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Fundraiser Denies Link Between Money, Access

EPA Rule on Hazardous Waste Favored Ohio Businessman Who Is a Big GOP Donor

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Second of two articles

MASON, Ohio -- Richard T. Farmer is one of America's richest men and a Bush Pioneer by virtue of having raised at least \$100,000 for the 2000 campaign. Over the past 15 years, he and his wife have given \$3.1 million to Bush campaigns, the Republican Party and Republican candidates.

Farmer's family controls Cintas Corp., a \$2.7 billion company that rents and launders uniforms and industrial shop towels. For years, Farmer's industry has been at odds with the Environmental Protection Agency over increased regulation of shop towels, particularly a Clinton administration proposal that, though not fatal, "would have cost us a lot of money," Farmer said.

In a recent interview at company headquarters here, Farmer said his campaign donations were made with no strings attached. He said he supports Republicans because they believe in "less government, more individual freedom, more individual responsibility."

"If you think I'm giving money to get access to [President Bush], you're crazy," Farmer said. "I'm just trying to get the right guy elected. That's all I care about."

The Clinton proposal would have required that woven shop towels contaminated with chemical solvents be wrung dry for them to be treated as laundry, not hazardous waste. Last November, the EPA changed its position, adopting a more lenient proposal for the woven towels. Farmer and his industry were overjoyed, because the change promised to save them millions and preserve their advantage over the competition -- paper towels. "It would have been a big problem," Farmer said.

After a series of telephone calls, e-mails, letters and meetings with representatives of the laundry industry, the EPA had provided industrial-laundry lobbyists with an advance copy of a portion of the proposed rule, which the lobbyists edited and the agency adopted.

That same opportunity was not given to the rule's opponents -- environmental groups, a labor union, hazardous-waste landfill operators and paper towel manufacturers who argue their product should be treated as environmentally equal to laundered towels. The opponents say industrial laundries send tens of thousands of tons of hazardous chemicals to municipal sewage treatment plants and landfills where toxics can get into groundwater, streams and rivers. Labor unions contend that the towels expose workers to cancer-causing fumes.

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Cintas said in a statement that the rewritten rule will prevent pollution because "reusable shop towels are friendlier to the environment" than disposable paper towels.

The proposed shop towel rule is but one example of a policy change by the Bush administration that favors a company controlled by a Bush Pioneer or Ranger, who as a group have helped the president bank a record \$200 million for the 2004 election campaign. The shop towel case reflects the subtle interactions between corporations and an administration determined to roll back what it considers to be regulatory overkill. For many big donors, getting "the right guy elected," as Farmer puts it, is an end in itself.

EPA Assistant Administrator Marianne Lamont Horinko said Farmer's campaign contributions had nothing to do with the agency's decision. Although Cintas was represented by the industrial-laundry lobbyists in discussions with the EPA, Farmer said he himself did not directly contact the administration about the proposed rule. He did say that, at the behest of the laundry industry, he called members of the Ohio congressional delegation, who wrote to then-EPA Administrator Christine Todd Whitman.

In a summary of the rule, the EPA said it would improve "clarity and consistency" of regulation, "provide regulatory relief, and save affected facilities over \$30 million." Whitman -- who resigned from the EPA last year and has since become a Bush Ranger -- declined to be interviewed. But she said through a spokesman that contacts such as those from the Ohio congressional delegation "are helpful because they highlight an interest and a constituent's interest" and "that just feeds into the deliberative process."

Fred Meyer, the former chairman of the Texas Republican Party who in 1998 helped set up the Pioneers for then-Texas Gov. George W. Bush, said there is a good reason money will always flow to political campaigns. "There are too many things that are important to too many people," Meyer said. "The existence of businesses and billions of dollars are affected."

Democrats have their own history of rewarding large donors. President Franklin Delano Roosevelt appointed major contributor Joseph P. Kennedy to be ambassador to Britain. Lyndon B. Johnson funneled contracts to Texas firms.

Direct quid pro quos -- specific benefits in exchange for cash -- are illegal. There is nothing illegal, however, about the adoption of broad legislation or regulations benefiting sectors of the business community -- such as laundries disposing of wastewater containing toxic chemicals -- that happen to be a source of major fundraisers and donors.

For example, securities and investment banking firms have benefited enormously from reduced capital gains and dividend taxes initiated by the Bush White House. Six produced 17 Pioneers and Rangers this year, and employees in those firms have raised \$2.53 million. Altogether, finance industry employees have raised \$19.68 million for the 2004 election campaign, according to an analysis produced for The Washington Post by Dwight L. Morris & Associates.

Twenty-four Rangers and Pioneers are either drug industry executives or lobbyists whose companies stand to get more business from the administration's Medicare drug benefit bill passed last year.

Twenty-five energy company executives, along with 15 energy industry lobbyists, are either Pioneers or Rangers. Many have been deeply involved in developing the administration's energy policy. Seven of those Pioneers served on the Bush energy transition team. The administration's energy bill, which remains stalled by a largely Democratic filibuster in the Senate, would provide billions of dollars in

benefits to the energy industry.

Industry: \$400 Million Cost

The proposed shop towel rule shows how the process can play out to the advantage of a Pioneer.

For more than two decades, the EPA has grappled with how to regulate the cloth towels used to wipe up chemicals in printing plants, factories and industrial shops. Each year, 3 billion of them sop up more than 100,000 tons of hazardous solvents such as benzene, xylene, toluene and methyl ethyl ketone.

"Why should these materials be regulated as a hazardous waste?" the EPA said in a document given to the laundry industry in 2000. "Because they have the potential to cause fires, or to be the source of fugitive air emissions, and ground water contamination."

In 1997, the Clinton administration proposed a clean-water rule requiring industrial laundries to pretreat their wastewater to remove chemical solvents. The Uniform & Textile Service Association (UTSA) and Textile Rental Services Association of America (TRSA) mounted a \$1.2 million lobbying campaign against the proposed rule, arguing that toxic pollutants are removed at the laundries or by municipal wastewater treatment plants. The trade groups said the proposal would have cost them more than \$400 million.

In 1999, the Clinton EPA withdrew the rule. The next year, with Clinton still in the White House, the EPA floated a new draft rule that proposed to exempt shop towels from hazardous-waste requirements only if factories squeezed the towels "dry" -- defined as containing no more than five grams of solvents - - before placing them in sealed containers and sending them to laundries.

Calling this "an extremist view in the EPA," the laundry industry forcefully opposed the new proposal as overregulation.

But environmental activists, labor groups and paper towel makers said the laundries and local treatment plants frequently exceed their mandated pollution limits. Sixty-five Cintas laundries in 15 states and Canada have exceeded pollution limits on more than 1,100 occasions in the past several years, according to public records gathered by the Sierra Club and the Union of Needletrades, Industrial and Textile Employees (UNITE).

For the EPA and the laundry industry, things changed when Bush took office in 2001. The industry pushed hard to derail the Clinton proposed rule in favor of a more lenient one that gives shop towels a hazardous-waste exemption without the need to wring them dry or store them in special containers.

Laundry trade groups appealed directly to EPA Administrator Whitman in February 2001: "The draft regulation in its current form . . . increases the regulatory burden."

In May, Whitman sent a conciliatory response: "Partnerships with our stakeholders will be an important part of how we will do business at EPA."

To aid in the effort, the industry urged contributions to its Textile Rental Services Association's Political Action Committee. "Will PAC donations open doors, get appointments and allow your message to be delivered? *Absolutely*," Textile Rental magazine said in its March 2002 edition.

Exemption Sought at EPA

In Richard Farmer, the industry had one of the biggest political givers in the country.

For President George H.W. Bush, Farmer, now 69, was a member of "Team 100," donors who gave more than \$100,000 to Republican Party-building committees. When George W. Bush ran for office in 2000, Farmer's "golfing buddy," Cincinnati financier Mercer Reynolds III, recruited Farmer to be a Pioneer, Farmer said. This year, he earned the more exalted Ranger status by raising a minimum of \$200,000 in individual contributions.

Farmer said that his big gifts are not connected to political favors.

In the case of shop towel regulation, Farmer said Cintas itself was unconcerned. "We huddled up and [decided] no matter what happens here, it will have no impact on Cintas," he said.

Later in the interview, when specifically asked about the Clinton-era proposal, he said it would have hurt Cintas by making it difficult for the company to provide the full range of services its customers demand. Shop towels are now about 5 percent of Cintas's business, but they remain an important service to customers who also rent uniforms.

Farmer said he never contacted the administration about the new rule. He said he did complain about the rule to Ohio Republican Sen. George V. Voinovich and Rep. Rob Portman, a fellow Bush Pioneer and chairman of Bush's campaign in Ohio this year.

Farmer said he made the calls in 2002 on behalf of the two laundry trade groups. Cintas is the biggest company in the industry, but Farmer said that complaints from hundreds of small laundries probably had more impact than his calls. "It would have put small guys out of business," he said.

Portman said in a recent interview that he was first contacted by one of the trade groups, which he knew represented Cintas, "one of those big companies in our district." He said he considered it a constituent issue. "I do remember talking to Dick about it at least once," he said.

About the same time in 2002 that Farmer was making his calls and the trade groups were contacting members of Congress, he made a major contribution. On March 19, 2002, Farmer gave \$250,000 to the National Republican Congressional Committee.

On March 25, Portman and Voinovich co-wrote a letter to Whitman asking her to support a more encompassing waste exemption for shop towels -- this one from *solid* waste regulation. Gaining a solid-waste exemption would remove a further layer of regulation because some states apply additional taxes, fees and special handling requirements to solid waste.

Whitman spokesman Joe Martyak said such a letter from lawmakers "helps to precipitate a meeting to find out what's the glitch. You help to unglitch it, to move it along."

At this point, EPA attorneys were balking at the solid-waste exemption, Portman and Voinovich said in their letter.

A month later, Whitman wrote Portman and Voinovich that the EPA was considering the solid-waste exemption and assured that it would "incorporate suggested changes where appropriate."

Three weeks later, EPA officials signed off on the exemption, according to the trade group's timeline.

Jim O'Leary, the EPA official who wrote the original language that was rewritten, said there was no political interference from Whitman's office. "That's nonsense," O'Leary said. "We called it the way we saw it. No one interfered."

A Rule That Isn't 'Onerous'

On Aug. 2, EPA's Kathy Blanton, who replaced O'Leary, e-mailed to industry attorney William M. Guerry Jr. the "language we have put together to address the laundries' concerns," according to a copy of the e-mail obtained under the Freedom of Information Act.

Guerry wrote back on Aug. 15 with proposed changes, documents show. Among them was deletion of a phrase in the preamble stating that shop towels "remain regulated." Instead, the lobbyist wanted the words "regulatory status . . . remains unchanged."

Guerry, in an interview, said the change was important to make sure that states did not misread the rule as a significant change in policy. Otherwise there would have been "chaos" and a "train wreck," he said. EPA officials shared the language with him, he said, because "they recognized that we had the expertise they needed."

Blanton said she sent Guerry just part of the regulatory language. "I can see how, from the outside, that it would look like colluding or something. [But] these were the people who were going to be most affected by the rule and they were the ones with the expertise." She said at this point the EPA had already had sufficient input from the paper towel people and others affected by the rule.

Opponents, including the union, environmentalists and paper towel makers, say they were not given an advance look at the language. Ralph Solarski, a Kimberly-Clark Corp. executive who chairs a task force of paper towel makers, said his group would have been glad to have one.

"Kathy Blanton and Bob Dellinger at EPA were asked on multiple occasions for advance copies and we were consistently denied," Solarski wrote in an e-mail to The Post.

EPA officials attended two industry meetings to discuss the proposed rule, one in Baltimore on Aug. 20 and one in Old Town Alexandria on Sept. 12. On Aug. 30, Farmer donated \$250,000 to the National Republican Senatorial Committee.

EPA's Office of Solid Waste Director Dellinger spoke at the Alexandria meeting. His comments later appeared in the trade group's magazine: "EPA doesn't want to make this onerous."

Instead of screw-on, sealed containers for transporting contaminated woven towels from factories to laundries, which were proposed in 2000, Dellinger said, a piece of plywood over a barrel would meet the new EPA proposed standard.

Also, the EPA opted not to require the towels to be wrung out. "The point of that is not to make it harder to do than what you would do through your normal course of business," Dellinger said.

However, he told the group, the paper towel industry would have to wring out its towels to make sure they had no more than five grams of solvent on them before being dumped.

The new proposed rule was published in the Federal Register on Nov. 20, 2003.

Paper industry officials say that the EPA is ignoring its own studies showing that laundries create 30 percent more waste than paper towels in the form of sludge -- lint, debris, toxics and other substances extracted from laundry wastewater -- sent to municipal landfills.

"This is a case study," Solarski said, "for how an industry has used the regulatory process to gain a market advantage."

Post database editor Sarah Cohen and researcher Alice Crites contributed to this report.

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