ORAL ARGUMENT NOT SET

No. 08-1178 (consolidated)

IN THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

STATE OF CALIFORNIA, et al.,

Petitioners,

v.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, Respondent.

On Petition for Review of Final Action of the United States Environmental Protection Agency

JOINT BRIEF OF AMICI CURIAE THE NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL ASSOCIATION OF COUNTIES, NATIONAL LEAGUE OF CITIES, NATIONAL ASSOCIATION OF CLEAN AIR AGENCIES, INTERNATIONAL MUNICIPAL LAWYERS ASSOCIATION, AMERICAN PLANNING ASSOCIATION, CITY OF NEW YORK, KING COUNTY (WASHINGTON), AND PROVINCE OF BRITISH COLUMBIA

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CERTIFICATE AS TO PARTIES, RULINGS, AND RELATED CASES

Pursuant to Circuit Rule 28(a)(1), *amici* make the following statements:

PARTIES AND AMICI

All parties, intervenors, and amici appearing in this court are listed in the Petitioners' and Petitioner-Intervenor's Joint Opening Brief.

RULINGS UNDER REVIEW

References to the rulings at issue appear in the Petitioners' and Petitioner-Intervenor's Joint Opening Brief.

RELATED CASES

Case No. 08-1178 has been consolidated with two related cases, Nos. 08-1179 and 08-1180. EPA's published waiver decision was the subject of an earlier, now dismissed challenge in this Court. *See California v. EPA*, No. 08-1063 (D.C. Cir., filed Feb. 19, 2008). The automobile industry has filed preemption challenges to California's regulations in non-D.C. federal district courts, two of which are pending on appeal. *See Green Mountain Chrysler Dodge Jeep v. Crombie*, 508 F. Supp. 2d 295 (D. Vt. 2007), *appeal pending* Nos. 07-4342 & 07-4360 (2d Cir. briefing completed Aug. 21, 2008); *Cent. Valley Chrysler-Jeep, Inc. v. Goldstene*, 529 F. Supp. 2d 1151 (E.D. Cal. 2007), *appeal pending* No. 08-17378 & 08-17380 (9th Cir. docketed Oct. 30, 2008).

CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Appellate Procedure 26.1, *amici curiae* National Association of Clean Air Agencies, National Conference of State Legislatures, National Association of Counties, National League of Cities, International Municipal Lawyers Association, and American Planning Association state that they are non-profit organizations, have no parent companies, and have not issued shares of stock. There is no publicly held company that owns any stock in any of the organizations.

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GLOSSARY OF ABBREVIATIONS

1967 Act Air Quality Act of 1967

CAA Clean Air Act

EPA United States Environmental Protection Agency

GHG Greenhouse gas

STATUTES AND REGULATIONS

All applicable statutes, etc., are contained in the Petitioners' and Petitioner-Intervenor's Joint Opening Brief.

INTEREST OF THE AMICI

Amici curiae National Conference of State Legislatures, National Association of Counties, National League of Cities, National Association of Clean Air Agencies, International Municipal Lawyers Association, American Planning Association, the City of New York, King County (Washington), and the Province of British Columbia¹ are comprised of governments, agencies, officials, and professionals actively involved in confronting the urgent challenge of climate change throughout the United States and abroad, and in administering regulatory programs to reduce greenhouse gas emissions. This Court granted amici leave to file this joint brief.

SUMMARY OF ARGUMENT

Congress sought to embody a policy favoring state innovation and flexibility in the waiver provision of the Clean Air Act (CAA), Section 209. When the Environmental Protection Agency (EPA) denied California's request for a waiver to pursue its mobile source greenhouse gas (GHG) emissions standards, the agency improperly substituted its judgment as to the wisdom and efficacy of California's regulatory scheme for Congress's considered judgment to leave such decisions to the state's regulators and legislators.

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¹ British Columbia does not take a position on the American legal issues that govern the relationship between EPA and state governments. British Columbia joins in this brief simply to apprise this Court of the importance of California's emissions standards to British Columbia.

In addition to ignoring plainly expressed congressional intent, the EPA Administrator's decision turned well-established preemption principles on their head. To preserve the vibrant federal system required by the Constitution, the Supreme Court applies a presumption against preemption. The Administrator here did not accept the reading of the statute that disfavors preemption, as required by the Supreme Court, but rather stretched the meaning of Section 209 beyond the point of plausibility to improperly deny California's waiver request. The history of environmental innovation in the United States, and the current efforts of states and localities here and in other countries, belie EPA's assertion that state and local entities should not address global problems like climate change.

ARGUMENT

I. CONGRESS ENACTED THE WAIVER PROVISION TO PRESERVE STATE INNOVATION AND REGULATORY FLEXIBILITY.

While Section 209(a) of the Clean Air Act disables states from imposing emissions standards for new motor vehicles, Section 209(b) directs that, subject to specific limitations, the EPA "Administrator shall, after notice and opportunity for public hearing, waive application of [Section 209(a)'s preemption] for any State that has adopted standards . . . [that] will be, in the aggregate, at least as protective of public health and welfare as applicable Federal standards." 42 U.S.C. § 7543(b)(1). California is the only state qualified to seek and receive a waiver under this section, but other states may adopt regulations identical to California's.

See 42 U.S.C. § 7507. By enacting this waiver provision, Congress recognized that states need flexibility in protecting their citizens and resources and that such flexibility can lead to beneficial regulatory innovation.

A. State and Local Governments and Regulators Need Flexibility When Responding to the Effects of Climate Change.

The flexibility Congress preserved for the states in Section 209(b) has never been more necessary than in the effort to combat climate change. Because states and localities incur the costs associated with the numerous effects of climate change on public health and welfare, it is only right that they be allowed to set the optimum level of regulation to mitigate these effects.

Public health impacts from climate change will vary regionally and likely even between counties, cities, and towns. The midwestern United States is expected to experience longer and more frequent heatwaves, which may lead to heatstrokes and heat-related deaths. *See* Kristie L. Ebi et al., *Regional Impacts of Climate Change: Four Case Studies in the U.S.* 8–9 (Pew Ctr. on Global Climate Change 2007). The Northeast, Southeast, and southern Great Plains may experience increased infectious disease outbreaks. *See* Joel B. Smith, *A Synthesis of Potential Climate Change Impacts on the U.S.* 22–23 (Pew Ctr. on Global Climate Change 2004); Patrick L. Kinney et al., *Public Health, in* CLIMATE CHANGE AND A GLOBAL CITY: THE POTENTIAL CONSEQUENCES OF CLIMATE

eds., 2001). Climate change may also negatively affect the quality and quantity of water supplies in many regions. Smith at 22–24.

In addition to these serious potential health effects, climate change threatens the welfare of states and localities in several ways. Climate change may increase summer droughts and the risk of wildfires in some areas, threaten the valuable salmon fishery in the Northwest, and increase flooding risks in the Northeast, Southeast, southern Great Plains and Southwest. *See* Ebi et al. at 22; Smith at 20–24. Rising sea levels and increased storm intensity from climate change will threaten low-lying infrastructure, exacerbate coastal erosion, destroy valuable coastal wetlands, and threaten property and population centers. *See* Smith at 20, 22; Kinney et al. at 32–36, 47–62.

Reduction in GHG emissions is the only known way to slow anthropogenic climate change and alleviate the resulting public health and welfare impacts described above. In the absence of federal action, states and localities have begun adopting their own GHG reduction targets and programs to do their part to slow climate change. For example, nineteen states have adopted GHG emission reduction targets,² 800 mayors representing more than 77 million people in all 50 states have signed a Climate Protection Agreement that aims to reduce GHG

² See Pew Center State Action Map (June 20, 2008), available at http://www.pewclimate.org/what_s_being_done/in_the_states/emissionstargets_map.cfm.

emissions by 2012 to 7% below 1990 levels,³ and 28 counties have agreed to reduce GHG emissions to 80% below 2007 levels by 2050.⁴ States and localities have also begun to tackle GHG emissions through regional GHG reduction targets or cap-and-trade programs, among other things. *See* Midwestern Greenhouse Gas Reduction Accord, http://www.midwesterngovernors.org/govenergynov.htm; Regional Greenhouse Gas Initiative, http://www.rggi.org; Western Climate Initiative, http://www.westernclimateinitiative.org.

Vehicle emissions comprise a large percentage of total GHG emissions in many regions.⁵ If states can adopt and enforce California's GHG standards as their own, state and local governments and regulators will have greater flexibility in dealing with GHG emissions from other sources. *See, e.g.*, PlaNYC: A Greener, Greater New York 122 (2007) (California's GHG standards alone will reduce NYC's carbon dioxide emissions by six percent). Without California's standards,

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³ See U.S. Mayors Climate Protection Agreement (2005), available at http://www.usmayors.org/climateprotection/ documents/mcpAgreement.pdf. ⁴ See U.S. Cool Counties Climate Stabilization Declaration (July 16, 2007), available at http://www.metrokc.gov/exec/news/ 2007/0716dec.aspx.

⁵ California's standards will not only reduce GHG emissions, but will also reduce criteria pollutants such as ground-level ozone and secondary particulate matter that significantly affect public health and contribute to violations of health-based National Ambient Air Quality Standards under the CAA. See Pet. Br. at 33; Janet Gamble et al., Analysis of the Effects of Global Change on Human Health and Welfare and Human Systems at 2-14–15 (2008). The standards will also indirectly reduce air toxics such as benzene, 1,3-butadiene, and acetaldehyde. See EPA, Environmental Fact Sheet: Air Toxics from Motor Vehicles (Aug. 1994); Md. Dep't of the Envt., Facts About COMAR 26.11.13 and the Clean Cars Program.

however, governments and regulators will have to reduce GHG emissions from non-vehicle sources to a much greater extent, which may make it difficult to reach regional, state, and local reduction targets and protect the public health and welfare.

State and local governments are well suited to choose among regulatory options to address the problem of climate change. The contributions from various GHG sources differ from state to state and region to region, so using the more stringent California standards for motor vehicles will give states greater flexibility in allocating GHG reductions among other emission sources. Crafting reduction programs on the state or local level enables these programs to target specific GHG sources in the region. When enacting Section 209, Congress intended to allow states to set an optimum level of regulation and reduce emissions to the greatest extent feasible.

B. EPA's Waiver Denial Frustrates Congress's Intent to Encourage Beneficial State Innovation.

The anti-preemption clause Congress created in Section 209(b) reflected California's leadership, well ahead of the federal government, in crafting regulations to address automotive air pollution. Before the CAA Amendments of 1965 established a federal automobile emissions control program, California had five years earlier enacted automobile emissions controls, which functioned as the first "laboratory for innovation" in this area. *See* S.R. REP. No. 89-192, at 5–6

(1965). When Congress enacted the Air Quality Act of 1967 ("1967 Act"), which preempted state control over automobile emissions, it included a waiver provision for California to reflect the overwhelming and firm demand of California's congressional delegation—as well as state officials and an outpouring of state citizens—that federal law not preempt California's authority to adopt its own air pollution rules. *See* J. Krier & E. Ursin, Pollution And Policy 182 (1977) (quoting state legislator's comment that "[a]ir pollution is a bigger issue than Vietnam in California, and every Democrat and Republican in the delegation will fight to the last ditch on this.").

The House of Representatives approved the 1967 Act with the understanding that EPA would not second-guess the expertise and experience of California regulators when addressing issues that may benefit other states. *See* 113 Cong. Rec. H30,950 (statement of Rep. Holifield) (discussing EPA's limited discretion to deny a waiver in light of California's regulators "who have developed a great deal of expertise"). Moreover, Congress specifically intended to allow California to innovate and develop air pollution programs that could serve as a model for the entire nation. *See* 113 Cong. Rec. S32,476 (1967) (statement of Sen. Murphy) ("[California] will act as a testing agent for various types of controls and the country as a whole will be the beneficiary of this research.").

In 1977, Congress added Section 177, which allows other states to adopt California's standards in lieu of federal standards. See Clean Air Act Amendments of 1977, 91 Stat. 685 (1977) (codified at 42 U.S.C. § 7507 (2000)); Am. Auto. Mfrs. Ass'n v. Mass. Dep't of Envtl. Prot., 163 F.3d 74, 78 (1st Cir. 1998) (Section 177 gives states greater flexibility to control mobile emissions without overburdening automakers). In subsequent amendments to the CAA, Congress left intact the waiver provision. In so doing, Congress expressly and repeatedly signaled its intent to preserve the ability of California and other states to continue being "laboratories of democracy" for innovative environmental regulation. See generally Exec. Order on Federalism No. 13132, 64 Fed. Reg. 43255, § 2(e) (Aug. 4, 1999) ("States possess unique authorities, qualities, and abilities to meet the needs of the people and should function as laboratories of democracy."); New State Ice Co. v. Liebmann, 285 U.S. 262, 311 (1932) (Brandeis, J., dissenting) (under our federalism, "a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country").

This legislative and judicial history of Section 209 has shaped EPA's approach to California's prior waiver applications. *See, e.g.*, California State Motor Vehicle Pollution Control Standards, 40 Fed. Reg. 23,102, 23,104 (1975). EPA has acknowledged that it must not substitute its own judgment for that of

California, and that it must leave decisions on controversial or ambiguous matters of public policy to California's regulators. *See id.*; *Motor & Equip. Mfrs. Ass'n, Inc. v. EPA*, 627 F.2d 1095, 1115 (D.C. Cir. 1979) (EPA's review of California's decision to adopt separate standards is narrow).

Breaking with past practice, Administrator Johnson denied California's waiver on the basis that climate change is a problem that is not unique to California and cannot be solved solely on a local level. *See* Notice of Decision Denying a Waiver of Clean Air Act Preemption, 73 Fed. Reg. 12,156, 12,168 (Mar. 6, 2008). In doing so, the Administrator disregarded congressional intent, as expressed in the statute and embodied in legislative history, that California serve as a laboratory of innovation and develop motor vehicle standards that could benefit the nation as a whole. *See* 42 U.S.C. §§ 7507, 7543(b); 113 CONG. REC. S32,476 (1967) (statement of Sen. Murphy). In the case of climate change regulation, the guidance provided by California's and other states' experiences would prove particularly useful when the federal government eventually develops a national climate change program.

II. SECTION 209(B) SAVES CALIFORNIA'S GHG EMISSIONS STANDARDS FROM PREEMPTION.

EPA's decision to deny California's waiver request not only violated Section 209(b)'s general policy of state innovation and regulatory flexibility, it also was contrary to the specific text of the statute. *See* Pet. Br. 16–25. But even if EPA

considered the question to be close, it was required to apply the longstanding presumption against preemption to its waiver analysis. *See* Pet. Br. 29. This presumption and the congressional intent behind Section 209(b)'s savings clause demonstrate a default preference for allowing California to regulate emissions.

Courts construing EPA's waiver decisions have confirmed the broad deference EPA owes to California's judgments about the need for, and content of, distinct standards. *See, e.g., Motor & Equip. Mfrs. Ass'n*, 627 F.2d at 1105 ("The language of the statute and its legislative history indicate that California's regulations, and California's determination that they comply with the statute, when presented to the Administrator are presumed to satisfy the waiver requirements and that the burden of proving otherwise is on whoever attacks them."). In this case, EPA had no basis for deciding that Section 209(a) preempted California's use of its traditional police powers to protect its citizens and environment through GHG emissions standards.

A. States May Regulate to Protect Health and Welfare Absent an Unambiguous Command to the Contrary.

In view of the Constitution's text and history and to preserve its vibrant federal system, the Supreme Court applies a presumption against preemption in Supremacy Clause⁶ cases. *See, e.g., Bates v. Dow Agrosciences LLC*, 544 U.S.

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⁶ The Supremacy Clause of the U.S. Constitution provides: "This Constitution, and the Law of the United States which shall be made in Pursuance thereof . . .

431, 449 (2005) ("[W]e assume that a federal statute has not supplanted state law unless Congress has made such an intention 'clear and manifest.") (internal citations omitted). This presumption should apply with equal force in cases involving anti-preemption savings clauses, like the waiver provision at issue in this case, by requiring that any ambiguity be resolved in favor of state authority.

Like some other areas of environmental legislation, air pollution legislation falls within the states' traditional police powers. See Exxon Mobil Corp. v. EPA, 217 F.3d 1246, 1255 (9th Cir. 2000); Associated Indus. v. Snow, 898 F.2d 274, 282 (1st Cir. 1990); Oxygenated Fuels Ass'n, Inc. v. Davis, 163 F. Supp. 2d 1182, 1188 (E.D. Cal. 2001). Congress did not confer the powers "saved" to the states under the CAA—such as regulating used car emissions and stationary sources more stringently than EPA—because those powers predated the CAA and were left undisturbed. See 42 U.S.C. § 7416. The Administrator's decision ignores the fundamental fact that California's power to enact public health measures does not derive from the federal government. See 73 Fed. Reg. 12,163 (asserting, as part of the waiver denial, that Section 209(b) "provides California with authority that it would not otherwise have under section 209"). While it is true that state regulations given a waiver of preemption under Section 209(b) take on the effect of federal law only by operation of the statute, California's authority to enact such

shall be the supreme Law of the Land \dots any Thing in the Constitution or Laws of any State to the Contrary notwithstanding." U.S. Const. art. VI, cl. 2.

regulations does not arise under 209(b); rather, California's authority derives from its police powers, and Section 209(b) saves this inherent authority from federal preemption.

EPA erred when it held its thumb on the federalism scale in favor of preemption. Contrary to the Administrator's decision, the presumption against preemption and Congress's solicitude for California's police power and its role as environmental innovator tip the scale against preemption in this case.

B. Section 209 Does Not Preempt the States' GHG Emissions Regulations.

There is no basis for the Administrator's decision to deny California's attempt to reduce harmful GHG emissions and fulfill its role—expressly contemplated by Congress—as environmental innovator.

The Administrator turned basic preemption principles on their head by asserting, as grounds for denying a waiver, that Congress did not have global problems like climate change specifically in mind in 1967 when it enacted the waiver provision of section 209(b). *See* 73 Fed. Reg. 12,163. If that is true, neither did Congress have global climate change in mind when it *preempted* state regulation in 209(a). The plain language of the statute strongly suggests that both subsections operate in the same domain—*i.e.*, measures preempted are the same ones that "shall be" subject to waivers under section 209(b)—which conflicts with

EPA's conclusion that the savings clause of subsection (b) contains a "local" pollution limitation, but the preemption clause of subsection (a) does not.

To the extent that the claimed absence of specific congressional intent matters at all, it would argue strongly against, rather than for, federal preemption. The Court has emphasized that "[t]he presumption is against pre-emption, and we are not inclined to read limitations into federal statutes in order to enlarge their pre-emptive scope." *Metro. Life Ins. Co. v. Massachusetts*, 471 U.S. 724, 741 (1985). The proponent of preemption must demonstrate that Congress so intended; it does not suffice to show an absence of congressional intent to save the particular state law in dispute. EPA's unlawful effort to devise a one-time only construction of Section 209(b) applicable only to GHG emissions, Pet. Br. 18–19 (citing, inter alia, *United States v. Santos*, 128 S. Ct. 2020, 2030 (2008) (plurality opinion)), stands out particularly given that the agency was under an obligation to respect California's regulations absent clear inconsistency with federal law.

In summary, Section 209 reflects Congress's adherence to the Founders' ideal of robust federalism by allowing California to act as a "laboratory" for environmental protection initiatives concerning emissions standards. By doing so, Congress chose to allow the benefits of federalism to inure to the benefit of Californians and citizens of all the states that have followed California's lead.

EPA erred when it denied California's application for a waiver of preemption in this case.

III. EPA'S DENIAL OF CALIFORNIA'S WAIVER REQUEST CONFLICTS WITH A GROWING GLOBAL CONSENSUS, REPRESENTED HERE BY AMICUS BRITISH COLUMBIA, THAT ALL LEVELS OF GOVERNMENT SHOULD ADDRESS CLIMATE CHANGE.

EPA's refusal to allow state governments to address climate change runs counter to a growing global consensus that international, national, and subnational efforts are required to combat climate change and mitigate its effects. *See* Judith Resnik et al., *Ratifying Kyoto at the Local Level: Sovereigntism, Federalism, and Translocal Organizations of Government Actors*, 50 ARIZ. L. REV. 709, 719 (2008) (detailing actions by state and local governments around the world).

As explained above, state and local governments within the United States have adopted a broad and expanding variety of measures to address climate change. This dynamic development has also occurred abroad. For example, the government of *amicus* British Columbia has included reasonable and responsible steps to regulate carbon emissions and combat climate change as an important element of its environmental policy. Canadian provinces play a comparable role within Canada's federal system of government to the role played by states within the American federal system. *Compare* Constitution Act, 1867, 30 & 31 Vict. Ch. 3, §§ 91 & 92 (U.K.), *as reprinted in* R.S.C., No. 5 (Appendix 1985) *with* U.S.

Const. art. I, § 8 & amend. X. In Canada, like the United States, the federal and provincial governments share authority and responsibility for environmental policy and regulation. *See, e.g., The Queen in Right of Alberta v. Friends of the Oldman River Soc'y*, [1992] 1 S.C.R. 3 (Can.) (explaining the federal-provincial division of environmental regulatory authority under Sections 91 and 92 of the Constitution Act, 1867).

The Province of British Columbia has legislated a target to achieve, by 2020, a 33% reduction in greenhouse gas emissions from 2007 levels. See Greenhouse Gas Reduction Targets Act, S.B.C. 2007, c. 42. Premier Gordon Campbell, the leader of the provincial government, has stated that the province intends to adopt the mobile source GHG emissions standards adopted by California. To this end, on April 29, 2008, the Government of British Columbia introduced in the British Columbia Legislative Assembly a bill that enables adoption of California's standards by regulation. See Bill 39, Greenhouse Gas Reduction (Vehicle Emissions Standards) Act, 4th Sess., 38th Parl., British Columbia, 2008 (as introduced at First Reading April 29, 2008); see also British Columbia, Legislative Assembly, Official Report of Debates of the Legislative Assembly (Hansard), Vol. 31, No. 7 (April 29, 2008) at 11704 (Hon. B. Penner) (explaining that British Columbia's emissions standards will be "equivalent to those identified in the State of California"). This bill received Royal Assent on May 29, 2008 and became law.

See British Columbia, Legislative Assembly, Official Report of Debates of the Legislative Assembly (Hansard), Vol. 35, No. 5 (May 29, 2008) at 13149; see also Greenhouse Gas Reduction (Vehicle Emissions Standards) Act, S.B.C. 2008, c. 21 (assented to May 29, 2008).

British Columbia is Canada's third most populous province, with a population of more than four million. The Government of British Columbia estimates that adoption of California's emissions standards would reduce carbon emissions from vehicles in British Columbia by 1.5 metric megatons (equivalent to approximately 1.65 million U.S. tons) per year by 2020. These reductions would represent an important step in British Columbia's efforts to combat climate change and meet its legislated greenhouse gas reduction target. By comparison, adopting the proposed Corporate Average Fuel Economy standards would reduce carbon emissions from vehicles in British Columbia by only 0.6 metric megatons per year by 2020, less than half of what would be achieved with California's standards.

British Columbia cannot, as a practical matter, adopt California's emissions standards unless California itself is permitted to implement the standards it has adopted. As in many other jurisdictions, enough vehicles are sold in British Columbia to make a significant reduction in carbon emissions if California's emissions standards are implemented, but a jurisdiction of California's size must

implement stricter emissions standards before automakers will design and build compliant vehicles.

CONCLUSION

Amici respectfully request that this Court grant California's petition, reverse EPA's decision, and allow California, and those that follow California's lead, to renforce its emissions standards.

Dated: November 24, 2008

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH RULE 32(a)

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) and this Court's order dated October 8, 2008, because this brief contains 3,734 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word in Times New Roman 14-point font.

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