



Senator Jack Goodman – Serving Barry, Lawrence, McDonald, Ozark, Stone and Taney Counties

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## [The Cap-and-Trade Deception](#)

It is hard to keep track of the spending coming out of Washington, D.C., these days, but a convoluted 1,200-page energy proposal recently passed by the U.S. House of Representatives has garnered attention across the political spectrum for its outrageous price tag. The [cap-and-trade](#) bill passed the U.S. House by a slim margin of 219 to 212 and now awaits a vote in the U.S. Senate.

The intent of this legislation is to reduce carbon emissions by imposing a mandatory “cap” and requiring businesses to purchase permits for energy use. The plan also involves establishing a regulatory system to oversee the purchase, sale or trade of these permits. Businesses would buy permits to ensure they remain compliant and sell surplus permits that they do not use—hence the term “cap-and-trade.” The number of permits available every year would drop gradually until what is considered a “safe” level of emissions is reached. Ultimately, these allowances will create a new energy tax, which will be passed on to consumers. We are currently in the worst recession in decades and a national energy tax will lead to higher energy prices and further job losses. Even EPA analysts agree that this energy tax will result in job losses.

I believe we are morally obligated to exercise good stewardship over the natural and environmental resources we have been given. However, this is not the way to go about it. Not only would the cost of the cap-and-trade plan further cripple the economy, but it will not address environmental concerns. Without global cooperation on this issue, establishing caps is an exercise in futility, and worse, a sure-fire way to destroy precious jobs. Job providers who can no longer afford to manufacture their products in America after this, the biggest tax increase in American history, will move to other industrialized nations.

The real impact of this legislation will be felt by middle-class families and small businesses. Electric Co-ops and municipalities will have no one to shift the costs to except rate payers. Even investor owned utilities will be forced to pass the taxes, dollar for dollar, on to their customers. I believe that thousands of dollars in extra energy costs and millions of jobs lost is too a high price to pay for an energy policy that will do very little to clean up our environment.

According to the Energy Information Administration, Missourians obtain 85% of their electricity from conventional coal-fired generation which means we will be greatly impacted by this ill-conceived bill. The [Heritage Foundation](#) has published a state by state report on the financial impact of cap-and-trade. In Missouri's 7<sup>th</sup> and 8<sup>th</sup> U.S. Congressional Districts, both of which contain parts of the 29<sup>th</sup> State Senate District, passage of the bill would result in a total loss of \$594 million in gross state product in 2012 (the year the law would take effect). Also, Missourians would lose personal income of \$425 million in District 7 and \$421 million in District 8. The organization also estimates that this legislation would eliminate nearly 4,000 jobs that year *in each district*. These projections are not unique to our communities, as similar scenarios exist across the state and country.

Especially frustrating is the fact that congressional leadership rammed this controversial bill through the U.S. House with very little review. To make matters worse, less than 15 hours before its final passage, a complicated 300-page amendment was added to the bill. No legislator could possibly have read or understood the entire amendment before a final vote. Congress is not giving utilities sufficient time to switch to new forms of generation because they are afraid the utilities will act quickly and deprive them of their new cash cow. If this bill was delayed in implementation by even five years, it would have dramatic savings for the average American.

Here in Missouri, your state government has been hard at work trying to find real answers to the environmental and energy related problems that face our citizens. Last year the General Assembly passed Senate Bill 1181 that established consumer incentives for energy efficiency and created the Show Me Green sales tax holiday. These proposals are designed to incentivize good decisions, and release market forces rather than impose arbitrary caps from the top down. Perhaps the Federal Government should take a closer look at what Missouri is doing to help the environment without damaging the economy.

Let me be clear. Cap and Trade legislation is not about cleaning up the environment. The authors of this bill are looking to shift skyrocketing energy costs from their states to Missouri and, while they are at it, find new revenue to pay for their dubious healthcare proposals. It is not coincidence that this bill is sponsored by lawmakers from California and Massachusetts (Waxman-Markey). This is an idea from both coasts that will actually lower their energy bills by doubling yours.

I encourage every Missourian to write and call our U.S. Senators and members of Congress. Tell them we are not interested in paying utility bills for the coasts and we do not need any new job-killing energy taxes.

As always, I welcome your ideas, questions and concerns about Missouri government. You may contact me at the Capitol as follows: (573) 751-2234, [jack.goodman@senate.mo.gov](mailto:jack.goodman@senate.mo.gov) or by writing to Senator Jack Goodman, Missouri State Capitol, Room 331-A, Jefferson City, MO 65101.

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