|----------------------------|
| Captive refinery plants .....                | 79,000          | 64,000                     |
| Propylene Oxide based merchant plants .....  | 45,000          | 36,000                     |
| Ethylene based merchant plants .....         | 21,000          | 17,000                     |
| Natural gas liquids (NGL) based plants ..... | 67,000          | 54,000                     |
| Imports (NGL based) .....                    | 51,000          | 41,000                     |
| Total .....                                  | 263,000         | 212,000                    |

In support of EPA's analysis of restrictions on the use of MTBE, we hired Pace Consultants, a knowledgeable and reputable firm, to conduct an analysis of the economics of converting the different types of MTBE plants to produce either alkylate or iso-octane instead of MTBE, versus the plant completely shutting down.

MTBE plants react isobutylene with methanol to make MTBE. MTBE plants fall into two broad categories: those which use isobutylene which already exists or which can be produced at very low cost from existing material, and those which have to produce isobutylene at significant cost from other chemicals. Captive or refinery based

MTBE plants and ethylene based MTBE plants fall into the first category, as their isobutylene is being produced in the process of making gasoline in the refinery or butadiene in the chemical plant. Propylene oxide based MTBE plants produce isobutylene from tertiary butyl alcohol, but do so using an expensive chemical process. Thus, they are placed in this first category, as well.

Domestic and overseas natural gas liquids (NGL) based MTBE plants fall into the latter category. These plants produce isobutylene via three processes from a mixture of normal butane and isobutane obtained from natural gas processing.

If an MTBE plant converts to alkylate production, it produces 80% more gasoline in terms of energy content than it did when producing MTBE. The gain in energy comes from the fact that isobutane is combined with this isobutylene in the production of alkylate, versus the addition of methanol in the production of MTBE. Isobutane contains more energy than methanol, so the product does as well.

If an MTBE plant converts to iso-octane production, it produces 15% less gasoline equivalent volume than it did when producing MTBE. Again, this assumes that the converted MTBE plant would process the same amount of isobutylene as before. The loss in energy comes from the fact that isobutylene is reacted with itself to form iso-octane (i.e., no other feedstock is combined with the isobutylene in the reaction). Thus, the energy content of methanol is lost relative to MTBE production.

Alkylate and iso-octane both contain no aromatics and have relatively high octane (90-100) and low RVP, making them attractive fuel blending components. The Pace study found that it should be economic for the vast majority of MTBE production plants to be converted to either iso-octane or alkylate production if MTBE were banned. Below, we discuss the likely fate of each type of MTBE plant, plus imports.

Pace projected that captive, refinery MTBE plants will likely convert to either iso-octane or the isobutylene will be used to produce alkylate in a refiner's existing alkylation plant. Isobutylene had always been converted to alkylate at refineries prior to a refiner's decision to produce MTBE and this would be the preferred route if MTBE were banned, due to the higher volume of gasoline produced with alkylate versus iso-octane. However, if a refiner's current alkylation unit did not have excess capacity or its capacity could not be inexpensively increased, Pace concluded that the MTBE unit would likely be converted to produce iso-octane. Thus, as a lower limit for our analysis we have presumed that all these MTBE units are converted to produce iso-octane, and as an upper limit all the isobutylene will be used to produce alkylate. However, in no case should the MTBE production from these plants be completely lost as the isobutylene is available at no cost and has no other high value market.

Pace projected that propylene oxide based MTBE plants are likely to convert to iso-octane production, due to the lower capital cost involved. Like captive refinery plants, these plants are unlikely to shut down, since the feedstock used to produce MTBE (tertiary butyl alcohol) is produced as a by-product from propylene oxide or ethylene production (i.e., it is essentially free).

Pace projected that ethylene based MTBE plants are likely to shutdown and send their isobutylene to refineries for conversion to alkylate. Thus, while the MTBE plant itself is shut down, the volume it produces is not lost. As a lower limit, we projected that these ethylene based plants would convert to iso-octane, like the propylene oxide based plants.

Pace projected that merchant, NGL based MTBE plants would face the greatest challenge to stay in business. If they were to stay in business, Pace projected that they would be more likely to convert to alkylate than iso-octane production. Historical alkylate price premiums over premium gasoline would not support conversion to alkylate production. However, in 2001 price premiums have been consistently higher. Furthermore, under a complete MTBE ban, demand for clear, high-octane blending components should increase and alkylate price premiums should increase accordingly. This was in fact the case in all refining studies of California under their MTBE ban which showed significant flows of alkylate from the Gulf Coast to California. Consequently, for this analysis of a nationwide MTBE ban, due to the uncertainty, we have projected in the worst case that all of these plants would shut down or in the best case that all would convert to alkylate production. Under the actual provisions in S. 950, the best case is more likely to occur. This is due to the \$750 million it would provide to help convert merchant MTBE plants. This subsidy should be sufficient to ensure that the production capacity of these plants remains available.

Finally, Pace projects that most foreign natural gas based MTBE plants are likely to convert to iso-octane production, given their low feedstock costs. This was observed already with an MTBE plant in Alberta, Canada, that recently converted to producing iso-octane.

Table A-2 summarizes the results of this analysis. As can be seen, we project that the net impact on supply from a nationwide MTBE ban ranges from a loss of approximately 84,000 bbl/day to gain of approximately 91,000 bbl/day, or roughly a gain or loss of approximately 1% of total nationwide gasoline volume on an energy equivalent basis. Given the \$750 million in grants made available to help convert merchant MTBE plants, we believe that the supply impact is more likely to fall towards the upper end of this range than the low end. The grants should be sufficient to ensure that the production capacity of the NGL-based MTBE plants remains in the gasoline supply.

TABLE A-2.—GASOLINE EQUIVALENT VOLUME WITH A NATIONWIDE MTBE BAN

|   | Current production volume (bbl/day) | Lower limit of replaced volume (bbl/day) | Upper limit of replaced volume (bbl/day) |
|---|-------------------------------------|--|--|
| Captive refinery plants .....               | 64,000                              | 54,000                                   | 114,000                                  |
| Propylene Oxide based merchant plants ..... | 36,000                              | 31,000                                   | 31,000                                   |
| Ethylene based merchant plants .....        | 17,000                              | 14,000                                   | 30,000                                   |
| Merchant (NGL) plants .....                 | 54,000                              | 0  | 98,000                                   |
| Imports (natural gas based) .....           | 41,000                              | 30,000                                   | 30,000                                   |
| Total .....                                 | 212,000                             | 128,000                                  | 303,000                                  |
| Change from Current .....                   |                                     | (84,000)                                 | 91,000                                   |

This analysis reflects only the changes in MTBE and gasoline hydrocarbon volume. The changes in ethanol volume that go along with this were not quantified in the Pace analysis. Even without the RFG oxygen mandate, which S. 950 allows states to opt out of, it is likely that a significant amount of ethanol would be used to fulfill the RFG and mobile source air toxics (MSAT) performance requirements. For example, Mathpro, in refinery modeling performed for EPA, projected that 50-65% of California gasoline would contain ethanol if MTBE were banned and the RFG oxygen mandate were waived.

#### B. RESCINDING THE 1.0 PSI RVP WAIVER FOR ETHANOL BLENDED IN CONVENTIONAL GASOLINE

Due to its hygroscopic nature it is not possible to ship ethanol blends through the same common carrier fuel distribution sys-

tem with other petroleum products. Consequently, ethanol is not blended at the refinery into gasoline, but instead is "splash blended" at the terminal, usually as it is loaded into tank trucks. When ethanol is added to gasoline, it results in roughly a 1.0 psi RVP increase in the vapor pressure of the final blend. It is possible to produce a sub-RVP grade of gasoline for blending with ethanol downstream to offset this RVP increase, and in fact, that is what is done under the RFG program. Furthermore, some refiners currently produce a sub-octane grade of gasoline for downstream blending of conventional gasoline with ethanol. However, requiring all gasoline blendstock destined for ethanol blending to be distributed separately would place an additional challenge for the distribution system.

Rescinding the 1.0 psi RVP waiver for ethanol blending would require a unique sub-RVP gasoline blendstock for conventional gasoline. Unlike the MTBE ban discussed above, EPA has not conducted studies recently that would quantify the impact of this on overall gasoline supply. However, the analysis is also much less complicated. Based on recent analyses performed in support of our analysis of the boutique fuels issue, we have determined that lowering the RVP of gasoline by 1.0 psi RVP would require the removal of 1.5% of the gasoline in the form of butane. For some refineries, this would require the construction of a new butane-pentane splitter. Since butane contains roughly 85% of the energy content of typical gasoline, on an energy equivalent basis this would represent a 1.3% reduction in the volume of gasoline that is blended with ethanol.

While the amount of butane which needs to be removed from gasoline increases with increased ethanol use, this impact is overwhelmed by the additional volume of ethanol itself. Ethanol is typically blended at a 10 volume percent level. Ethanol contains 60% of the energy per gallon of gasoline. Thus, adding 10 volume percent ethanol increases gasoline equivalent volume by 6% while removing butane to compensate for ethanol's RVP boost reduces the gasoline equivalent volume by 1.3%, or just over a fifth of the gain from ethanol. Therefore, the net gain from adding 10 volume percent ethanol is an increase in gasoline equivalent volume of 4.7%.

Ethanol-blended conventional gasoline currently represents about 7% of total U.S. summertime gasoline consumption, or about 640,000 barrels per day. Thus, about 8000 bbl/day gasoline equivalent of butane would have to be removed from this fuel to compensate for ethanol's RVP boost. However, under a nationwide MTBE ban and with or without state opt outs of the RFG oxygen mandate, ethanol use in both RFG and conventional gasoline would likely increase over today's level. Since the RFG performance standards do not grant ethanol an RVP waiver, increased use of ethanol in either fuel would require butane removal. The impact on conventional gasoline, however, would be directly attributable to the removal of the RVP waiver under S. 950. It is difficult to predict precisely how much ethanol production in general would increase. If for example, ethanol use were to double over today's levels (nominally 100,000 bbl/day, or 60,000 bbl/day gasoline equivalent), this could require the removal of as much as 15,000 bbl/day of butane (13,000 bbl/day gasoline equivalent). Thus, the total amount of butane removed could be 22,000 bbl/day gasoline equivalent under this example. However, this is still much lower than the 60,000 bbl/day gasoline equivalent of new gasoline supply associated with the new ethanol production.

## C. EXISTING AND ADDITIONAL AIR TOXICS CONTROL

It is difficult to quantify the impact on gasoline supply of the existing MSAT standards plus the new air toxics standards which are included in S. 950. The current MSAT standards require refiners to maintain the toxics emission performance of their 1998–2000 RFG and conventional gasoline into the future. In the context of S950, this means that as MTBE is removed from primarily RFG, refiners producing RFG must maintain their previous toxics emission performance.

In general, this historical performance has been well beyond that required by the RFG regulations. Removing MTBE increases toxics emissions from gasoline, even considering the lower sulfur levels which will be required in the future and lower olefin levels which should accompany the sulfur reductions. Substituting alkylate and iso-octane for MTBE helps, but may not be sufficient to maintain toxics performance. Adding ethanol along with alkylate and iso-octane should be sufficient for most refiners to compensate for MTBE removal, once the Tier 2 sulfur standards take effect.

Another possibility is that most refiners should be able to shift some of their reformate (the gasoline blendstock highest in aromatics and benzene) from RFG to conventional gasoline. This would ease compliance with the MSAT standards for their RFG. However, some refiners may still have to reduce benzene or aromatic levels below current levels. Some refiners are also more dependent on MTBE use than others.

Despite this uncertainty, any impact of the MSAT standards are likely to affect RFG supply more than total gasoline supply. Much less MTBE is used in conventional gasoline today compared to RFG. The levels of sulfur and olefins in conventional gasoline will also be dropping in the near future. Thus, most refiners should find it relatively easy to comply with the MSAT standards for their conventional gasoline even with an MTBE ban. Refiners facing difficult meeting their MSAT standards for RFG would not decrease total gasoline production, but could shift some of their RFG production to conventional gasoline. Thus, the relevant issue with the current MSAT standards is their effect on RFG supply, not total gasoline supply.

The new toxics performance standards in S. 950, as they appear to be written, would be imposed in addition to the current MSAT standards. As a result, refiners with cleaner than average historic RFG would be constrained primarily by the MSAT standards, while refiners with poorer than average historic RFG toxics performance would be held to a new PADD average toxics standard.

We have not analyzed the impact of a regional toxics standard of this type, particularly in conjunction with the MSAT standards. However, as was the case with the MSAT standards, the impact of the regional toxics standards would be to make it relatively more difficult to produce RFG than conventional gasoline. Total gasoline supply would probably be little affected, but RFG supply could be affected. More analysis is needed before any quantitative estimates could be made.

## D. OVERALL IMPACT

Due to the lack of available analysis to quantify the impact of the new toxics emission requirements on gasoline supply, we cannot provide a comprehensive overall estimate of the impact of the S. 950 on gasoline supply. However, the combination of alkylate and iso-octane production from current MTBE plants, plus the likely increase in ethanol use, should more than compensate for the loss of MTBE volume. Thus, based on

this first order analysis, total gasoline production capacity could actually increase. The toxics standards primarily affect RFG production relative to conventional gasoline production. Thus, whether RFG production increases must await further analysis. However, there appears to be a significant probability that total gasoline production capacity would increase under the provisions of S. 950.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, December 21, 2001.

Hon. JAMES JEFFORDS,  
Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed statement on private-sector mandates for S. 950, the Federal Reformulated Fuels Act of 2001. CBO completed a federal cost estimate and an assessment of the bill's effects on state, local, and tribal governments on November 9, 2001.

If you wish further details on this statement, we will be pleased to provide them. The CBO staff contacts are Lauren Marks and Richard Farmer, who can be reached at 226-2940.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

## CONGRESSIONAL BUDGET OFFICE PRIVATE-SECTOR MANDATES STATEMENT

## S. 950—Federal Reformulated Fuels Act of 2001

Summary: S. 950 contains several private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would impose mandates on domestic refiners and importers of certain motor fuels, and on producers of the fuel additive methyl tertiary butyl ether (MTBE). The most costly mandate would ban the use of MTBE in motor vehicle fuel by the year 2006. CBO estimates that the direct costs of such a ban would amount to about \$950 million a year starting in fiscal year 2006, declining to about \$600 million a year by 2008. Consequently, the aggregate direct costs of all the mandates in the bill would be well in excess of the annual threshold established by UMRA (\$113 million in 2001, adjusted annually for inflation).

S. 950 also would authorize an annual appropriation of \$250 million to the Environmental Protection Agency (EPA) over the 2002–2004 period for grants to assist manufacturers of MTBE to convert facilities to produce fuel additives that would substitute for MTBE.

Private-sector mandates contained in bill: S. 950 would impose private-sector mandates on domestic refiners and importers of certain motor fuels, and on producers of the fuel additive methyl tertiary butyl ether. Specifically, the bill would impose mandates by:

Banning the use of methyl tertiary butyl ether in motor vehicle fuel;

Eliminating the waiver that allows gasoline blended with ethanol to have higher evaporative properties (as measured by the Reid vapor pressure) than gasoline blended with other fuel additives; and

Requiring the refining industry to comply with more frequent environmental and public health testing of fuel additives prior to registration of those substances.

Estimated direct cost to the private sector: CBO estimates that the aggregate direct costs of the private-sector mandates in S. 950 would be well in excess of the annual threshold established by UMRA (\$113 million in 2001, adjusted annually for inflation) starting in 2006.

## Ban the Use of MTBE in Gasoline

Under the Clean Air Act (CAA) Amendments of 1990, areas with poor air quality are

required to add chemicals called “oxygenates” to gasoline as a means of reducing certain air pollution emissions. The CAA has two programs that require the use of oxygenates. One program requires oxygenated fuel only during winter months. The more significant of the two programs is the reformulated gasoline (RFG) program. Under that program, areas with severe ozone pollution must use reformulated gasoline year round. Areas with less severe ozone pollution may opt into the program as well, and many have. Refiners in participating states are required to add oxygenates to that gasoline at levels designated to improve combustion and thereby, reduce pollution from motor fuel emissions. Currently, about 1.3 million barrels of reformulated gasoline are sold each day. One of the most commonly used oxygenates is methyl tertiary butyl ether. In recent years concerns have been raised about the adverse effects on drinking water supplies of MTBE that leaks from underground tanks.

S. 950 would ban the use of methyl tertiary butyl ether in gasoline within four years of the bill's enactment. Nearly 0.3 million barrels of MTBE are blended into gasoline each day in this country, with about one third of that amount supplied to refiners by merchant producers and the rest produced by the refiners themselves or imported. Under the bill, domestic petroleum refiners would no longer be able to blend MTBE into gasoline and would therefore be required to either produce or buy other, more costly fuel additives (such as Alkylates or IsoOctane) to blend into reformulated gasoline. Merchant producers would have to convert their operations and begin producing alternative fuel additives, or would sell MTBE abroad. Significant capital investment by domestic refiners and merchant producers, including conversion of MTBE plants would be required in order to produce the Alkylates or IsoOctane. Importers would have to acquire gasoline produced without MTBE and alternative fuel additives.

Industry studies indicate that refiners and importers may initially have to pay an additional 2.5 cents to three cents per gallon to supply gasoline without MTBE. The cost to merchant producers of MTBE that decide to convert to the production of alternative fuel additives could be about 15 cents per gallon of MTBE converted. For both parties, the unit costs of compliance will diminish after capital investments are made. CBO estimates the total cost of the MTBE ban would amount to about \$950 million annually starting in 2006 and decline after a few years to about \$600 million annually.

At this time, ten states, including California and New York, have acted to completely phase-out the use of MTBE in gasoline. CBO's estimate of the cost to refiners has been adjusted for the fact that those states, which account for more than 40 percent of reformulated gasoline sales, will already be in compliance with the ban by the time the bill's provisions would go into effect.

## Eliminate the Ethanol Waiver

Under the RFG program gasoline sold in the summer months must meet a Reid vapor pressure (RVP) standard that is stricter than that for other gasoline. RVP, measured in pounds per square (psi), indicates how quickly a substance evaporates. Gasoline with a high RVP evaporates more readily at a given temperature, allowing components of gasoline that contribute to smog formation to escape into the atmosphere.

S. 950 would eliminate the statutory waiver that allows conventional gasoline blended with ethanol to have a higher Reid vapor pressure than other gasoline. Currently, conventional gasoline blended with ethanol is

allowed to have an RVP of 10 psi, making it more evaporative than other fuels. Under the bill, ethanol-blended fuels would have to achieve an RVP of 9 psi. To accommodate the change, refiners who blend ethanol would reduce their use of other highly evaporative components in gasoline, such as butane. It is likely that those refiners (located mainly in the Midwest) would continue their use of ethanol, since that additive receives federal and state subsidies. According to the Energy Information Administration, it would cost about 0.4 cents per gallon of gasoline to eliminate enough butane to lower the RVP of ethanol-blended gasoline to 9 pounds per square inch. CBO therefore expects that the cost of replacing butane and other evaporative blendstocks in the 0.4 million barrels of ethanol-blended gasolines that are sold each day would be about \$65 million annually.

*Require More Frequent Environmental and Public Health Testing*

The bill would require manufacturers of fuel additives to test their products regularly for any environmental and public health effects of the fuel or additive, as part of the registration process with the EPA. Under current law, such testing occurs at the discretion of the EPA Administrator. Based on information provided by the EPA on the most recent round of testing, CBO expects the cost of regular testing to be between \$10 million and \$20 million every five years, which is the period of time over which the EPA expects the testing to take place.

Appropriation or other Federal financial assistance provided in the bill related to private-sector mandates: S. 950 would authorize the appropriation of \$750 million to the Environmental Protection Agency over the 2002–2004 period for grants to assist domestic manufacturers of MTBE to convert facilities to produce substitute fuel additives instead of MTBE.

Estimate prepared by: Lauren Marks and Richard Farmer.

Estimate approved by: David Moore, Deputy Assistant Director for Microeconomics and Financial Studies Division.

#### ADDITIONAL STATEMENTS

##### HONORING ALLISON CHURCH OF CORBIN, KENTUCKY

• Mr. BUNNING. Mr. President, today I ask my colleagues to join me in honoring the most recent accomplishment of Allison Church of Corbin, KY.

Allison, a junior at Corbin Independent High School, has been chosen as one of only 350 students nationwide to be a participant in this year's National Youth Leadership Forum on Defense, Intelligence, and Diplomacy, which will take place later in February right here in our Nation's capital. Allison earned this distinction based upon her excellent academic record, extensive involvement in extracurricular activities, and expressed interest in a career related to national security. I commend Allison for her strong commitment to her studies, school, and country's protection.

After the horrific attacks perpetrated on September 11, 2001, I can see no better time than the present for our nation's youth and future leaders to be learning about the importance of such topics as international diplomacy,

defense, and intelligence. I believe Allison will learn valuable political and social tools which she will carry with her for the rest of her life. I thank Allison for proudly representing Corbin Independent High School and the entire Commonwealth of Kentucky. •

##### 10TH ANNIVERSARY OF THE VERMONT SMALL BUSINESS DEVELOPMENT CENTER

• Mr. LEAHY. Mr. President, I rise today to commend the Vermont Small Business Development Center, commonly known as the Vermont SBDC, for its impressive first ten years of operation.

In 1992, this new partnership of government, education, and business was established in Vermont to help spur the state's economy. The parties involved were the U.S. Small Business Administration, the Vermont Agency of Commerce and Community Development, the Vermont State Colleges, and Vermont's twelve Regional Development Corporations.

With a staff of five and a lean budget, the SBDC set out to accomplish its statewide mission: to help Vermont small businesses succeed. In its first year of operation, nearly 3,000 hours of free business counseling were provided to 736 clients. The positive impact of SBDC activities in just its first three years of existence is attested to by the attendance of nearly 1,400 people at its small business seminars held around the state in 1995.

Over the past 10 years, the SBDC has provided more than 44,000 hours of counseling to 11,000 clients. Over half were women, and half were new business startups. In addition, over 15,000 Vermonters have attended SBDC business seminars.

Evaluation is a critical component to the SBDC. The annual impact assessment implemented in 1996 measured the economic impact that SBDC clients were having in Vermont. It found that SBDC clients created jobs at twice the rate of other Vermont businesses. It is not surprising that client satisfaction was rated at 97 percent.

In 1998, the Vermont SBDC was recognized by the U.S. Small Business Administration, SBA, as the Outstanding National SBDC; a wonderful feat for an organization that accomplishes so much with so little. In fact, last year's economic impact assessment revealed that SBDC clients have led to the addition of over \$3.2 million in incremental tax revenues to the Vermont treasury. Considering the current state match contribution of about \$300,000, that equates to more than 9 to 1 return on the state's investment.

The impressive achievements of SBDC must be viewed in light of the active role of the various partners that support it. Since its inception, SBDC has been housed at Vermont Technical College, which also provides facilities for workshops and seminars. The SBA provided the initial seed funding and

by validating SBDC's effectiveness continues to provide federal funding. The Vermont Agency for Commerce and Community Development provides matching state funds and is an integral partner in the SBDC network. The Agency considers SBDC a primary component of their economic development strategy. The Vermont Regional Development Corporations (RDC) are the local partners which ensure that services are provided uniformly throughout the state. SBDC counselors are housed at the twelve RDC centers around the state.

Leveraging resources and working with other organizations has been the hallmark of the SBDC over the years. Private sector and other external network partners have been absolutely essential for service delivery. The SBDC works with countless external organizations on a daily basis to form a broad delivery and support network. For example, approximately 60 percent of referrals for SBDC counseling and business planning assistance come from the banking community and other lenders.

In the face of potential reduction of funding, clients and friends of the SBDC are coming together to emphasize the benefit and economic contributions of the SBDC. Together, they are sending the message that now is not the time to cut SBDC resources. Rather, a challenging economy is the time to invest in partnerships like the SBDC. At return rates of 9 to 1 it is difficult to justify not providing the funding necessary to maintain the resources needed to meet market need.

Once again, I am proud of the initiative and hard work SBDC has contributed to making our state a national leader among small business development organizations. Small business is truly the backbone of Vermont's business community. And Vermont is an example of how small states can leverage their limited resources for the maximum benefit of their citizens. Over the years, SBDC has found ways to partner with the federal government, the private sector, and higher education to double its available funding, provide free quality services to businesses, help develop businesses and economic independence, and at the same time provide a return on investment that more than pays for the program. I congratulate them on their tenth anniversary. •

##### TRIBUTE TO PETER HAMBLETT

• Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Peter Hamblett of Dover, NH, on being named as the 2002 Volunteer of the Year by the Greater Dover Chamber of Commerce.

Peter was the recipient of the Volunteer of the Year award in 2001 and is an exemplary member of the community in Dover. His community involvement includes: member, Dover Rotary Club, activist in Main Street program in Dover, member, Board of Directors for