

the tax deduction permitted on privately-owned firms' compliance outlays. EPA's after-tax analyses (1) use a combined Federal/State tax rate of 39 percent, and (2) limit tax offsets to compliance costs to not exceed facility-level tax payments as reported in facility questionnaire responses.

TABLE VIII-4.—FACILITY IMPACTS FOR ALL FACILITIES

Number of Facilities Operating in Baseline	40,265
Number of facilities excluded from regulatory requirements	37,883
Number of facilities operating subject to regulatory requirements	2,382
Number of Closures (Severe Impacts)	0
Percent Closing (%)	0.0
Number of Additional Facilities with Moderate Impacts	0
Percent with Moderate Impacts (%)	0.0
Annualized Compliance Costs (pre-tax, million \$2001)	\$13.8
Annualized Compliance Costs (after tax, million \$2001)	\$11.9

D. Firm Level Impacts

EPA examined the impacts of the final rule on firms that own MP&M facilities, as well as on the financial condition of the facilities themselves. A firm that owns multiple MP&M facilities could experience adverse financial impacts at the firm level if its facilities are among those that incur significant impacts at the facility level. EPA also uses the firm-level analysis to compare impacts on small versus large firms, as required by the Regulatory Flexibility Act and the Small Business Regulatory Enforcement Fairness Act. Section XII.C of this preamble discusses RFA/SBREFA issues.

EPA compared compliance costs with revenue at the firm level as a measure of the relative burden of compliance costs. EPA applied this analysis only to MP&M facilities owned by privately-owned entities. (Section VIII.E discusses impacts on governments that own MP&M facilities.) EPA estimated firm-level compliance costs by summing costs for all facilities owned by the same firm that responded to the survey plus estimated compliance costs for

additional facilities for which respondents submitted information.

The Agency was not able to estimate precisely at the national level the number of firms that own MP&M facilities, because the sample weights based on the survey design represent numbers of facilities rather than firms. Most privately-owned MP&M facilities that remain open in the baseline are single-facility firms, however. These firms can be analyzed using the survey weights. In addition, 278 survey respondents report being owned by a firm that owns more than one MP&M facility. For the firm-level analysis, EPA assigned these facilities, and their owning firms, a sample weight of one, since it is not known how many firms these 278 sample facilities represent. Chapter 9 of the EEBA presents EPA's analysis of firm-level impacts.

Table VIII-5 shows the results of the firm-level analysis. The results represent a total of 26,750 MP&M firms (26,472 + 278), owning 37,424 facilities (26,472 owned by single-facility firms plus 10,953 owned by multi-facility firms).

TABLE VIII-5.—FIRM LEVEL AFTER TAX ANNUAL COMPLIANCE COSTS AS A PERCENT OF ANNUAL REVENUES FOR PRIVATELY-OWNED BUSINESSES: SELECTED REGULATORY OPTION

Number of firms in the analysis*	Number and percent with after tax annual compliance costs/annual revenues equal to:					
	Less than 1%		1 to 3%		Over 3%	
	Number	Percent	Number	Percent	Number	Percent
26,750	26,750	100.0	0	0.0	0	0.0

* Single-site firms whose only MP&M facilities close in the baseline are excluded from the firm count. To be conservative, EPA included compliance costs for facilities that are owned by multi-site firms but predicted to be baseline closures in the facility impact analysis.

EPA's analysis shows that none of the firms in the analysis incur after-tax compliance costs equal to one percent or more of annual revenues. All firms incur compliance costs less than one percent of annual revenues.

This analysis is likely to overstate costs at the firm level because it does not account for actions a multi-facility firm might take to reduce its compliance costs under the regulation. These include consolidating and/or transferring functions among facilities to consolidate wet processes and take advantage of scale economies in wastewater treatment. In some instances, such compliance responses may result in loss of employment in some facilities and possible increases in employment in others. As discussed in Chapter 5 of the EEBA report, EPA is

unable to account for and analyze the full range of possible compliance actions that a firm may consider and implement in response to regulation.

E. Impacts on Government-Owned Facilities

EPA surveyed government-owned MP&M facilities to assess the cost of the regulation on these facilities and the government entities that own them (see 66 FR 437). A government is judged to experience major budgetary impacts if it has: (1) One or more facilities with compliance costs exceeding one percent of the baseline cost of service; (2) total debt service costs (including costs to finance MP&M capital costs entirely with debt) exceeding 25 percent of baseline revenue; and (3) post-compliance total annualized pollution

control costs per household exceeding one percent of median household income. EPA discusses the methodology for assessing impacts on government-owned facilities in more detail in Chapter 7 of the EEBA report (this methodology and the impact thresholds were also used to support EPA's analysis under the Unfunded Mandates Reform Act, discussed at section XII.D of this preamble). Table VIII-6 provides national estimates of the number of MP&M facilities operated by governments that are potentially subject to the regulation, by type and size of government.

Table VIII-7 summarizes the status of government-owned facilities, their compliance costs and measures of impacts on government that own MP&M facilities.