will not begin to turn up. Emission reductions are expected every year through the year 2007.

The ceiling line approach does not ''tolerate increases in traffic of a magnitude that would wipe out the air quality gains'' as suggested by the comment. In fact, the ceiling line level decreases from year to year as the State implements various control measures and the decreasing ceiling line prevents an upturn in mobile source emissions. Dramatic increases in VMT that could wipe out the benefits of motor vehicle emission reduction measures will not be allowed and will trigger the implementation of TCMs. This prevents mere preservation of the status quo, and ensures emissions reductions despite an increase in VMT such that the rate of emissions decline is not slowed by increases in VMT or number of trips. To prevent future growth changes from adversely impacting emissions from motor vehicles, Indiana is required by section 182(c)(5) to track actual VMT starting with 1996 and every three years thereafter to demonstrate that the actual VMT is equal to or less than the projected VMT. TCMs will be required to offset VMT that is above the projected levels (section 182(c)(5)).

Under the commenter's approach to section 182(d)(1)(A), Indiana would have to offset VMT growth even while vehicle emissions are declining. Although the statutory language could be read to require offsetting any VMT growth, EPA believes that the language can also be read so that only actual emissions increases resulting from VMT growth need to be offset. The statute by its own terms requires offsetting of ''any growth in emissions from growth in VMT.'' It is reasonable to interpret this language as requiring that VMT growth must be offset only where such growth results in emissions increases from the motor vehicle fleet in the area.

While it is true that the language of the legislative history appears to support the commenter's interpretation of the statutory language, such an interpretation would have drastic implications for Indiana if the State were forced to ignore the beneficial impacts of all vehicle tailpipe and alternative fuel controls. Although the original authors of the provision and the legislative history may in fact have intended this result, EPA does not believe that the Congress as a whole, or even the full House of Representatives, believed at the time it voted to pass the 1990 Amendments to the Act that the words of this provision would impose such severe restrictions.

Given the susceptibility of the statutory language to these two alterative interpretations, EPA believes it is the Agency's role in administering the statute to take the interpretation most reasonable in light of the practical implications of such interpretation and the purposes and intent of the statutory scheme as a whole. In the context of the intricate planning requirements Congress established in title I to bring areas towards attainment of the ozone NAAQS, and in light of the absence of any discussion of this aspect of the VMT offset provision by the Congress as a whole (either in floor debate or in the Conference Report), EPA concludes that the appropriate interpretation of section 182(d)(1)(A) requires offsetting VMT growth only when such growth would result in actual emissions increases.

Comment 2: Section 182(d)(1)(A) of the Act requires that emissions of oxides of nitrogen (NO_X) as well as VOCs resulting from VMT growth must be offset.

Response: USEPA disagrees with the commenter's interpretation that section 182(d)(1)(A) requires NO_x emissions from VMT growth to be offset. While that section provides that ''any growth in emissions'' from growth in VMT must be offset, USEPA believes that Congress clearly intended that the offset requirement be limited to VOC emissions. First, section 182(d)(1)(A)'s requirement that a State's VMT TCMs comply with the ''periodic emissions reduction requirements'' of sections 182(b) and (c) the Act indicates that the VMT offset SIP requirement is VOC-specific. Section 182(c)(2)(B), which requires reasonable further progress demonstrations for serious ozone nonattainment areas, provides that such demonstrations will result in VOC emissions reductions; thus, the only ''periodic emissions reduction requirement'' of section 182(c)(2)(B) is VOC-specific. In fact, it is only in section 182(c)(2)(C)—a provision not referenced in section 182(d)(1)(A)—that Congress provided States the authority to submit demonstrations providing for reductions of emissions of VOCs and NO_X in lieu of the SIP otherwise required by section 182(c)(2)(B).

Moreover, the 15 percent periodic reduction requirement of section 182(b)(1)(A)(i) applies only to VOC emissions, while only the separate ''annual'' reduction requirement applies to both VOC and NO_X emissions. USEPA believes that Congress did not intend the terms ''periodic emissions reductions'' and ''annual emissions reductions'' to be synonymous, and that the former does not include the latter. In section 176(c)(3)(A)(iii) of the Act, Congress required that conformity SIPs ''contribute to annual emissions reductions'' consistent with section 182(b)(1) (and thus achieve NO_X emissions reductions), but does not refer to the 15 percent periodic reduction requirement. Conversely, section 182(d)(1)(A) refers to the periodic emissions reduction requirements of the Act, but does not refer to annual emissions reduction requirements that require NO_X reductions. Consequently, USEPA interprets the requirement that VMT SIPs comply with periodic emissions reduction requirements of the Act to mean that only VOC emissions are subject to section 182(d)(1)(A) in severe ozone nonattainment areas.

Finally, USEPA notes that where Congress intended section 182 ozone SIP requirements to apply to NO_X as well as VOC emissions, it specifically extended applicability to NO_X. Thus, references to ozone or emissions in general in section 182 do not on their own implicate NO_X. For example, in section 182(a)(2)(C), the Act requires States to require preconstruction permits for new or modified stationary sources ''with respect to ozone''; Congress clearly did not believe this reference to ozone alone was sufficient to subject NO_X emissions to the permitting requirement, since it was necessary to enact section 182(f)(1) of the Act, which specifically extends the permitting requirement to major stationary sources of NO_X. Since section 182(d)(1)(A) does not specifically identify NO_X emissions requirements in addition to the VOC emissions requirements identified in the provision, USEPA does not believe States are required to offset NO_X emissions from VMT growth in their section 182(d)(1)(A) SIPs.

IV. Final Rulemaking Action

Based on the State's submittal request and in consideration of the public comments received in response to the proposed rule, USEPA is approving the SIP revision submitted by the State of Indiana as satisfying the first two of the three VMT offset plan requirements.

The Office of Management and Budget has exempted this regulatory action from Executive Order 12866 review.

Nothing in this action should be construed as permitting or allowing or establishing a precedent for any future request for revision to any SIP. Each request for revision to any SIP shall be considered separately in light of specific technical, economic, and environmental factors and in relation to relevant statutory and regulatory requirements.

Under the Regulatory Flexibility Act, 5 U.S.C. 600 et seq., USEPA must prepare a regulatory flexibility analysis assessing the impact of any proposed or