

B. What Are the Cost Impacts?

We have estimated the costs related to complying with the emission limitations and meeting the monitoring, recordkeeping, and reporting requirements. The costs to comply with the emission limitations include the costs of adding or upgrading emission control systems; the increased cost of compliant, low-formaldehyde permanent press finishes; and the cost of performance testing emission control systems. We have assumed for this analysis that all sources with affected slashing and dyeing operations will comply through the use of reformulated slashing, dyeing, thinning, and cleaning materials, and that these materials can be utilized without the need for capital expenditures. Annual costs for meeting the monitoring, recordkeeping, and reporting requirements of the final rule have also been included.

To comply with the final rule, web coating and printing affected sources that are not currently in compliance will likely use either upgraded existing emission control systems or new emission control systems. We estimated the capital and annual costs of carbon adsorbers, thermal oxidizers, catalytic oxidizers and coating rooms, using model plants based on information in our facility database. We examined the current level of control reported by each source in the database to determine control measures and associated model plant costs required to achieve compliance with the final rule's emission limits. Control costs estimated for the database sources were extrapolated to nationwide totals.

The dyeing and finishing compliance options are based on the use of low-organic HAP materials. Qualitative information concerning pollution prevention measures gathered from stakeholder meetings and site visits indicated that there would be substantial costs incurred in reducing the formaldehyde content of permanent press resins. We used information collected from a research and marketing company and textile chemical suppliers to estimate the incremental cost to produce finished fabric, using a compliant resin versus a formaldehyde resin. The incremental cost was applied to the quantity of fabric estimated to currently be finished with non-compliant formaldehyde resins.

Performance testing costs for coating and printing sources using add-on control systems to comply with the final rule include the labor hours required to conduct performance testing and monitoring on each emission capture system and add-on control device used

and to develop the associated data elements for recordkeeping and reporting purposes. Recordkeeping and reporting includes all labor hours related to installing recordkeeping and reporting systems, developing SSMP, initial notification, compliance status notification, performance test notification, performance test report, materials usage tracking, training personnel, and monitoring deviations and SSMP reports and recordkeeping.

We estimate total capital costs to comply with the emission standards for the approximately 135 existing major sources to be \$18.8 million, and nationwide annualized costs to be \$14.5 million. These nationwide annualized costs include approximately \$5.6 million associated with add-on control systems for web coating and printing operations, \$7.5 million in costs associated with finishing material usage, and \$1.4 million in monitoring, reporting, and recordkeeping costs.

The only new source costs will be for the three projected new coating sources. We have assumed that new coating sources will not install controls beyond those required for new source review, and these controls will meet the new source limit in the final rule. Therefore, we have assumed that these sources will not incur capital costs as a result of the final rule. The annual costs to comply with the monitoring, recordkeeping, and reporting requirements in the final rule for these new sources are estimated at \$13,000.

C. What Are the Economic Impacts?

We prepared an economic impact analysis to evaluate the impacts the final rule would have on the producers and consumers of fabric and other textiles coating, printing, dyeing and finishing products, and society as a whole. The economic analysis determines total social costs, which take into account changes in behavior by producers, consumers, and foreign competitors of fabric products due to the imposition of compliance costs from the final rule.

Based on comments submitted by the industry, we modified our economic model to reflect strong international competition that may prevent domestic producers in the fabric finishing market from increasing prices. The model assumes that any change in domestic production in this market will be passed to foreign producers. The fabric coatings market is assumed to be able to increase prices to a minimal extent. Based on the estimated compliance costs of the final rule and the predicted changes in the coating and finishing markets, the estimated annualized social cost of the

final rule is projected to be \$14.5 million (2000 dollars).

It is projected that domestic producers in the fabric and textile industries will absorb \$12.9 million out of the total social cost, while only \$1.6 million will be passed through to consumers (in the fabric coatings market only). Domestic production in the fabric finishing market is predicted to decrease by 0.02 percent and, thus, transfer production to foreign producers, which represents an increase of 6.48 percent of total foreign production. With a minimal price increase in the fabric coatings market, domestic production is estimated to decrease by 0.08 percent, while foreign production is estimated to increase by 0.04 percent.

For new sources, it can be reasonably assumed that the investment decision to enter the coating, printing, dyeing and finishing industry may be slightly altered as a result of this final rule; however, other factors will weigh more heavily in this decision. For example, current economic trends have shown a continuous decline of the textile market as more manufacturing moves abroad. Only three new coating sources are projected to come online in the 5 years following promulgation of the final rule, and no additional printing, slashing, dyeing or fabric finishing sources are projected in the next 5 years. The three new coating sources that are projected to come online will incur a total of only \$13,000 in annual costs to meet the requirements of the final rule.

Quantified economic impacts of the final rule on printed, dyed, and slashed fabric products were not calculated in the economic impact analysis because the compliance costs for the sources that produce these products are minimal and relate only to monitoring, recordkeeping, and reporting activities. Based on a qualitative analysis of the printing, dyeing, and slashing markets, we have determined that the impact on the prices and quantities of these products would be insignificant. For more information, refer to the "Economic Impact Analysis of the Final Textile Coating, Printing, Dyeing and Finishing NESHAP" in the docket for the final rule.

D. What Are the Non-Air Health, Environmental, and Energy Impacts?

Based on information from industry survey responses, we found no indication that the use of low-organic HAP content coating, printing, slashing, dyeing, finishing, thinning, and cleaning materials at existing sources will result in any increase or decrease in non-air health, environmental, and energy impacts. There will be no change