

What the polluters wanted

The tax bill gives credits for pollution control, puts regulation in state hands

For years, industrial leaders have been trying to solicit Federal assistance to aid in the development of pollution control facilities. Conservationists have contended that industry should be held solely responsible for its abuse of the environment (SN: 12/6, p. 522), and pay its own way.

This week members of the House and Senate met jointly to vote on a compromise tax reform bill that gave industry what it wanted. The long-hanging legislation included a five-year pollution equipment amortization program, coupled with a provision making state governments the final arbiter of the establishment of water and air quality standards. The Federal Government, which had strong powers under the 1966 Clean Water Act, would act simply as counsel.

The bill calls for Federal authority to aid state agencies in developing criteria for pollution control standards. The Federal Government would abandon efforts to create centralized authority over antipollution measures and restrict its activities to framing national guidelines for standards to be specified by the states.

The tax break would apply to industrial facilities under development after Dec. 31, 1968; a faster write-off for equipment depreciation would be allowed as a business expense. It establishes a 5-year depreciation for antipollution facilities investment, compared to a 40-year depreciation for normal capital investment.

The use of tax relief as an inducement to establish programs in such areas as research and pollution control



"Boy, you had me worried for a moment—I thought you said 3 to 5 years."

has been the subject of many years' debate over the method of financing of pollution control (SN: 1/18, p. 62). Rep. Wilbur D. Mills (D-Ark.), powerful chairman of the House Ways and Means Committee, led the fight to prevent the granting of tax-linked subsidies.

Mills still regards the use of the tax incentive as a means of back-door spending, but if it is a measure in the conference proposal, "he'll back it all the way," says an aide.

The establishment of tax relief as an inducement to get industrial polluters to subscribe to quality standards drew criticism from liberals who felt that it was not the taxpayers' responsibility to pay for added industrial capital expenses covering the cost of antipollution facilities. Sen. William Proxmire (D-Wis.), for example, had introduced a bill early this month empowering the Secretary of the Interior to assess charges for the amount of industrial effluent discharged into bodies of water under the public domain.

That proposal drew criticism from industry. Douglas Trussell, spokesman for the National Association of Manufacturers, said the charges would represent a license to pollute, which industry in effect could buy, without improving their practices.

But the aura of urgency surrounding the issue of the environment has apparently united legislators of diverse convictions in an attempt to find immediate and substantive solutions.

Sen. Edmund S. Muskie (D-Me.), an avowed champion of the cause of pure air and water, until recently op-

posed tax incentives, favoring enlarged programs of Federal regulation.

But this time Muskie participated in rewriting the House version of the tax reform bill for the conference committee to include the incentives. "We realize that a hell of a lot of money is going to have to be spent in a very short period of time. And the public will have to pick up part of the tab," a Muskie aide says.

Response to the proposed tax-incentive measure varies among industrial representatives.

Most industrialists would agree that the carrot is better than the stick.

But Eben Tisdale, staff associate for natural resources of the United States Chamber of Commerce, takes issue with the limitation of tax relief to relatively new industries. Tisdale observes that new plants are already designed with pollution control considered as a part of the company operating expenses. Older plants, built at a time of laxer pollution standards, must modify production processes to meet new standards, at added expense.

The chamber also recommends the establishment of tax credits to amortize pollution abatement facilities within one to three years rather than five years, at the option of the taxpayer.

"This is a question of timing," Tisdale says. "It seems so critical to begin cleaning up water and air now." If the public is going to benefit by wholesale investment in pollution abatement facilities, the public shares the responsibility with industry, he says. "It's a question of equity and the degree of responsibility." □