



CORY TOMCZYK

STATE SENATOR • 29TH SENATE DISTRICT

Testimony – SB 324

Senate Committee on Labor, Regulatory Reform, Veterans, and Military Affairs
Thursday, October 5, 2023

In 2020, President Trump signed into law the American Innovation and Manufacturing Act, also known as the “AIM Act”. The AIM Act directs the EPA to issue rules that will phase down the use of hydrofluorocarbons (HFCs). HFCs are chemicals that are typically used in refrigerants.

The building code update in SB 324 provides the certainty that the air conditioning and water heating manufacturing industry needs to comply with federal regulations and ensure the transition to alternative refrigerants is safe and efficient.

It should be noted that businesses and consumers would NOT be required under this bill to replace existing refrigeration and air conditioning equipment before the end of its useful life. If your refrigeration unit is currently using an HFC or you have it on the shelf for later use, the use of that HFC would be permitted under the law. Furthermore, HFCs would still be available to purchase for the foreseeable future in order to responsibly phase it out over time to avoid a chaotic switch from one refrigerant to another. AHRI will be able to speak to this in their testimony.

Manufacturers across the country supported this federal AIM legislation with bi-partisan support. Wisconsin has been identified as a state that needs to do stand-alone legislation to comply and continue to stay relevant in a global economy. **The language simply states that Wisconsin can allow the use of substitute refrigerants in chillers, air-conditioning, and refrigeration equipment and that no political subdivision can prohibit or limit its use.**

You will see that there is a substitute amendment in front of you. This was done because there was a concern that the original draft was too broad. The sub clears up that concern and ensures that the legislation does what we intend it to do.



PATRICK SNYDER

STATE REPRESENTATIVE • 85th ASSEMBLY DISTRICT

Testimony in Support of Senate Bill 324

Senate Committee on Labor, Regulatory Reform, Veterans and Military Affairs

October 5th, 2023

Chairman Testin and Members of the Committee:

Thank you for allowing me to testify on this bill today.

As you may be aware, the bipartisan American Innovation and Manufacturing Act (AIM) was signed into law in December 2020 by former President Donald Trump. The AIM Act directs the Environmental Protection Agency (EPA) to issue rules that will phase down the use of hydrofluorocarbons (HFC), chemicals commonly used in refrigerants. The EPA regulations take effect in 2024 and HVACR manufacturers are busy preparing for this nationwide transition.

Assembly Bill 339, as amended, makes a simple but incredibly important change to state law to provide HVACR manufacturers the certainty needed to transition to next generation refrigerants in a safe and efficient manner. The bill would clarify that no state or local building code may prohibit the use of an EPA-approved refrigerant so long as it is listed and installed in accordance with relevant safety standards.

This change is necessary because Wisconsin's state building codes do not currently allow the use of the new refrigerants that will be required under the federal AIM Act. So far, 43 states have updated their laws using similar legislation to provide certainty to the HVACR industry and it is time for Wisconsin to join this growing list and ensure that we are in compliance with federal law. It is important to note that this legislation does not require consumers to replace their existing HVACR equipment before it reaches the end of its useful life. It simply ensures Wisconsin consumers continue to have access to the latest HVACR technology.

The industry employs over 20,000 people in Wisconsin and is a central hub for equipment HVACR manufacturing. Some of the larger employers here in Wisconsin include Greenheck, Johnson Controls and Trane.

Here to testify this morning is Mike Nerozzi, director of government affairs for the Air-Conditioning, Heating and Refrigeration Institute (AHRI). He has been leading the 50-state effort to ensure a safe and efficient transition to these next generation refrigerants.

Thank you for taking the time to hear my testimony today. I am happy to answer any questions you may have.



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**TESTIMONY OF MIKE NEROZZI
DIRECTOR OF GOVERNMENT AFFAIRS**

**ON BEHALF OF
THE AIR-CONDITIONING, HEATING, AND REFRIGERATION INSTITUTE**

**BEFORE THE WISCONSIN STATE LEGISLATURE
LABOR, REGULATORY REFORM, VETERANS AND MILITARY AFFAIRS**

HEARING ON SENATE BILL 324

October 5, 2023

Good afternoon, Chair Testin, Vice Chair Nass, and members of the Committee. My name is Mike Nerozzi, and I am the Director of Government Affairs for the Air-Conditioning, Heating, and Refrigeration Institute (AHRI). Thank you for allowing me to share AHRI's support for SB 324, sponsored by Senator Tomczyk and Representative Snyder, which supports Wisconsin's efforts in phasing down the use of hydrofluorocarbons (HFCs) in residential and commercial refrigerants to comply with forthcoming federal regulations.

AHRI represents more than 330 manufacturers of air-conditioning, heating, commercial refrigeration, and water heating equipment. Our member companies, some of which operate factories or are headquartered here in Wisconsin, produce more than 90 percent of the residential and commercial air conditioning, heating, and commercial refrigeration equipment made in North America. We are proud to share with you that the heating, ventilation, air conditioning, and refrigeration (HVACR) and water heating industry supports more than 20,600 jobs in Wisconsin and more than 571,000 jobs nationwide.

As members of this Committee may be aware, the federal American Innovation and Manufacturing Act (AIM Act) is phasing down the production and import of a class of chemicals known as HFCs, which are primarily used as refrigerants in air conditioners and refrigerators, along with other applications, such as foams, solvents, and fire suppressants.

The U.S. Environmental Protection Agency (EPA) is implementing the AIM Act, which guides a market- and consumer-friendly transition to these cleaner, more efficient substitutes.

The environmental benefits of AIM Act implementation are considerable. Because many HFCs are thousands of times more powerful than carbon dioxide, the transition from HFCs will reduce emissions from our sector by approximately 2.4 billion metric tons of carbon dioxide-equivalent by 2036.

The challenge our industry and U.S. consumers are facing is that many state building codes do not currently allow the use of these substitute refrigerants, including here in Wisconsin. AHRI and its member companies are working diligently to amend state building codes to allow for these new refrigerants and avoid marketplace disruptions as the EPA implements the AIM Act.

To date, 41 states have made the necessary changes to their state building codes including neighboring Illinois, Iowa, and Minnesota. Most other states are in the process of doing so, either through legislation or regulatory action. By the end of 2023, AHRI is expecting nearly all state building code updates to be complete.

The most important issue is time. EPA regulations will significantly restrict the upstream supply of HFCs beginning in 2024 and, separately, prohibit the use of certain HFCs in most new air conditioning and refrigeration product categories in 2025.

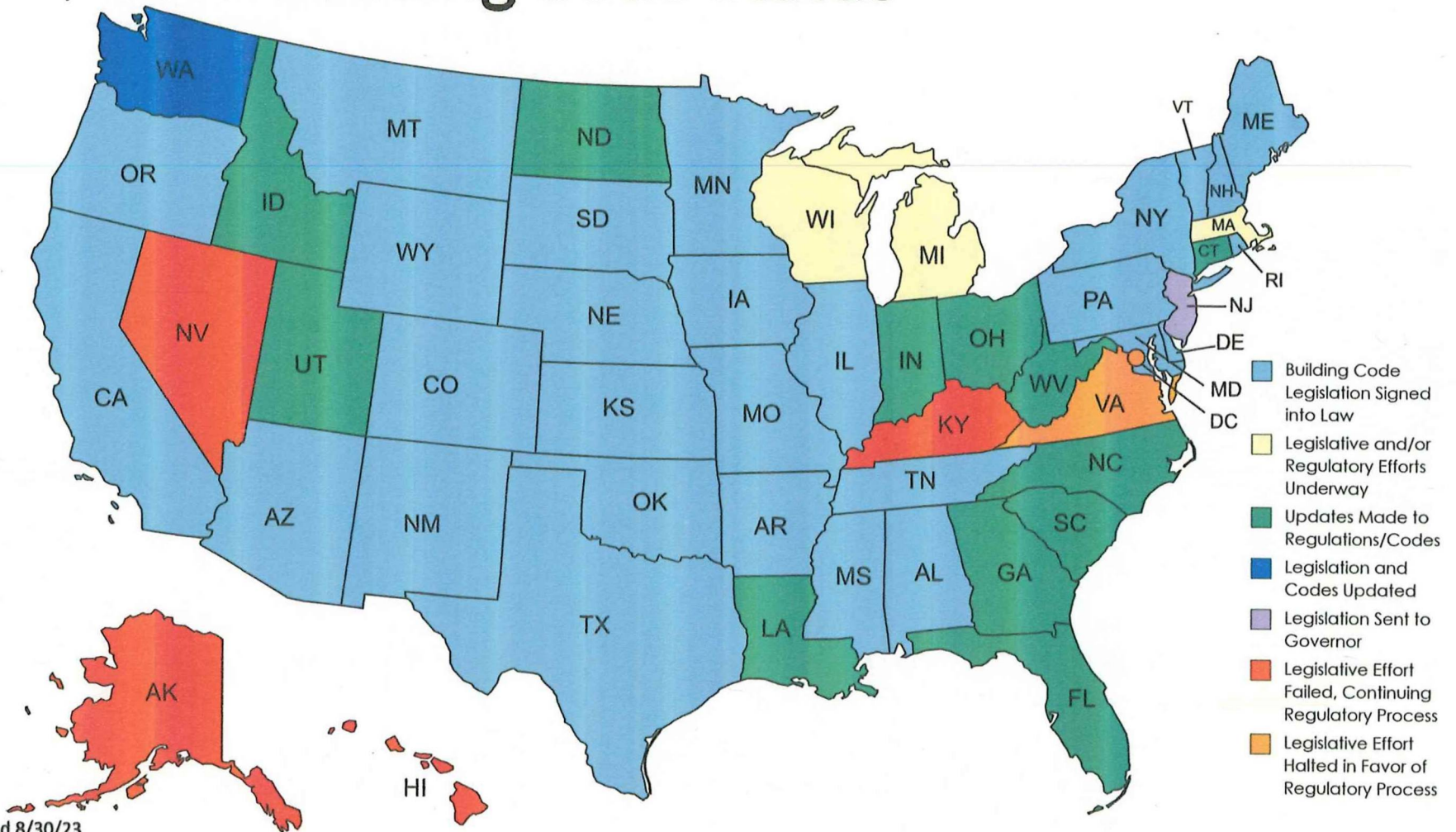
Manufacturers are ready to transition product lines to HFC substitutes, and they need to be confident that they can sell products with these HFC substitutes in U.S. markets, including Wisconsin. The most significant barrier these manufacturers face is the state's building codes.

SB 324 clarifies that any HFC substitute that has already been approved by EPA may be used in *air conditioning and refrigeration equipment*. *If this change is not made this session*, there is a significant risk that new air conditioning and refrigeration equipment may not be available in the state once new EPA regulations take effect.

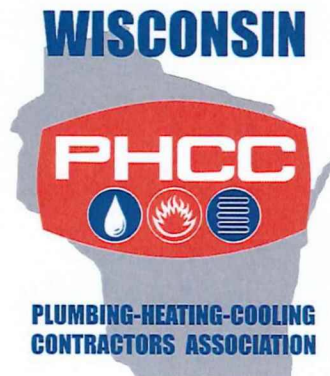
SB 324 does not make any other change to state law; it simply removes a barrier to ensure Wisconsin consumers and businesses enjoy uninterrupted access to the latest HVACR equipment with the most advanced, energy-efficient, and cleanest technologies available.

Thank you again for the opportunity to provide testimony in support of SB 324. AHRI looks forward to continuing to work with the Legislature to achieve both the economic and environmental benefits of the phase down of HFC refrigerants.

Low GWP Building Code Status



Updated 8/30/23



TO: Chairman Testin and Members of the Senate Committee on Labor, Regulatory Reform, Veterans and Military Affairs

FROM: Wisconsin Pipe Trades Association, Plumbing Heating and Cooling Contractors, and Mechanical Contractors Association of Wisconsin

DATE: Thursday, October 5, 2023

RE: Support of Senate Bill 324/Assembly Bill 339

On behalf of the Wisconsin Pipe Trades Association, the Plumbing Heating and Cooling Contractors (PHCC) and Mechanical Contractors Association of Wisconsin (MCAW), we write in support SB 324 and AB 339. This legislation simply implements a federal initiative that helps phase down the use of existing refrigerants.

Wisconsin needs to pass this legislation in order to facilitate this process in our state. The intent of the federal law is to begin to limit the supply of hydrofluorocarbons (HFCs), which includes certain refrigerants. As end users and the industry that utilizes refrigerants, we support this bill that enables the use of HFC replacement refrigerants in chillers, air conditioning, and commercial refrigeration.

This legislation is timely and time sensitive – industry needs this to be implemented at least two years prior to the refrigerant transition. This will provide certainty for our members to comply with the federal regulations and ensure the transition to alternate refrigerants is as smooth as possible.

Thank you for your consideration of SB 324/AB 339. We hope you will support.