



445 Hutchinson Avenue
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April 8, 2020

The Honorable John Barrasso
Chairman
Committee on Environment & Public Works
United States Senate
Washington, DC 20510

The Honorable Thomas Carper
Ranking Member
Committee on Environment & Public Works
United States Senate
Washington, DC 20510

Dear Chairman Barrasso and Ranking Member Carper,

The Heating, Air-conditioning & Refrigeration Distributors International (HARDI) fully supports and has been urging passage of the *American Innovation and Manufacturing Act of 2019* (AIM Act), S.2754. This legislation has strong bipartisan support, counting over a third of the United States Senate as cosponsors. The legislation is supported by producers, manufacturers, distributors, and contractors across the HVACR industry. This broad support underscores the important role a structured phasedown plays in ensuring an orderly transition to the next generation of refrigerants.

HARDI is a trade association comprised of nearly 1,000 member companies, nearly 500 of which are US-based wholesale distribution companies. More than 80 percent of HARDI's distributor members are classified as small businesses that collectively employ over 35,000 U.S. manufacturing workers, representing more than \$35 billion in annual sales and an estimated 80 percent of the U.S. wholesale distribution market of heating, ventilation, air-conditioning and refrigeration (HVACR) equipment, supplies, and controls.

HARDI supports phasing down the use of hydrofluorocarbons (HFC) and transitioning to the next generation of refrigerants as is provided for in the AIM Act. We believe federal action that provides a framework for a structured phasedown is the most effective way to reduce HFCs. The AIM Act is the best option for the HVACR industry as it builds upon past successes in transitioning away from harmful ozone-depleting refrigerants and moves the country up the technological ladder towards more environmentally friendly refrigerants. This innovation in HVACR products will help the US continue to be a market leader in this global industry. Based upon previous transitions, we know that the market will accelerate the transition to new refrigerants simply by ensuring that domestic production and imports match decreases in production globally.

The AIM Act provides a limited grant of authority to the Environmental Protection Agency (EPA) to regulate the production and consumption of HFCs, which paves the way for new technologies and further innovation and protects U.S. jobs across the HVACR industry. This legislation would phasedown the production and import of HFCs over 16 years to gradually

reduce the availability of older refrigerants until a 15% baseline remains. This base of HFCs will provide industries time to find acceptable alternatives to current HFCs and ensure no consumer is forced into changing equipment before the end of its useful life.

Without this legislation, the United States will be left behind in the global development of new products which would become incompatible with the domestic market. This would severely limit distributors options, raising costs on both the industry and consumer. No federal action on the issue of HFCs has led to state action creating a mixture of regulations affecting different end-uses and timelines.

HARDI does not support a patchwork of state by state regulations on HFCs that would make it harder if not impossible for distributors to conduct business across state lines. If the AIM Act is not passed, consumers, contractors, wholesale distributors, and manufacturers will be forced to follow different sets of guidelines in some states and no guidelines in others. Previous phasedowns were able to prevent state action simply by providing a federal framework, no pre-emption of state action was required and is not needed in this instance. Current state action has been triggered by the lack of federal action. This lack of federal structure and predictability will hinder an industry created in the United States and could push its focus into international markets.

In addition to the patchwork of state regulations, a recent ruling by the DC Circuit Court of Appeals adds complexity to the regulations surrounding HFCs. Following a 2017 decision by the courts the EPA rescinded a regulation, referred to as SNAP Rule 20, which limited the use of HFCs in certain end-uses. This week the DC Circuit Court ruled that without an ability for petitioners to comment on the removal of SNAP Rule 20, the EPA exceeded its statutory authority. This ruling effectively re-instates part of the rule for any consumer still using older ozone-depleting substances.

As part of its 2017 ruling, the DC Circuit Court ruled that the EPA has the authority to regulate the transition from these older refrigerants to newer ones, including stopping the use of HFCs. This partial authority to regulate HFCs in certain circumstances will make it more difficult for contractors and consumers to use the correct replacement refrigerants. Passage of the AIM Act would allow the EPA to regulate all HFCs instead of only some applications with the potential to use these chemicals.

The HVACR industry encourages the EPW Committee to find a path forward for a federal HFC phasedown to simplify the transition away from HFCs by providing one uniform guideline for the industry and states to follow. Speedy passage of the AIM Act would create 33 million new jobs, spur \$12.5 billion in new investment, and boost exports of our products by 25%. The AIM Act is a common-sense solution to provide an organized plan for business owners, helping better prepare them for the transition of new refrigerant products that is occurring worldwide today.

HARDI represents wholesale distributors in every state and Congressional district. If any member of the committee would like to tour a facility or have questions about the legislation, we encourage their staff to reach out to our Director of Government Affairs, Alex Ayers. Passage of this legislation will help ensure continued global leadership by the United States' HVACR industry and strong economic benefits for the American consumer.

Sincerely,



Talbot Gee
CEO
Heating, Air-conditioning & Refrigeration Distributors International (HARDI)

CC:

The Honorable James M. Inhofe
The Honorable Shelley Moore Capito
The Honorable Kevin Cramer
The Honorable Mike Braun
The Honorable Mike Rounds
The Honorable Dan Sullivan
The Honorable John Boozman
The Honorable Roger F. Wicker
The Honorable Richard Shelby
The Honorable Joni Ernst

The Honorable Benjamin L. Cardin
The Honorable Bernard Sanders
The Honorable Sheldon Whitehouse
The Honorable Jeff Merkley
The Honorable Kristen Gillibrand
The Honorable Cory A. Booker
The Honorable Edward Markey
The Honorable Tammy Duckworth
The Honorable Chris Van Hollen

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