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Lorraine Hunt
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Office of Management and Budget
NEOB, Room 10202
725 17th Street, NW
Washington, DC 20503

RE: Docket No. 04-3652 GAMA Comments, OMB Draft 2004 Report to Congress on the Costs and Benefits of Federal Regulations

Introduction. The Gas Appliance Manufacturers Association submits the following comments concerning the development of OMB recommendations to Congress on the costs and benefits of federal regulations. GAMA is a national trade association whose members manufacture appliances, components and related products used in connection with space heating and water heating. GAMA's members produce virtually all of the furnaces, boilers and water heaters manufactured in this country.

GAMA understands that our input will be considered in the development of a final report to the Congress, as required by the "Regulatory Right-to-Know Act." We appreciate this public solicitation process and efforts to better understand the current regulatory burdens faced by the manufacturing sector. We also support the findings of the report issued by the U.S. Department of Commerce entitled, "Manufacturing in America," which suggests establishing an inventory of potential regulatory reforms that would lower the cost of manufacturing, among other recommendations. GAMA seeks to contribute to such a list by providing potential reforms that could be used to reduce costs for our manufacturers. Three of the most costly regulatory areas for our manufacturers – energy/environmental, transportation, and consumer safety – have been cited for comment.

Energy/Environment. GAMA believes regulatory agencies should work with industry to review how certain elements of energy/environmental regulation reduce competitiveness without providing commensurate benefit.

- Elimination of duplicate and/or superfluous energy labels under the Federal Trade Commission (FTC) EnergyGuide regulations and Department of Energy (DOE) and Environmental Protection Agency (EPA) Energy Star programs would significantly decrease our members' non-production expenditures. The FTC program was developed at a time when DOE and EPA Energy Star programs did not exist and online industry data sources were not available, and as a result, certain appliance categories now have duplicative and/or superfluous labels. Such regulations are not only costly to our manufacturers, but provide questionable

benefit to consumers who may be confused by duplicative labels and who can obtain the information they need from online industry data sources.

- Despite required implementation schedules under the *Energy Policy and Conservation Act*, DOE has repeatedly delayed the publication of updated efficiency test procedures and compliance requirements for various products, resulting in confusion and added costs for manufacturers. GAMA supports more oversight of DOE to better ensure that statutory deadlines and published schedules are met.

Transportation. While GAMA recognizes the importance of maintaining strong protections against transportation security risks, we believe regulation in this area must be tailored appropriately. Of note, new security requirements implemented in 2003 for “offerors and transporters” of certain hazardous materials (49 CFR 172 Subpart I) require GAMA members to put comprehensive transportation security plans in place for materials in quantities requiring HAZMAT placards.

- GAMA believes the Federal Motor Carrier Safety Administration (FMCSA) and interested stakeholders should review transportation security regulations to determine the costs and benefits associated with current HAZMAT transport requirements under the law. Items for review by FMCSA should include triggers for personnel screening and training, facility access procedures and en route security. Currently, our manufacturers must absorb the full cost of the labor and administration to implement these regulations – even for one-time shipments of small amounts of hazardous materials.

Consumer Safety. GAMA has cooperated with the Consumer Product Safety Commission (CPSC) on a variety of safety issues in the past, including the development of flammable vapor ignition resistant technology for water heaters. Although we have worked cooperatively with CPSC, GAMA believes there are areas where the CPSC regulation could be improved.

- CPSC technical staff is not required to evaluate consumer complaints before information is publicly released. Without first being confirmed, such information could negatively and unfairly impact market sales. GAMA supports third-party substantiation of a claim before complaint information is released. Additionally, under Section 15(h) of the *Consumer Product Safety Act*, the Commission is not required to consider the cost versus benefit of corrective action plans. We believe this section of the statute has sometimes resulted in the imposition of undeserving costs on manufacturers.
- GAMA also believes CPSC should commit greater resources to educating consumers to act responsibly and to install and use products in accordance with manufacturers’ instructions, rather than over-regulate product designs.

In sum, regulation in the abovementioned areas would be less burdensome if cost-benefit analyses were better utilized. GAMA would not only support legislative efforts to pursue this agenda in the cited examples, but also across the regulatory framework. Thank you for the opportunity to comment on this important issue.

Respectfully Submitted,

Evan R. Gaddis
President