

## HEARING BEFORE THE HOUSE COMMITTEE ON SMALL BUSINESS

February 14, 2024

### TESTIMONY OF MICHAEL GREEN, SPECIAL ADVISOR ON CLIMATE AND ENERGY, AMERICAN SUSTAINABLE BUSINESS NETWORK

Chairman Roger Williams, Ranking Member Nydia Velazquez, and fellow Committee Members, I welcome the opportunity to engage with your committee to discuss the nature of regulatory policies coming from the Environmental Protection Agency and their impact on mainstreet business. Today I have the opportunity to represent the American Sustainable Business Network and our hundreds of businesses spread across the country. I also have the opportunity to speak to you from the unique perspective of being a small business owner that is located on our community's main street in Woodstock, Vermont.

I would like to start with sharing the experiences of our community this past summer when a series of irregular weather events caused the second 100-year flooding event in the past 15 years. Between July 10th and 11th 2023, we had 9 inches of rainfall on the Green Mountain Spine. The waters rushed down and inundated our village causing widespread damage to our businesses and homes. My family was fortunate to be spared the devastation experienced by several of my neighbors, but many businesses in our community were impacted by this event. On the morning of the 11th, business owners across the state woke up to complete destruction as several communities were completely cut off from rescue services with roads sucked into the raging rapids.

This experience is not unique to Vermont. This is the same story for small businesses

across the country as we continue to learn to adapt to our ever changing climate. We know that small businesses are disproportionately impacted by the threats of climate change<sup>1</sup> due to their limited resources to absorb financial shocks from catastrophic events. Without the ability to relocate their brick and mortar businesses, being locked into less diversified supply chains, and often unable to compete with larger corporations in the global marketplace, our small businesses experience a heightened vulnerability to the threats of the climate crisis. A study by the Federal Emergency Management Agency (FEMA) highlights that nearly 40% of small businesses never reopen following a disaster<sup>2</sup>, underscoring the urgent need for supportive climate regulations.

Businesses are not only feeling the impact of the climate crisis through major flooding events; many businesses are also forced to shutter their doors because of extreme heat and poor air quality. The impacts of unchecked localized air pollutants have an impact on our workforce, customers and communities as a whole. Strong EPA regulations such as the recent final rule on Soot<sup>3</sup> play a crucial role in safeguarding public health, reducing pollution-related illnesses, and lowering healthcare costs. For small businesses, healthier communities translate to reduced sick days, increased productivity, and a stronger consumer base. Research indicates that for every dollar spent on air pollution control, approximately \$30<sup>4</sup> in health benefits is realized, demonstrating the economic viability of environmental regulations.

A 2023 report by the American Lung Association found that 36% of Americans—119.6 million people—still live in places with failing grades for unhealthy levels of ozone or particulate pollution<sup>5</sup>. The same report found that the number of people living in counties with

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<sup>1</sup> <https://hbr.org/2016/11/small-and-young-businesses-are-especially-vulnerable-to-extreme-weather>

<sup>2</sup> <https://www.cnbc.com/2017/09/16/hurricane-watch-40-percent-of-small-businesses-dont-reopen-after-a-disaster.html>

<sup>3</sup> <https://www.asbnetwork.org/media-release/statement-american-sustainable-business-network-epa-national-ambient-air-quality>

<sup>4</sup> <https://www.epa.gov/sites/default/files/2015-07/documents/factsheet.pdf>

<sup>5</sup> <https://www.lung.org/research/sota/key-findings>

failing grades for daily spikes in deadly particle pollution was 63.7 million, the most ever reported under the current national standard. The impact from air pollution on our business community is real, as the workforce in these heavily impacted communities are unable to participate due to sick days, increased pulmonary disease or having to care for a loved one. By fostering a healthier community, small businesses see a direct benefit in the form of a more productive workforce and reduced healthcare expenses. The regulations put forward by the Environmental Protection Agency work to level this playing field and create opportunities for our small businesses to be a part of the solution.

Often, small businesses do not have the ability to force their will on the market like larger corporate competitors might. The EPA has done a good job of taking these matters into consideration when constructing their rulemaking process, engaging with our business leaders<sup>6</sup> and taking their opinions into consideration when drafting final rules and regulations.

Attached to my testimony, I have included testimony and calls to action from the hundreds of businesses that we have worked directly with at ASBN. This demonstrates our small business commitment to working with the EPA and their regulatory process. For almost two decades, we have been active in supporting a robust rulemaking process that supports scientific backed policies. The attachment includes hundreds of small businesses across the nation that have sent letters in support of recent EPA work to regulate dangerous pollution from mercury, carbon, methane and soot. These businesses acknowledge the impact that these pollutants have on their local communities and also recognize that the source of these pollutants is not the small business community but instead the result of business from large out-of-state corporate polluters.

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Small businesses are smart enough to not pollute the community of which they are an integral part.

EPA regulations often lead to significant shifts in market dynamics, incentivizing companies to develop and adopt cleaner technologies and practices. Small businesses are at the end of the issue and only see the harmful impacts of the unregulated market. These shifts towards cleaner and more efficient outcomes create better outcomes for small businesses by aligning the market with a healthier environment and often more efficient product choices.

There are several examples where EPA regulations have moved markets towards cleaner solutions that yielded economic opportunity. For instance, the The Good Neighbor Plan has guaranteed that companies are not impacted by cross-state pollution and the impact it may have cross state borders. Not only does this support the local community and downwind communities, it also guarantees that neighboring states don't become sacrificed due to lack of regulations from a neighboring state.

One example that is important to many of the communities across New York, New Hampshire and Maine is the Clean Air Act's Acid Rain and Mercury and Toxic Substances (MATS) programs. Through technical support, incentive structures, and a continued updating of these important policies, the EPA has worked with power plants to reduce their SO<sub>2</sub> NO<sub>X</sub> and mercury emissions, a primary cause of acid rain and detriments to public health. These programs have led to significant investments in cleaner technologies and practices. Small businesses are often not implicated by the policy, since they are not large point source emitters but do stand to benefit from the end results.

One example of the ability of EPA regulatory policy moving markets in favor of small businesses is the EPA energy star program. This voluntary scheme promotes energy efficiency in products, homes, and businesses and is a program that I would imagine many of the committee members participate in through purchasing lower cost alternative home and office appliances. It is difficult to find a business or home in America that has not reduced energy costs through investing in things like energy efficient light bulbs. Manufacturers are incentivized to produce more energy-efficient products to receive the Energy Star label, which is recognized by consumers as a mark of energy efficiency. This program has significantly shifted the market towards energy-efficient appliances, lighting, and buildings<sup>7</sup>, reducing costs to small businesses and homes alike.

Another example of the EPA regulatory framework creating markets for small businesses is the Renewable Fuel Standard which requires a certain volume of renewable fuel to replace or reduce the quantity of petroleum-based transportation fuel. This has significantly boosted the biofuel market<sup>8</sup>, encouraging the development of bioethanol and biodiesel industries. This has been a critical market for US energy supply and supports the economic opportunity for farmers in states like Ohio, Michigan and Minnesota<sup>9</sup>.

EPA regulations have often been a catalyst for innovation, driving both large and small businesses to develop, adopt, and market environmentally friendly technologies and practices. Small businesses, in particular, have benefited from these regulations in several ways, as they can be more nimble and innovative in responding to regulatory requirements.

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<sup>7</sup><https://www.energystar.gov/about/impacts#:~:text=Economic%20Impacts,of%20U.S.%20energy%20efficiency%20jobs.>

<sup>8</sup><https://www.epa.gov/environmental-economics/economics-biofuels#:~:text=U.S.%20policy%20approaches%20to%20support%20biofuel%20production,-The%20Energy%20Policy&text=EISA%20expanded%20the%20Renewable%20Fuel,from%20feedstocks%20other%20than%20cornstarch.>

<sup>9</sup> <https://www.eia.gov/petroleum/ethanolcapacity/>

A clear example of this is regulations aimed at reducing waste and promoting energy efficiency which have led to a surge in demand for green building materials. Small businesses specializing in the production of sustainable building materials or offering green construction services have experienced growth as a result. For instance, small businesses that produce low-VOC (Volatile Organic Compound) paints and energy-efficient lighting have tapped into markets created by environmental standards.

EPA's regulations under the Clean Water Act have prompted innovation in water purification and stormwater management. Small businesses that develop and offer advanced filtration systems, rainwater harvesting technologies, and eco-friendly drainage solutions have benefited from the increased demand for technologies that help industries comply with discharge standards.

One of the areas of growth that has been the most beneficial to businesses and communities alike is technologies that support the measurement and reporting of localized air pollutants. This growing industry has helped make regulations smarter through the use of real-time technologies and put more information into the hands of decision makers. Small businesses that invent and manufacture emission control technologies, such as scrubbers for industrial smokestacks or catalytic converters for vehicles, have found new opportunities as a result of strengthening air quality standards. These businesses often lead in providing cost-effective and efficient solutions tailored to the needs of specific industries.

Lastly, no industry may have benefited from this more than the US Energy Industry. Innovation as a response to regulation over dirty fuel types has played an integral role in

creating the cost parity between new energy systems<sup>10</sup> and antiquated fuels that drive the climate crisis. The push towards renewable energy, partly driven by the EPA's performance setting regulation as well as carbon standards, has opened up markets<sup>11</sup> for small businesses involved in solar, wind, and other renewable energy technologies. Additionally, small businesses that offer energy audit services or energy management solutions help other businesses reduce energy consumption and comply with regulations, fostering a market for energy efficiency services.

These examples demonstrate how EPA regulations have not only worked to protect the environment and public health but have also encouraged entrepreneurial activity and innovation among small businesses. By addressing environmental challenges, these businesses not only contribute to sustainability but also create new industries and job opportunities.

Main street businesses are often the backbone of their local economy, especially in small towns and rural communities across the country. Business owners are often compelled to pursue decisions that don't have negative impacts in their own community fabric. EPA regulations aim to address environmental and public health issues by targeting the most significant sources of pollution, which are frequently large industrial facilities and power plants, not main street businesses. By focusing on these major polluters, the regulations can inadvertently level the playing field for small businesses in several ways.

One way in which the EPA manages the regulatory burden and also levels the playing field is setting policy based on the overall amount of pollution, waste or hazardous material in which a company generates. It is often the case that small main street businesses are not the large

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<sup>10</sup> <https://www.epa.gov/energy/clean-energy-programs>

<sup>11</sup> <https://energyinnovation.org/wp-content/uploads/2023/11/Maintaining-a-Reliable-Grid-Under-EPAs-Proposed-111-Rules.pdf>

industrial sites that host and manage these pollutants. An example of this is how the EPA classifies hazardous waste generators into categories based on the amount of waste they produce, with different regulations applying to each category. Large quantity generators face more stringent regulations and reporting requirements than small quantity or very small quantity generators. This distinction ensures that small businesses generating less waste have fewer regulatory hurdles, reducing the operational and compliance costs compared to those faced by larger companies.

These examples show how EPA regulations are designed to mitigate environmental and health risks by focusing on the largest contributors to pollution, which often results in a regulatory framework that is inherently more focussed on large corporations, not main street businesses. Our main street businesses understand the importance of strengthening our clean air and water standards. We need healthy communities, a dependable workforce, and an environment that allows our businesses to thrive in place. Working with the EPA, we have an opportunity to sit at the table and share the stories and experiences from our first hand knowledge. We appreciate the opportunity that this committee has created to further engage in the process and hope that future conversations will focus on the negative impacts that climate change and public health can have on our business community.

### Michael Green Biography:

Michael Green leads ASBN Climate and Energy Working group and assists with the organization's overall strategy on climate policy. Michael lives in Vermont where he works for an environmental services company, Native, A Public Benefit Corporation. In 2016, Michael was presented the Champion of Change Award by President Obama for his commitment to climate change as an equity issue at the White House.

Michael currently serves on several nonprofit boards and acts as an advisor on climate policy for government agencies and nonprofits. His passion for protecting our climate stems from his small mountain community and adoration of the great outdoors. Outside of the office, he can often be found roaming the nearest mountains on his bicycle, skis or in his hiking boots.