



CAP-AND-TRADE
July 2010

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Cap-and-Trade: National Energy Tax

The Facts Are Clear: Nancy Pelosi's National Energy Tax will kill American jobs, raise prices on hardworking families, and do little to clean up our environment.

The Issue:

On June 26, 2009, the *American Clean Energy and Security Act* (HR. 2454) passed in the House by a vote of 219-212. This bill includes cap-and-trade program, which will require permits or "credits" to emit greenhouse gases.

Industries who can afford to purchase credits will be forced to pass their costs onto consumers in the form of **higher prices** for energy and goods that are energy-intensive in production or distribution. Manufacturers who cannot afford to pass the costs onto consumers will be forced out of business or will move overseas to countries like India and China to stay competitive—**killing jobs in the US** and decreasing domestic economic output.

The Facts:

President Obama's FY 2010 Budget estimated "Climate Revenue" would cost the American manufacturers and energy producers \$646 billion¹ over the next ten years. Top White House economic advisers have suggested it could actually cost up to \$1.9 trillion².

Under Waxman-Markey, 1.38 million manufacturing jobs would be lost in the United States by 2035.³

Cap-and-trade could add as much as 77 cents to the price of a gallon of gasoline over the next decade. And, according to the Heritage Foundation, this legislation could cause gas prices to jump 74% by 2035. That means, at today's prices, gasoline would be well over \$4 per gallon.⁴

The bill would require the US to cut greenhouse gas emissions to 17% of 2005 levels by 2050. In terms of per person emissions, this 83% reduction would put us on par with countries that are not economically competitive – like North Korea and Lebanon. Meanwhile, India and China continue to grow.

Today, China is the number one emitter of greenhouse gases, and India is set to substantially expand its emissions as development increases. China and India, however, refuse to impose any national emission caps. Without the cooperation of developing countries, like China and India, no real change in global temperature can be attained.⁵

¹ "A New Era of Responsibility: Restoring America's Promise." Pg. 123. Published February 26, 2009.

² "White House Official Boosts Cap and Trade Revenue Estimates." The Wall Street Journal. March 17, 2009.

³ Heritage Foundation; House Republican Conference Policy Brief. June 18, 2009.

⁴ API Letter Opposing Climate Bill. June 23, 2009.

⁵ House Republican Conference Policy Brief. June 18, 2009.

Despite H.R. 2454's aggressive target to reduce emissions by 83 percent by 2050, it is estimated that these reductions will result in miniscule global temperature change. These reductions are anticipated to slow temperature increases by *hundredths of a single degree* Fahrenheit by 2050, and no more than two tenths of a degree by the end of the century.⁶

Texas Specific Facts:

Texas could see 135,000 to 277,000 fewer jobs in 2012, with a resulting decline in gross state product between \$10 billion and \$20 billion.⁷

The typical Texas family could expect to spend an additional \$1136 on household goods and services over the next year.⁸

ERCOT (Electric Reliability Council of Texas) has estimated that federal regulations on greenhouse gas emissions could boost the monthly electricity bill for the average Texas consumer by \$27, and maybe even twice that amount.⁹

The Texas Comptroller estimates that 32,000 businesses in Texas produce goods in industries that would be affected by this type of emissions regulation.

Quotes from Democrats:

“Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.”
-President Barack Obama, Interview with the San Francisco Chronicle, January 2008

“Nobody in this country realizes that cap and trade is a tax, and it's a great big one....”
-Congressman John Dingell (D-MI), Energy and Commerce Hearing, April 27, 2009

“No one doubts that instituting a cap on nationwide greenhouse gas emissions will raise the price of energy for consumers and businesses alike.”
-Congressman Gene Green (D-TX), Roll Call, June 22, 2009

The Sessions Solution:

Federal greenhouse gas regulations will put Texas at an economic disadvantage. Texas already leads the way in both natural gas production and wind power, and Pew Research Center identified Texas as a leader in creating clean energy jobs.¹⁰

The American Energy Act (HR. 2846) would incentivize conservation and energy efficiency through tax credits – not mandates. The bill also increases our production of domestic resources and increases the opportunities for the development of nuclear power.

The American Energy Act addresses:

- Increased Domestic Production
- Incentives for Conservation and Efficiency
- New and Expanding Technology
- Nuclear Power
- Environmental Review and EPA Streamlining

⁶ House Republican Conference Policy Brief. June 18, 2009.

⁷ Office of Susan Combs. Texas Comptroller of Public Accounts. Letter to Congressman Sessions. June 15, 2009.

⁸ Office of Susan Combs. Texas Comptroller of Public Accounts. June 15, 2009.

⁹ “ERCOT: Texans could see big electric bill hikes.” Dallas Morning News. May 13, 2009.

¹⁰ Office of Susan Combs. Texas Comptroller of Public Accounts. Letter to Congressman Sessions. June 15, 2009