

July 21, 2008

**Re: S.2481 AN ACT PROVIDING FOR SAFER ALTERNATIVES TO TOXIC CHEMICALS**

I am writing on behalf of Environmental Entrepreneurs (E2) ([www.e2.org](http://www.e2.org)) in support of S.2481 - *An Act Providing for Safer Alternatives to Toxic Chemicals*. We strongly believe that this bill will improve our economy, spur innovative new industries, and give the state a competitive advantage in the emerging fields of green chemistry and advanced materials.

E2 represents a national community of over 850 independent business leaders – 80 of them in Massachusetts -- who believe in protecting the environment while building economic prosperity. E2 is widely recognized as a resource and an independent voice for understanding the business perspective on environmental issues. As a national group of entrepreneurs, investors and professionals who collectively manage over \$20 billion of venture capital and private equity, have started well over 1200 businesses which in turn have created over 400,000 jobs, we believe that this bill can place Massachusetts at the forefront of innovative solutions that will make our state globally competitive.

We are at the beginning of a unique shift in industrial development based on the realization that sustainability will be a primary determinant of success in the 21<sup>st</sup> century. Massachusetts businesses can either take the lead and become the innovators in this next industrial revolution or fall behind other states and countries that are seizing the initiative.

**Standards Drive Innovation and New Areas of Economic Growth**

The Safer Alternatives Bill is a common sense approach to replacing toxic chemicals with safer alternatives while providing support for businesses to not only adjust but prosper from the changes. Government standards, such as those set forth in this bill, send a market signal to business that encourages innovation, spurs investment, reduces health care costs and creates jobs.

Consider the impact of the Clean Air Act of 1970 that limited emissions of many harmful air pollution emissions from power plants, cars, and factories. Since the bill was enacted these pollution limits have provided about \$40 in public health and air quality benefits for every \$1 invested, including preventing about 200,000 premature deaths every year, according to the U.S. Environmental Protection Agency. The pollution limits also spurred technological innovation and created a new air pollution control industry especially in California, which acted first and set the most stringent standards. Today, this \$19 billion a year industry employs an estimated 130,000 people. And because the U.S. acted early to limit these air pollutants, the nation's air pollution control industry has secured a leadership position in the worldwide market. U.S. firms earn about \$3 billion a year from exporting their technologies and services, and their leadership position is enabling them to capture a significant share of the growing Asian market.

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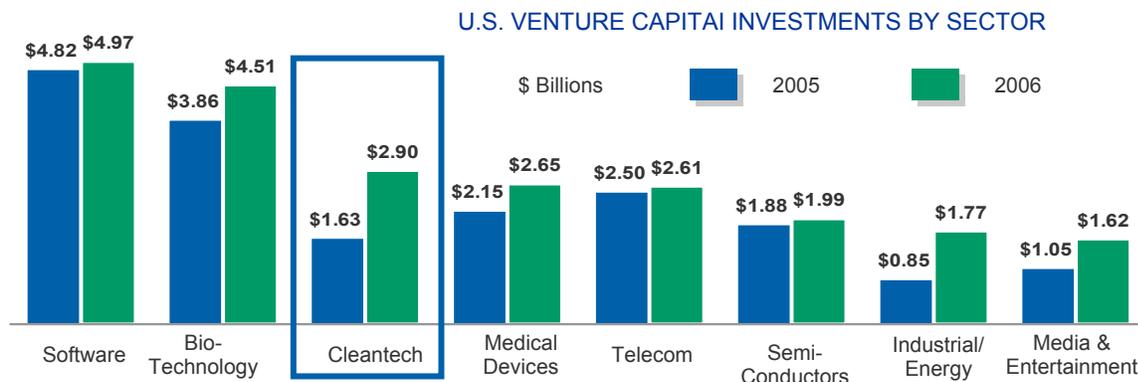
## Taking a Leadership Position

Massachusetts already has a significant presence in the green chemistry and advanced materials sectors which will provide the much needed safer alternatives. Taking a leadership role in setting standards can propel this industry to a world class position. Our state is home to world-renowned experts in the policy and science of replacing toxic substances with safer alternatives. Massachusetts researchers have been tapped for national and international advisory boards, as well as advisors to other states, in setting up or overseeing their toxics reduction and green chemistry initiatives. Hundreds of companies, including those in two key industries — wire & cable and electronics—in addition to local governments and community groups, have been helped by the 1989 Massachusetts Toxics Use Reduction Program.<sup>1</sup>

Passage of S. 2481 will further propel this emerging industry which identifies cost-effective ways to eliminate millions of tons of dangerous chemicals, while also improving the environmental quality of the state and the competitiveness of firms.

## Setting the stage for Increased Investment

Increasingly, venture capitalists see the cleantech sector, which includes advanced materials and green manufacturing along with other cleantech segments, as a fertile field for investment. In 2006 total North American venture investment in Cleantech, reached \$2.9 billion and was the third largest and fastest growing investment category. As a rule of thumb, every \$100 million in venture capital funding could help spur creation of 2,700 direct jobs in venture-backed companies, \$500 million in annual revenues over the next two decades, and many more indirect jobs.<sup>2</sup>



## Competing in the Global Economy

In 2005, Massachusetts' exports amounted to over \$22 billion, with more than 42% of those exports going to Europe, which already has some of the world's strictest limits on toxic chemicals. By setting standards now, our home grown industries will be in a much stronger position to compete in the global economy.

<sup>1</sup> Cleantech – An Agenda for Healthy Economy, December 2007, Lowell Center for sustainable Production

<sup>2</sup> Creating Cleantech Clusters: 2006 Update, May 2006, E2 & Cleantech Capital Group

It is estimated that by 2010, more than 75 percent of all electronic products will be sold in countries with legislation similar to REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of hazardous substances) and WEEE (Waste Electrical and Electronic Equipment Directive). These broad-based regulations will greatly impact industries throughout the world by setting strict standards on materials that can be used in many products including but not limited to medical devices, electrical and electronic equipment, electrical and electronic tools, consumer goods and household appliances.

In the near future, many of our state's most important industries – including medical and surgical instruments, computers and other high-tech products, pharmaceuticals and chemicals exports -- will be affected by these policies. Our state would risk losing 9,000 jobs if industry fails to comply with REACH. Even within the United States, major retailers are now requiring disclosure of chemical components of products and are demanding that products be made without toxic chemicals.

This legislation will help Massachusetts businesses get ahead of the curve by leading them towards creation of greener products that meet can more easily meet international standards.

### **Innovation: Massachusetts' Competitive Advantage**

A well known saying in business is that the only constant is change. Some companies and some regions will innovate, adapt and succeed. Those that do not adapt will fail. As a member of congress once said, "The companies of the future have no highly paid lobbyists."

Massachusetts has been at the forefront of the high tech and the biotech revolutions. Now we are poised to lead the cleantech revolution in sustainability with green chemistry and advanced materials. But as long as the cost of toxic chemicals is paid by society rather than by those involved in the manufacture and use of toxic materials, there will be little motivation to replace them. This bill sets the stage for Massachusetts' innovators and entrepreneurs to find solutions while growing the economy and creating jobs.

Sincerely,

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