



The Cost of Cap-and-Trade Too High

JEFFERSON CITY — The U.S. House passed — and the Senate is currently debating — one of the most complex and convoluted pieces of legislation ever devised called the Waxman-Markey climate change and energy bill (H.R. 2454), commonly referred to as the cap-and-trade legislation. I hope every Missourian and U.S. citizen will take time to become very familiar with this legislation that — if passed — would likely amount to the **BIGGEST TAX INCREASE IN AMERICAN HISTORY**.

Also known as the “Cap and Tax” or “Carbon Tax” bill, this proposed legislation would set a national cap on carbon emissions, require companies to buy or sell permits to emit CO₂, and create a bureaucracy to oversee the purchase, sale or trade of energy-use permits. While it is touted as a progressive energy bill that would reward innovation, efficiency, and early action and provide strict environmental accountability without inhibiting economic growth, it is really a “hidden” national energy tax that would deal a crushing blow to business and consumers and result in higher prices and fewer jobs. Even the minority party leaders in Congress have acknowledged cap-and-trade would reduce the number of jobs — a scenario, in my opinion, unthinkable at a time when our nation’s industry is struggling from the effects of a weakened economy. President Obama himself explained that passing costs on to consumers is an important part of his plan when he told the *San Francisco Chronicle* last year: “Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.”

While the costs of cap-and-trade — estimated to be somewhere in the trillions of dollars — may seemingly fall to the firms or “pollutants” of CO₂ emissions, it would ultimately be passed along to consumers in the form of higher prices. American taxpayers, particularly working families, would see significant increases in their electric bills, at the gas pump, and in every manufactured good. An analysis conducted by the highly-respected forecasting firm SAIC, and commissioned by the American Council on Capital Formation, projected that by 2020 we would have 23,000 to 34,000 fewer jobs; a \$900 to \$2,800 reduction in annual household disposable income; an annual hit to the Missouri economy of between \$2.7 billion and \$3.7 billion; and much higher energy prices — 21 percent to 67 percent higher for gasoline and 31 percent to 39 percent for electricity. The study also found that lower-income families — people who are least able to absorb higher energy prices — will be the hardest hit.

The greatest inequities of the cap-and-trade legislation, which is modeled after a failed system in Europe, are geographic and would be imposed on parts of the U.S. that rely heavily on manufacturing or fossil fuels — particularly coal, which generates most power in the Midwest and in the Southern and Plains states. A national energy tax would undoubtedly hit rural areas much harder than urban areas, as rural households spend more for fuel and oil, have less income after taxes, and energy-intensive sectors comprise nearly a third of all rural employment. Everyone would ultimately be adversely affected by this cap-and-trade scheme.

The debate on such a transformative issue requires careful study and must continue and broaden — NOT be pushed through the Congress with little review.

Regardless of how you feel on the issue, I would suggest you contact Sen. Kit Bond at (202) 224-5721 and Sen. Claire McCaskill at (202) 224-6154 to express your opinion on this timely and critical matter.

If you have any questions about this week’s column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by phone at (866) 271-2844.

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