



# The American Innovation and Manufacturing Act of 2019

## S. 2754

### Overview

- U.S. manufacturers of refrigerants and HVACR equipment support the bipartisan legislation introduced by Senator John Kennedy (R-LA) and Senator Tom Carper (D-DE) that establishes a phase down plan for hydrofluorocarbon (HFC) refrigerants and enabling a transition to next generation technologies.
- The American Innovation and Manufacturing Act of 2019 (AIM Act) allows U.S. manufacturers to maintain technological leadership in the global HVACR marketplace, while creating new domestic jobs and driving domestic economic growth.
- In phasing down HFCs, the AIM Act will:
  - Create 33,000 new manufacturing jobs and sustain 138,400 existing jobs between now and 2027.
  - Increase direct manufacturing output by \$12.5 billion, and total (direct and indirect) manufacturing output by \$38.8 billion between now and 2027.
  - Improve the U.S. trade balance in equipment and chemicals by \$12.5 billion.
- Studies forecast the overall contribution to the economy from the HVACR industry will be 2.5 million jobs and \$621 billion in economic output by 2027.

### Background

- The AIM Act authorizes the U.S. Environmental Protection Agency (EPA) to regulate a group of about 20 substances known as HFCs.
- HFCs are widely used as refrigerants, solvents, fire suppressants, foam blowing agents, aerosols, propellants, and various other applications.
- HFCs were developed and commercialized as substitutes for chemicals that deplete the stratospheric ozone layer. Those ozone-depleting substances were phased out under Title VI of the Clean Air Act.
- The AIM Act is based on the Title VI standards, which allowed the market to transition to next generation technologies in a way that protected the environment while supporting

U.S. industry's commercial objectives and the needs of consumers – a “win-win-win” approach.

### **Description of the AIM Act**

- The AIM Act provides a highly limited and discrete grant of authority to EPA to phase down HFCs. The Act cannot be used for any purpose other than phasing down HFCs.
- The AIM Act supports a transition to next generation refrigerant technologies in three primary ways:
  - HFC production and consumption is phased down over a 15-year period via a closed allowance allocation and trading program. This provides for an orderly and market- and consumer-friendly transition out of HFCs.
  - EPA is authorized to establish standards for the management of HFCs used as refrigerants, such as in equipment servicing and repair, and for the recovery of “used” HFCs for purification and resale, known as reclaim. This helps ensure an adequate supply of HFCs for servicing existing equipment.
  - EPA can establish sector-based use restrictions, as a way to facilitate transitions to next generation refrigerant technologies. These restrictions would complement the broader production and consumption phase down, aiding sectors able to transition more quickly away from HFCs and providing more flexibility for those sectors in need of more time to complete a transition.
- The AIM Act was prepared with substantial input from experts and others in industry and the environmental community with significant experience with Title VI programs, with the common goal of ensuring an effective and efficient HFC phase down.

### **Consumer Benefits**

- American consumers will benefit from the transition from HFCs to more environmentally friendly, more efficient cooling, refrigeration, and air conditioning products and equipment.
- As with previous technology transitions, existing consumer equipment would not be impacted by the HFC phase down. HFCs will remain available for servicing existing equipment, as was the case for prior transitions from older refrigerants, such as CFCs, without harm to consumers.