



## 5. CLIMATE: Inglis pushes carbon tax plan in lieu of cap and trade (03/19/2009)

**Robin Bravender, E&E reporter**

Confident that a cap-and-trade climate bill will falter in Congress, Rep. Bob Inglis (R-S.C.) is touting his carbon tax plan as a way to bring even conservative Republican lawmakers on board for a program to cut global warming emissions.

Inglis, ranking member of the House Science and Technology Subcommittee on Energy and Environment, is floating a **draft bill** to tax carbon emissions as an alternative to a cap-and-trade plan.

"Cap and trade has a couple of big problems," Inglis said yesterday in an interview. "One is, it's a massive tax increase in the midst of a recession; and second, it hands over to Wall Street a new opportunity for derivatives. And the thought that we're going to trust a system of trading credits in this environment is not very clear thinking."

Inglis' proposal would tax carbon at \$15 per metric ton of carbon beginning in 2010, and the tax would escalate to \$100 by 2040, adjusting each year for inflation. The revenue would be used to lower payroll taxes for employers and employees by more than 10 percent in the first year and would boost Social Security benefits to assist seniors paying rising energy bills.

Some Democrats have also backed carbon tax schemes, including Rep. John Larson (D-Conn.), chairman of the House Democratic Caucus, who introduced another carbon tax bill earlier this month.

Still, carbon tax advocates face some daunting political challenges.

Inglis acknowledged that it could be difficult to win broad Democratic support given the push for cap and trade from the Obama administration and top House and Senate Democrats.

"We're going to certainly attempt to get folks on board now," he said. "But I think there may be some hesitancy to challenge the Democratic leadership because the leadership has staked out a position for cap and trade."

But Inglis touted his plan as more likely to succeed than a cap-and-trade proposal. Pointing to the 48-36 procedural Senate vote last summer that failed to advance a cap-and-trade bill from Sens. Barbara Boxer (D-Calif.) and Joe Lieberman (I-Conn.) and former Sen. John Warner (R-Va.), Inglis said there is little likelihood that such a program would make it through the Senate now given the economic downturn.

"Warner-Lieberman got 48 votes for cloture in June of 2008, and while Democrats may be able to eke out a victory in the House for a cap-and-trade bill, I don't see how they go north of 48 in the Senate," he said. "In fact, if anything, it's going to be south of that because we've come upon a major recession, and cap and trade would be a tax increase."

In addition, Inglis noted that some climate advocates are committed to the cap-and-trade approach. Cap-and-trade advocates point to quantifiable environmental benefits that come from a set limit on emissions, whereas a tax program would depend on price signals to guide consumer behavior.

Inglis also claimed that climate skeptics would have reason to endorse his bill. The legislation would advance three major priorities, he said: National security, job creation and fighting climate change. "All three motivate me," he said. "To the climate deniers, you can be motivated by number one and number two."

Inglis explained that his measure would be crafted to apply a similar tax on goods imported from other countries to alleviate pressure on U.S. manufacturers facing competition from foreign firms not subject to emissions restrictions.

"We don't want to disadvantage American manufacturing," Inglis said.

A U.S. cap-and-trade bill that includes tariffs on imported products would likely face challenges before the World Trade Organization court in Geneva, but Inglis insists that applying the same tax to all domestic and imported products would keep the tax in line with existing WTO agreements.

The draft is circulating among House members in an effort to garner as much bipartisan support as possible before the bill is formally introduced, said Price Atkinson, a spokesman for Inglis.

"This is something we want to have ready if and when cap and trade does fail," Atkinson said.

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