

industrial wipes has been to defer the determination of their regulatory status to the states and EPA regions. This deferral has resulted in the development of various state programs. Today's proposal is generally consistent with these state policies. However, it is possible that conditions that would be imposed by the proposed rule could be more stringent than some existing state programs. As a result, these authorized states would be required to modify their programs when we promulgate a final rule. We seek comment on whether states consider the conditions posed by today's proposed rule to be more stringent than their current approaches to regulating reusable solvent-contaminated industrial wipes.

## X. Statutory and Executive Order Reviews

### A. Executive Order 12866: Regulatory Planning and Review

#### 1. Economic Analysis

Under Executive Order 12866 (58 FR 51735), the Agency must determine whether this regulatory action is "significant" and, therefore, subject to formal review by the Office of Management and Budget (OMB) and to the requirements of the Executive Order, which include assessing the costs and benefits anticipated as a result of the proposed regulatory action. The Order defines "significant regulatory action" as one that is likely to result in a rule that may (1) have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order. Pursuant to the terms of Executive Order 12866, the Agency has determined that today's proposed rulemaking is a "significant regulatory action" because it raises novel legal or policy issues and because of its significance to a large number of interested stakeholders.

#### 2. Affected Economic Sub-Sectors

We estimated the potential national economic impacts of today's proposal. Our "Economics Background

Document" is available for public review and comment from the RCRA Docket (see public access instructions at the introduction to this notice). The document presents the methodology, detailed computation spreadsheets, and sources of the data applied in our economic analysis. We welcome the general public and affected industries to provide us with comments and questions about our economic analysis, in the interest of improving the key data elements and assumptions.

The scope of the expected economic impacts modeled in our study includes (i) potential cost savings, as well as (ii) potential implementation costs, for both the "disposable" and "reusable" industrial wipes markets. Our economic study models these impacts as potentially affecting seven economic sectors (manufacturing, retail trade, information, administrative services, other services, public administration, and transportation & utilities). These economic sectors consist of 15 economic sub-sectors, representing 121 industries which we suspect may in part or in whole generate or manage spent solvent industrial wipes in the U.S. economy. As enumerated in an introductory section of this notice, most of the industries which use industrial wipes are in the manufacturing sector, and use industrial wipes primarily for degreasing and cleaning operations.

Today's proposal could potentially affect 13 of these 15 sub-sectors as generators of spent solvent industrial wipes. These 13 sub-sectors consist of a total of 471,000 facilities, 13.2 million employees, and \$2.7 trillion in annual revenues. Ninety-six percent of the companies affected are small businesses and they own 83% of the facilities in these sub-sectors. We estimate that a subset of 215,000 of these facilities use RCRA-regulated solvents in conjunction with industrial wiping operations. Introducing an uncertainty range of 50% to 100% as to how many states may ultimately adopt these program changes and counting only facilities which may be regulated as "small quantity" or "large quantity" generators (according to the calendar month waste generation quantity categories defined in the RCRA hazardous waste regulations at 40 CFR 262) produces an estimated range of 63,000 to 153,000 potentially affected spent solvent industrial wipes generators.

In addition to generators of industrial wipes, up to 1,175 industrial laundries supply and launder reusable industrial wipes, employing 60,000 workers and earning \$2.9 billion in annual revenue (of which \$408 million is from the industrial wipes business). Industrial

launderers are primarily small businesses (94%) which operate 47% of this industry's facilities. Furthermore, up to 10,600 solid waste management establishments (which have 210,000 employees, earn \$31 billion in annual revenue, and are 95% small business owned) could also be affected by these proposed changes. Introducing an uncertainty range of 50% to 100% for state adoption of these changes produces an estimated range of 590 to 1,175 industrial laundries, and 5,300 to 10,600 solid waste management establishments potentially affected by the proposed regulations. Adding these ranges together produces a total estimated count of 68,000 to 164,000 potentially affected solvent industrial wipes generator and management facilities.

#### a. Industrial Wipes Market

We estimate the size of the U.S. industrial wipes market at 9.6 billion wipes used in 2001. Our economic study characterizes this market as consisting of two sub-markets of industrial wipes products with respective annual market share of 88% reusable wipes (8.5 billion uses) and 12% disposable wipes (1.1 billion sold). In some industrial wiping operations, these two product lines may be price-competitive substitutes, but other factors such as lint content, absorbency, and durability often outweigh price as a factor in determining wipes selection for any particular industrial wiping operation.

#### b. Economic Analysis Framework

The proposed rule will affect these two sub-markets differentially relative to the current regime because of the significant difference in the current state-level and EPA regional-level regulatory status of each respective sub-market category. Spent disposable industrial wipes are currently managed as RCRA hazardous waste, whereas reusable industrial wipes are not usually managed as RCRA hazardous wastes or even solid wastes, depending on state regulations. Consequently, an exclusion from RCRA hazardous waste regulation is expected to provide the disposable wipes market with an annual net cost savings benefit relative to current RCRA regulatory compliance costs, whereas the solid waste exclusion will not provide the reusable wipes market with similar economic benefit, depending on the extent of free liquid solvents captured and recycled from solvent-contaminated reusable industrial wipes.

For the purpose of estimating this differential economic impact outcome