Chairman Bailey and Members of the Committee

HB 2792 TESTIMONY March 14, 2013

I urge you to vote against this bill:

Energy in Oregon

1. Oregon Consumed 255 million Btu in 2010 which ranked it 40th in the U.S. for energy consumed. (Attachment 7)
2. Hydroelectric power generation represents 58% of the power generated in Oregon (Attachments 1 & 4) but only represents 38.7% of the power consumed in the state due to the fact that it is transferred out of the state and replaced by higher carbon generating sources of electricity. (Attachment 5)
3. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal or dramatically increase their price. (Attachment 1)
4. Fuel taxes in Oregon are only exceeded by 7 other states and one (Maine) has the same amount. (Attachment 3)
5. Gasoline Price per gallon in Oregon is already the 12th highest in the nation. (Attachment 1)

The last two articles in the handout packet review negative impacts when a country (Canada and the US.) impose a carbon tax. The same concerns can be applied to a state imposing a carbon tax. They are entitled: "A Carbon Tax Would Harm US Competitiveness and Low-Income Americans Without Helping the Environment" from the Heritage Foundation (Attachment 8) and "British Columbia Rethinks Its Pioneering Carbon Tax" from National Geographic Daily News (Attachment 9).

IMPACTS TO STATE:

Consumer Impacts:

1. Low-income residents pay a greater percentage of their net income to purchase gas and electricity, thus their impacts will be greatest.
2. Inability to afford to heat homes will increase legal and illegal installation and use of wood heat.
3. Inflated cost of all goods sold in the state due to increased cost of production and transportation. (Attachment 2

Business and State Impacts:

1. Manufacturers nationally consume 1/3 of our nations energy supply. Oregon manufacturers will be placed at a disadvantage due to the increase in cost of both electricity and fuel. (See Attachment 2)

2. Employers who attempt to reduce costs by "turning down the heat & air conditioning" will face reduced production. Example of the State of Oregon (burdened with coats, gloves, reduced production, disgruntled employees, etc.)
3. Inflated costs of products will negatively impact the economic recovery of the state.
4. Inflated costs of production will limit attractiveness of state for businesses.
5. Inflated costs of energy will make products made in state more expensive and less competitive than those produced elsewhere.
6. Food stamp benefits will increase due to cost of energy use in calculations increasing eligibility, administration costs, and dependence upon public aid.
7. Increased need for tax incentives to get businesses to locate in state will result in the state choosing winners and losers.
8. Costs of tax incentives falls on the lowest income residents of the state as they must purchase gas and electricity, but are seldom eligible for tax incentives.
9. Oregon already has multiple regulations in place in the name of reducing carbon dioxide And greenhouse gas emissions which have resulted in increased energy costs in a state that should have the lowest or near the lowest energy costs in the nation (Attachment 1).
10. SB 2792 will result in Oregon consumers paying a carbon tax on higher cost and higher CO2 producing energy being transferred into the state when we are exporting cheaper, low CO2 producing hydroelectricity for use in other states. Why are we importing high carbon electricity and then taxing residents for using it? (Attachment 6)

I own forest and farm land and am a business owner in Oregon. SB 2792 is bad for consumers, bad for business, bad for the environment and bad for Oregon. I urge you to vote no on this bill.

Irene Gilbert
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La Grande, Oregon 97850
e-mail: ott.irene@frontier.com

Attachment 1

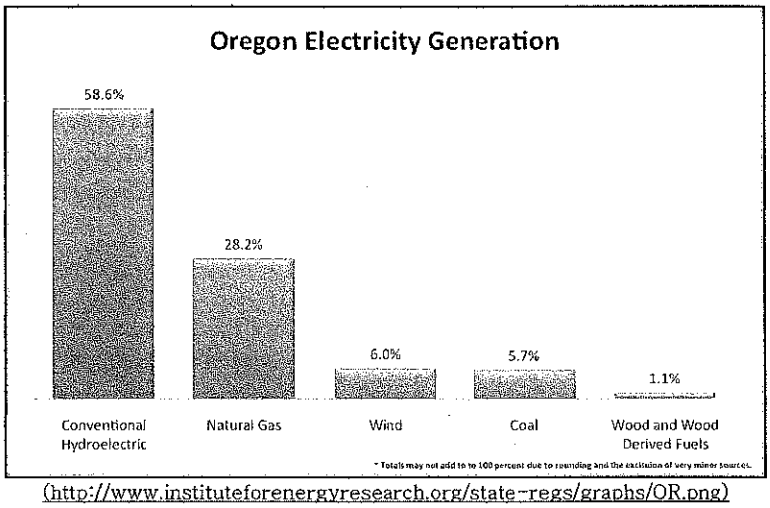
Oregon

Oregon

(http://www.instituteforenergyresearch.org/state-regs/pdf/Oregon.pdf) DOWNLOAD PDF

Select Economic and Energy Data†	Value	State Rank
Real Gross Domestic Product, per capita	$38,801	16th highest
Unemployment	10.5%	14th highest
Gasoline Price, per gallon	$2.89	12th highest
Electricity Price, per kWh	7.63¢	16th lowest

Oregon has relatively affordable electricity prices (23 percent below the national average) because hydroelectric power provides nearly 60 percent of Oregon's electricity. Only Washington produces more hydroelectric power than Oregon. About 30 percent of the state's electricity is produced from natural gas. Wind and wood combined provide another 7 percent of electricity supply.



(http://www.instituteforenergyresearch.org/state-regs/graphs/OR.png)

Oregon lacks fossil fuel resources. Most of Oregon's hydroelectric electricity is generated on the Columbia River, on which the state's four largest electricity generation facilities are located. These sites have allowed the state to utilize its major energy resource, helping keep electricity prices relatively low. Oregon also has renewable resource potential in wind and geothermal energy.

Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

- Below are some facts about Oregon's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Oregon has passed a large number of costly regulations.
  - **Oregon imposes** a goal of reducing its greenhouse gas emissions to 10 percent below 1990 levels by 2020 and to 75 percent below 1990 levels by 2050.[i] (#_edn1) The bill, however, did not include the regulatory authorities necessary to achieve these goals. Instead, it established a Global Warming Commission responsible for recommending ways to meet the goals.
  - **Oregon is a member** of the Western Climate Initiative (WCI), a regional agreement among some American governors and Canadian premiers to target greenhouse gas reductions. The central component of this agreement is the eventual enactment of a cap-and-trade scheme to reduce greenhouse gas emissions 15 percent below 2005 levels by 2020.
    - **Oregon has a de facto ban** on new coal-fired power plants. Senate Bill 101, passed in 2009, limits power plant emissions to 1,100 pounds of carbon dioxide per megawatt of generated electricity.[ii] (#_edn2) Because the law does not allow for the use of offsets to meet this standard, this regulation is a de facto ban on inexpensive coal power plants. In addition, House Bill 3283, enacted in 1997, requires new natural gas power plants to reduce greenhouse gas emissions by 17 percent, though offsets can be used to meet that standard.[iii] (#_edn3) The law also instituted other emissions limits on non-baseload and non-generating energy facilities.
    - **Oregon requires** utilities to generate from renewable sources a certain percentage of the electricity that they sell. The state's renewable portfolio standard requires: that large utilities (more than 3 percent of state load) generate 25 percent of retail electricity sales from newer renewables (those placed in service after January 1, 1995); that smaller utilities (over 1.5 percent of state load, but less than 3 percent of state load) meet a 10 percent RPS by 2025; and that the smallest utilities (less than 1.5 percent of state load) meet a 5 percent RPS by 2025.[iv] (#_edn4)
    - **Oregon requires** gasoline to be mixed with renewable fuels. Senate Bill 1079, passed in 2008, mandates that all gasoline must contain 10 percent ethanol after in-state ethanol production passes 40 million gallons per year.[v] (#_edn5) There is an analogous biodiesel quota for diesel.
      - House Bill 2186, passed in 2009, allows the Oregon Environmental Quality Commission (EQC) to adopt rules for the reduction of greenhouse gas emissions from transportation fuels.[vi] (#_edn6) This may include a low-carbon fuel standard, among other programs.
    - **Oregon imposes** automobile fuel economy standards similar to California's, which attempts to regulate greenhouse gas emissions from new vehicles. In 2006, the Oregon Environmental Quality Commission (EQC) instituted permanent rules to adopt California's vehicle emissions standards.[vii] (#_edn7)
    - **Oregon requires** new residential and commercial buildings to meet energy efficiency standards. One-to-two-family residential buildings must meet the 2008 Oregon Residential Specialty Code, which is based off the 2006 International Residential Code. Commercial buildings must meet the 2007 Oregon Structural Specialty Code, which is based off the 2006 International Building Code.[viii] (#_edn8) The International Residential and Building Codes, both developed by the International Code Council, are model codes that mandate certain energy efficiency standards. New state buildings must exceed state building code energy conservation provisions by at least 20 percent, while existing buildings must reduce energy use by 20 percent compared to baseline energy use in 2000.[ix] (#_edn9)
    - **Oregon imposes** state-based appliance efficiency standards for automatic commercial icemakers, bottle-type water dispensers, commercial hot food holding cabinets, commercial refrigerators and freezers, compact audio produces, DVD players and recorders, and portable electric spas.[x] (#_edn10)

Attachment 2

News

NAM: Carbon Tax Would Wallop Our Economy

Tue, 02/26/2013 - 2:19pm

Get today's manufacturing headlines and news - Sign up now!

WASHINGTON -- Today, the National Association of Manufacturers (NAM) released a study conducted by NERA Economic Consulting that shows a carbon tax would have a devastating impact on manufacturing and jobs. The report, titled *Economic Outcomes of a U.S. Carbon Tax*, found that levying such a tax would impact millions of jobs and result in higher prices for natural gas, electricity, gasoline and other energy commodities. Manufacturing output in energy-intensive sectors could drop by as much as 15.0 percent and in non-energy-intensive sectors by as much as 7.7 percent.

"The notion that some policymakers have in Washington that an economy-wide tax of this nature is a good idea is flatly wrong," said NAM President and CEO Jay Timmons. "Our nation's economy and family budgets can't take it. As consumers of one-third of our nation's energy supply, manufacturers and our employees will struggle with higher energy prices. A carbon tax will severely harm our ability to compete with other nations."

Other key findings of the report include the following:

- A carbon tax would lead to lower real wage rates because companies would have higher costs and lower labor productivity. Over time, workers' incomes could decline relative to baseline levels by as much as 8.5 percent.
- The impact on jobs would be substantial, with a loss of worker income equivalent to between 1.3 million and 1.5 million jobs in 2013 and between 3.8 million and 21 million by 2053.
- Any revenue raised from the carbon tax would be far outweighed by the negative effects on the economy.
- A carbon tax would have a negative effect on consumption, investment and jobs, resulting in lower federal revenue from taxes on capital and labor.
- The increased costs of coal, natural gas and petroleum products due to a carbon tax would ripple throughout the economy, resulting in higher production costs and less spending on non-energy goods.

"For manufacturers, a carbon tax would cause a net negative impact on output and productivity as the higher energy costs it imposes would ripple through all their supply chains," said NERA Senior Vice President Anne E. Smith who conducted the research for the NAM. "In turn, higher production costs and reduction in output would ripple through the rest of the economy, reducing household incomes and consumption. A carbon tax would negatively impact the U.S. economy as a whole under both scenarios examined in this study."

The study looks at two carbon tax scenarios: one levied at $20 per ton increasing at 4 percent and the other designed to reduce carbon dioxide (CO_2) emissions by 80 percent. Both cases would have a negative impact on the economy. Please click on the links for the executive summary and full report and for information on 10 hard hit states.

The National Association of Manufacturers is the largest manufacturing association in the United States, representing manufacturers in every industrial sector and in all 50 states. Manufacturing has a presence in every single congressional district providing good, high-paying jobs. For more information about the Manufacturers or to follow us on Shopfloor, Twitter and Facebook, please visit www.nam.org.

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Total US Fuel Taxes by State

State	Gasoline (¢/g)	Diesel (¢/g)	Other Taxes	Comment
Alabama	16	19	3	"Other Taxes" include a 3 cpg UST fee for gasoline and diesel, 0-6 cent county/city/pj tax for gasoline that can vary by county/city
Alaska	8	8	0.0715	"Other Taxes" include a 0.0715 cpg Inspection fee
Arizona	18	26	1	"Other Taxes" include a 1 cpg UST tax.
Arkansas	21.5	22.5	0.3	Plus 0.3 cpg environmental assurance fee, this is assessed at the wholesale level for underground storage tank funds
California	36	10	2	"Other Taxes" include a 2 cpg state UST fee (gasoline and diesel), a 2.25% state sales tax for gasoline, a 9.67% state sales tax for diesel, gasoline and diesel rates are rate + local sales tax
Colorado	22	20.5	0.625	"Other Taxes" include a 0.625 cpg UST/Inspection fee (gasoline and diesel)
Connecticut	25	51.2	7.2569	"Other Taxes" is a 7.2569% Gross Receipts tax applicable to gasoline only
Delaware	23	22	1.5537	"Other Taxes" is wholesaler percentage. Additional .9% Gross Receipts tax for the State Hazardous Substance Cleanup Fund is also assessed at the wholesale level (1.5537%) after yearly exclusions are met. (Title 7: 9114)
Washington DC	23.5	23.5	0	
Florida	27.8	31	5.52	Gas Tax rate can vary from 27.4-36 cpg depending on area, "Other Taxes" include 2.071 UST/Inspection fee (diesel) + 1.25 cpg state sales tax, 2.196 UST/Inspection fee (gasoline)
Georgia	7.5	7.5	0.5	The state excise tax is 7.5 cpg on (gas and diesel), additional 14.5 cpg state sales tax on diesel, 12.1 cpg state sales tax on gasoline. Gas and Diesel Tax rates are rate + local sales tax (varies by county and city cpg taxes which are weighted by population), "Other Taxes" include a 0.5 cpg UST (gasoline and diesel)
Hawaii	17	17	0.1191	"Other Taxes" include 0.1191 Inspection fee (gasoline and diesel), 0.1 cpg environmental response tax, 4% sale tax on diesel + local fees, and county taxes can range between .088 to .18
Idaho	25	25	1	"Other Taxes" include a 1 cpg UST
Illinois	19	21.5	7.35	"Other Taxes" include a 6.25% local sales tax (local sales tax can vary between 6.25-10.5%, or higher) and a 1.1 cpg UST. The sales tax calculated off the retail price less federal and state excise taxes
Indiana	18	16	8	"Other Taxes" include a 7% sales tax (gasoline only) and a 1 cpg UST (gasoline and diesel)
Iowa	21	22.5	1	"Other Taxes" include 1 cpg UST fee
Kansas	24	26	1.03	"Other Taxes" columns include 1 cpg environmental assurance fee, 0.03 cpg inspection fee
Kentucky	26.5	25.5	1.4	"Other Taxes" include 1.4 cpg fee collected for the Underground Storage Tank Fund.
Louisiana	20	20	0.925	"Other Taxes" include a 0.925 UST/Inspection/Miscellaneous fee
Maine	30	31.2	1.5082	"Other Taxes" include fees for a Groundwater Oil Clean-up Fund, Costal/ Inland Surface Oil Cleanup fee, and Market Share Act fee.
Maryland	23.5	24.25	0.1369	"Other Taxes" include a 0.1369 UST/Inspection/Miscellaneous fee
Massachusetts	21	21	2.6191	"Other Taxes" include 2.6191 cpg UST/Spill Clean Up/Inspection fund tax
Michigan	19	15	6	"Other Taxes" 0.875 cpg for environmental regulation fee, Diesel Tax rate is rate + 6% local sales tax
Minnesota	28.6	28.5	1.9	"Other Taxes" includes a 1.9 cpg UST/Inspection/Miscellaneous fee
Mississippi	18	18	0.4	"Other Taxes" include a 0.4 cpg Environmental Protection Fee. Additional 3 cpg Seawall tax in Hancock, Harrison and Jackson counties (gasoline only)
Missouri	17	17	0.3	"Other Taxes" include a few additional fees on all fuel sales - agriculture inspection fee (.0005 per gallon) and transport load fee (.0025 per gallon) - 0.3 cpg
Montana	27	27.75	0.75	"Other Taxes" include a 0.75-cpg fee toward the state cleanup fund
Nebraska	24.6	24.6	0.9	"Other Taxes" include a 0.9 cpg Release Prevention fee for gasoline, and a 0.3 cpg Release Prevention fee for diesel
Nevada	24	27	0.8	"Other Taxes" include a 4-9 cent County Option Tax (varies in Washoe county, 13.21082 sales tax for gasoline,12.55611 sales tax for diesel), 0.75 cpg cleanup fee, and .055 cpg inspection fee (gasoline only)
New Hampshire	18	18	1.625	"Other Taxes" include 0.125 cpg for Oil Pollution Control fund, and 1.5 cpg Oil Discharge Fee
New Jersey	14.5	17.5	4.055	"Other Taxes" include 4 cpg Petroleum Products Gross Receipts Tax (included in Diesel Tax rate) and 0.055 cpg "first time purchaser" fee
New Mexico	17	21	1.875	"Other Taxes" include a 1.875 cpg load fee
North Carolina	37.5	37.5	0.25	"Other Taxes" include a 0.25 cpg inspection tax
New York	25.8	24.85	0.35	Gasoline and Diesel Tax rates also include a 8-8.75 cpg state sales tax + 4% local sale tax rate (most areas), "Other Tax" include a 0.05 cpg Petroleum Test Fee (gas only)and a 0.30 cpg spill fee, State excise tax is 8 cpg on gasoline and diesel, Petroleum Business Tax 17.8 cpg gas only and 16.05 cpg diesel ((article 13A))
North Dakota	23	23	0.025	"Other Taxes" include a 0.025 cpg UST/Inspection/Miscellaneous fee
Ohio	28	28	0	
Oklahoma	16	13	1	"Other Taxes" include a 1 cpg UST fee
Oregon	30	30	0.0556	"Other Taxes" include a 0.0556 cpg load fee (per load,usually equates to $4.00 per load). For diesel, IFTA carrier there is a 16.38 cents per weight mile tax for gross of 80000lbs, this is in lieu of 30 cpg.
Pennsylvania	31.2	38.1	1.1	"Other Taxes" include a 1.1 cpg UST (gasoline only)
Rhode Island	32	32	1.12	"Other Taxes" includes a 1.12 cpg environmental protection fee
South Carolina	16	16	0.75	"Other Taxes" includes a 0.25 cpg inspection fee and 0.50- pg environmental fee (UST cleanup)
South Dakota	22	22	2	"Other Taxes" include a 2 cpg Tank Inspection fee
Tennessee	20	17	1.4	"Other Taxes" include a 1-cent special tax for gasoline, and a 0.4 cpg environmental assurance fee
Texas	20	20	0.1375	"Other Taxes" include a 0.1375 cpg load fee (based on per 8000 gallons, generally equates to $11.00 per 8000-10000 gallon load)
Utah	24.5	24.5	0.5	"Other Taxes" include a 0.5 cpg UST/Inspection/Miscellaneous fee
Vermont	19	28	1	"Other Taxes" include a 1 cpg license fee for UST fund, and a 2% (6.68 cpg) transportation assessment fee on gasoline only (changes on a quarterly basis)
Virginia	17.5	17.5	0.6	"Other Taxes" include a 0.6 cpg petroleum storage tank fee (UST). There is an additional 2.1% sales tax on motor fuels for localities that are part of the Northern Virginia Transportation District
Washington	37.5	37.5	0.1198	"Other Taxes" include a 7/10's percent (0.0007 cpg) HASMAT fee, 0.1191 cpg Oil Spill Response fee
West Virginia	34.7	34.7	0	12.9 cpg included in state sales excise tax

Wisconsin	32.9	30.9	2	"Other Taxes" include a 2 cpg UST fee (gasoline and diesel) that is included in the tax rates
Wyoming	13	13	1	"Other Taxes" include a 1 cpg UST fee (cleanup fund for gasoline and diesel) that is included in the tax rates

Please note the above rates are meant as only guidelines of pump taxes and may not represent the full tax amount at the pump.
Source: Compiled by GasBuddy Organization from various sources.

"Consumers working together to save on gas"

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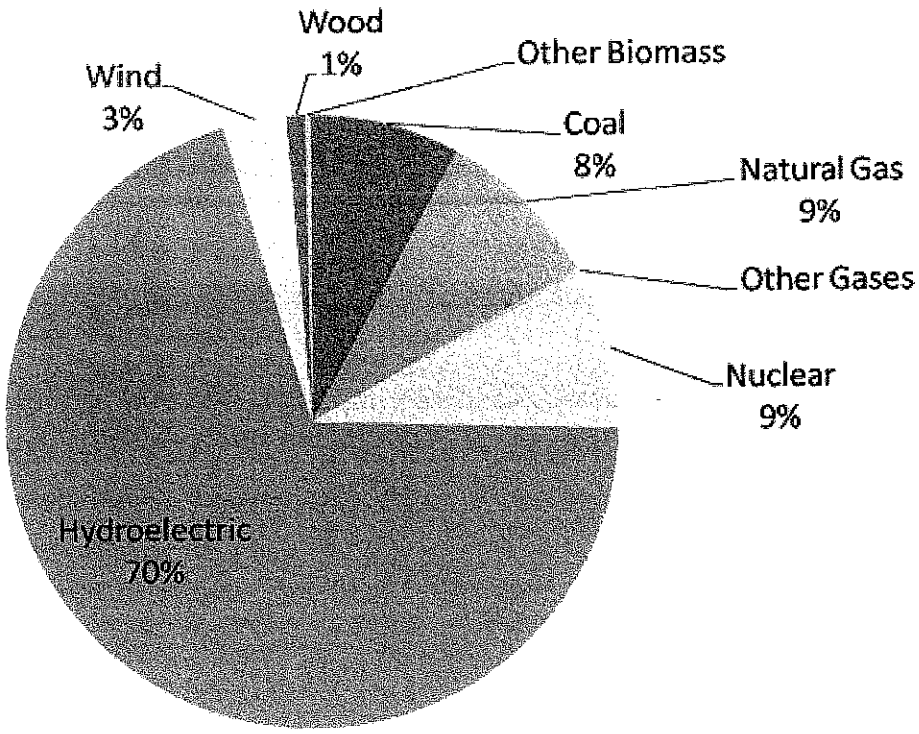
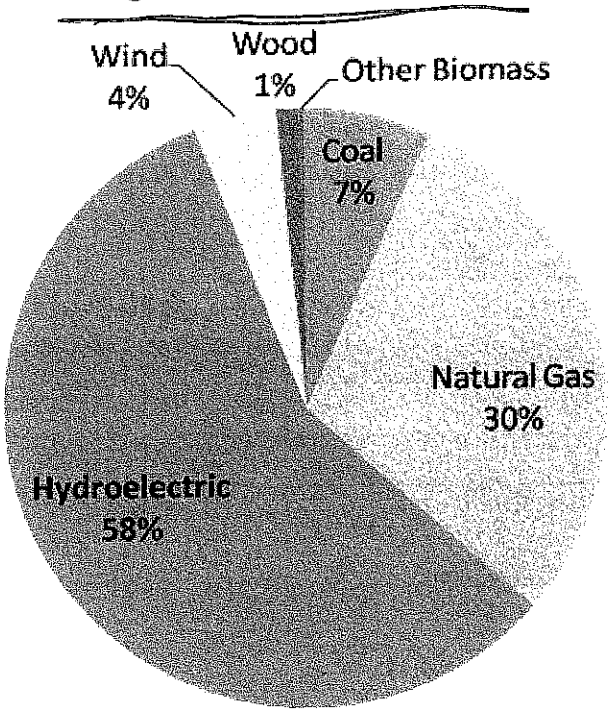
Attachment 4



Washington Total: 419,138,842 MWhrs

Oregon Electric Generation Mix, 2008



Oregon Total: 58,718,438 MWhrs

California Electric Generation Mix, 2008

Attachment 5

Oregon Department of Energy

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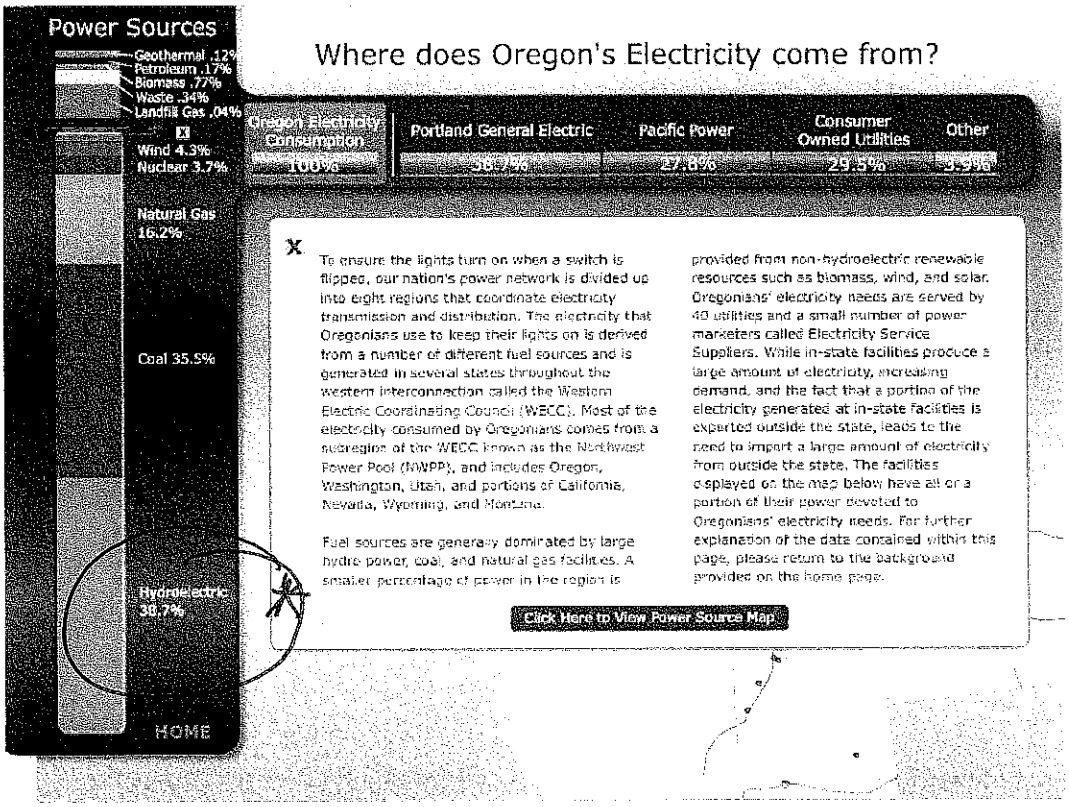

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Energy in Oregon

From Wikipedia, the free encyclopedia

The U.S. state of Oregon is the third largest renewable energy producing state in the United States.[1] Hydroelectric power dominates the power market in Oregon, providing nearly two-thirds of the electricity generated in the state, although it accounts for less than half of the total percentage consumed when electricity imported from other states is accounted for.[2] Coal is the second largest source of the state's energy portfolio, with much of it being imported from Wyoming and domestic production coming from the Boardman Coal Plant, Oregon's only coal power plant.[3]

Contents

Electricity

The following table uses official statistics from the Oregon Department of Energy to show Oregon's changing electric fuel mix:[4][5][6][7][8]

Year	2001	2002	2003	2005	2006-2008
Hydro (%)	38	43	44	42	44
Coal (%)	39	42	42	41	37
Natural Gas (%)	15	8	7	10	12
Nuclear (%)	4	3	3	3	4
Wind/Geothermal (%)	1	1	1	1	2
Biomass (%)	3	3	3	3	1
Total (%)	100	100	100	100	100

See also

- Trojan Nuclear Power Plant, Oregon's only nuclear power plant in service 1970 to 1992
- List of power stations in Oregon
- Wind power in Oregon
- Solar power in Oregon
- Energy in the United States

Attachment 7

U.S. Energy Information Administration

Oregon

State Profile and Energy Estimates

Rankings: Total Energy Consumed per Capita, 2010 (million Btu)

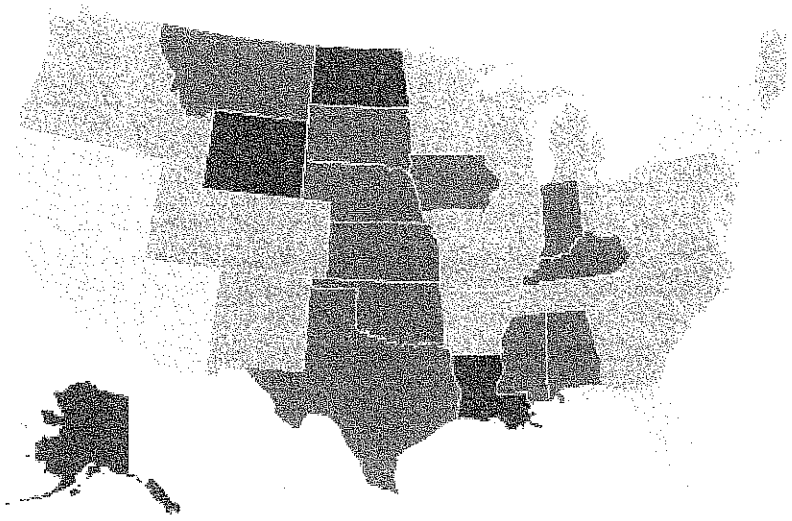
Download Table Data as CSV

Rank	State	Total Energy Consumed per Capita (million Btu)
1	Wyoming	948
2	Alaska	899
3	Louisiana	894
4	North Dakota	713
5	Iowa	489
6	Texas	466
7	South Dakota	465
8	Nebraska	461
9	Kentucky	455
10	Indiana	442
11	Oklahoma	413
12	Alabama	410
13	Kansas	408
14	Montana	405
15	Mississippi	400
16	West Virginia	398
17	Arkansas	385
18	South Carolina	358
19	Tennessee	354
20	Minnesota	352
21	Idaho	340
22	Ohio	332
23	New Mexico	329
24	Georgia	325
25	Missouri	322
26	Wisconsin	316
27	Virginia	312
28	District of Columbia	307
28	Maine	307
28	Illinois	307
31	Washington	302

Rank	State	Total Energy Consumed per Capita (million Btu)
32	Colorado	301
33	Pennsylvania	296
34	Delaware	285
35	North Carolina	283
35	Michigan	283
37	New Jersey	278
38	Utah	275
39	Maryland	256
40	Oregon	255
41	Nevada	239
42	Vermont	236
43	Florida	233
44	New Hampshire	224
45	Arizona	218
46	Massachusetts	213
47	Connecticut	211
48	California	210
49	Hawaii	200
50	New York	192
51	Rhode Island	187

NA = Not available. W = Withheld to avoid disclosure of individual company data.

Note: Rankings are based on the full source data values.



<= 250

250 to < 400

400 to < 600

>= 600

Geno 2.0

This new DNA test uses cutting-edge technology ...

National Geographic Daily News

British Columbia Rethinks Its Pioneering Carbon Tax

vely

British Columbia's greenhouse operations, like this one in the northern city of Prince George, are among the businesses that received aid to ease the impact of the province's carbon tax, which the government now plans to review.

Photograph by Chris Johns, National Geographic

Stacey Schultz
For National Geographic News

Published May 3, 2012

British Columbians are feeling a little lonely in their bid to save the planet.

Five years ago, the Canadian province enacted a bold set of climate change policies designed to reduce its greenhouse gas (GHG) emissions dramatically. At the time, B.C. lawmakers assumed the United States would follow suit with federal climate change policy. To the south and east, a coalition of seven U.S. states and four Canadian provinces were establishing the Western Climate Initiative (WCI), with a regional carbon cap-and-trade system.

The home of the Spirit Bear, which already has more land conservation area than any other Canadian province, was leading the way in protecting the atmosphere.

Then, U.S. progress on federal climate policy skidded to a halt. And the WCI began to falter. Six states withdrew last November, leaving just California and four Canadian provinces still participating. With its general election one year away, the government of British Columbia, headed by the Liberal Party (known to be more conservative than its rival, the New Democratic Party), is now questioning the future of the climate initiatives it enacted.

"I think it is safe to say that we expected more jurisdictions to be coming up and joining us in this kind of public policy," said Terry Lake, British Columbia's minister of the environment, in an interview. "That hasn't happened."

Front and center in the debate is the province's carbon tax, which has been stepped up every year since 2008, with the final legislated increase set for this July. Carbon tax proponents say that to meet its ambitious targets for GHG emissions reductions by 2020, British Columbia will need to increase the tax dramatically.

But sectors of industry that rely heavily on the use of fossil fuels—such as natural gas drilling—say the tax puts them at a competitive disadvantage. Seen by many as a sign of its weakening

commitment, the government recently called for a comprehensive review of the carbon tax to consider constituent concerns.

"This is a good time to pause and examine how the carbon tax is affecting our economic competitiveness," said B.C. Finance Minister Kevin Falcon, in a recent budget speech. "To that end, we will carry out a comprehensive review, examining the tax's impact—both positive and negative—on every economic sector."

An Ambitious Start

In 2007, B.C.'s then-premier, Gordon Campbell, led the way to establishing a Climate Action Plan that included not only the carbon tax, but also a commitment to carbon neutrality for all public institutions and participation in the WCI. The plan set ambitious targets for B.C.'s GHG emissions reductions—reducing them by 33 percent from 2007 levels (68 Megatons of carbon dioxide equivalent or CO2e) by 2020, and 80 percent by 2050.

Because British Columbia gets more than 80 percent of its power from carbon-free hydroelectricity (instead of a fossil fuel like coal), its GHG emissions are already relatively low, accounting for just 9 percent of Canada's emissions. Transportation accounts for the largest share, followed by the province's rapidly growing oil and gas industry.

The carbon tax went into effect in July 2008 at a rate of $10 (U.S. $10.13) per ton of CO2e. It has risen by $5 per ton per year and will reach $30 per ton this July. It covers all fossil fuels burned in the province, accounting for an estimated 77 percent of British Columbia's domestic GHG emissions, according to the government.

B.C.'s remaining 23 percent of emissions, which are exempt from the carbon tax, come from non-energy agricultural uses, non-combustion industrial process emissions, and fugitive emissions from coal, oil, and gas extraction.

While B.C.'s motorists pay more in fuel taxes than drivers in other Canadian provinces, the difference is a matter of a few cents per liter. Whether this has made a difference in fuel consumption is a matter of debate. Environment Minister Lake said that gasoline consumption has decreased by three percent in the province because of the carbon tax.

But Marc Lee, senior economist at the Canadian Center for Policy Alternatives in Vancouver, said the carbon tax is currently too low to influence people's behavior. "The carbon tax is currently about 6 cents per liter of gasoline and when it first came on in the middle of 2008 it was 2.3 cents," he said. "If someone can argue that that's going to drive a 3 percent reduction in fuel consumption I think that's beyond the pale."

Lee notes that the price of gasoline at the pump in Vancouver can swing 10 to 12 cents every week due to the usual roiling market, effectively swamping any impact of the carbon tax. "It is also true that

in Canada we have higher fuel taxes in general, federal and provincial, irrespective of the carbon tax," he says. "I think all of those things lead to less driving per capita . . . I think hanging any of that on the carbon tax is probably a stretch."

Tax Breaks Win Out

Consumers and businesses receive tax breaks and credits to offset the price of the carbon tax, in a government effort to make the carbon tax "revenue neutral." In practice, the tax has been revenue *negative*, with the value of the tax cuts and credits exceeding the carbon tax receipts. In 2011, the losses amounted to $192 million (U.S. $194.6 million)—with $1.15 billion in tax cuts and credits swamping the $960 million in tax revenue. Future increases in the carbon tax could close this gap, said Lake.

The early government modeling on the carbon tax suggested that the rate increases planned through this year would reduce British Columbia's emissions by 3 million tons, or about 4 percent relative to business-as-usual (BAU) in 2020. But to reach the targeted goal of a one-third reduction at 2007 levels, the tax eventually would have to go up further, because it would need to generate a reduction relative to BAU of 40 million tons, according to a Canadian Centre for Policy Alternatives report, *Fair and Effective Carbon Pricing: Lessons from BC.*

The most recent government figures show a 2.3 percent decrease from 2008 to 2009 in overall GHG emissions in British Columbia, from 69.2 Mt to 66.9 Mt CO2e. But Lake notes that the economic recession was likely a factor. "Reduced economic activity usually results in reduced greenhouse gases," he said. The government plans to release emissions figures from 2010 sometime this year.

To reach the 2020 targeted goal, Marc Lee argues in favor of a steep hike in the carbon tax. "I actually think we should be driving the carbon tax up to about [Canadian] $200 per ton by 2020, which would essentially close the gap between prices here and what you pay typically in Europe," he said.

But some industries argue that any increases in the carbon tax will put them at a competitive disadvantage. "The problem for B.C. is that no other provinces or U.S. states have chosen to follow the same path since B.C. instituted its carbon tax in 2008," said Jock Finlayson, executive vice president of the Business Council of B.C. in an email. "So while the 'cost' of carbon is rising in B.C., it is not rising in tandem in our principal competing jurisdictions."

Michael Sweeney, president of the Cement Association of Canada testified last September to the Select Standing Committee on Finance and Government that the carbon tax will cost his industry more than $20 million (U.S. $20.7 million) by July 1, 2012.

Since the carbon tax was instituted in 2008, he told the co… imports of cement have risen from 4 percent to 23 percent of market share, slicing into the sh… ued within the province.

The agriculture industry, another energy-intensive sector, has also expressed concern about maintaining competitiveness in a global market. In April, the government awarded a one-time $7.6 million grant to the province's greenhouse vegetable and flower growers to compensate for the costs of the carbon tax on natural gas and propane consumption based on fuel used in 2011. In addition, British Columbia Finance Minister Kevin Falcon said the government will "pay particular attention to agriculture," in its upcoming review.

But in deciding the future of its climate change efforts as the 2013 election nears, British Columbia's leaders must walk a tightrope between industry interests and popular sentiment. Polling last year by the Pembina Institute showed that 70 percent of B.C. residents wanted the province to continue showing leadership on climate change without waiting for other jurisdictions to catch up.

This story is part of a special series that explores energy issues. For more, visit The Great Energy Challenge.

Backgrounder #2720

This is a Backgrounder On Energy and Environment *and* Taxes

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A Carbon Tax Would Harm U.S. Competitiveness and Low-Income Americans Without Helping the Environment

By Derrick Morgan
August 21, 2012

Abstract: *Supporters of a new carbon tax are using arguments aimed at conservatives (it can be revenue neutral) and liberals (it can help the environment) alike. But even if one concludes that carbon dioxide and other greenhouse gases are leading to increased temperatures—and there is robust debate and far from a public consensus on the magnitude of man-made warming, particularly among conservatives—a carbon tax would (1) do next to nothing to lower global temperature, (2) harm American manufacturing competitiveness, (3) create a new revenue stream based on behavior modification, and (4) harm low-income Americans. Energy supplies can be delivered and new supplies created through the private sector rather than through mandates, regulations, taxes, and subsidies ordered by government.*

In America's struggling economy, fossil fuel production stands out as a bright spot. Currently, 9,000,000 Americans work in the oil and natural gas industry,[1] and another 550,000 Americans work in coal mining.[2] Wages for these jobs are well above average,[3] and production of fossil fuels, particularly natural gas, is booming in places like North Dakota.[4]

The economic gains being made now have the potential to be long-lasting; the United States has the largest reserves of fossil fuels—oil, coal, and natural gas—in the world. (See Table 1.) These gains, however, are threatened by unfriendly energy policy from Washington. President Barack Obama and his allies in Congress continue to block fuel production on federal lands and offshore,[5] have stopped a pipeline project that would increase North American–sourced petroleum products,[6] are severely limiting coal production,[7] and continue to allow the Environmental Protection Agency to regulate carbon dioxide (CO_2).

The left has argued for decades that using fossil fuels is bad for the country.[8] Initially, their concerns involved direct public health concerns such as oil spills, mercury, and other toxic pollutants.

[9] Their attack on fossil fuels has increased in recent years because fossil fuels are by far the biggest contributor to U.S. greenhouse gas emissions (GHGs), thought by some to lead to global warming. [10] To limit GHG emissions, President Obama pushed a cap-and-trade energy bill in the 111th Congress that passed the House but was halted in the Senate. The President is now moving full speed ahead with regulation of GHGs by the Environmental Protection Agency (EPA) under the Clean Air Act.

Although cap-and-trade was rejected by the Senate and the American people as a new energy tax, some have championed the idea of a new carbon tax, with arguments aimed at conservatives (it can be revenue neutral) and liberals (it can help the environment) alike.[11] A new federal carbon tax would likely fail to achieve either goal while further slowing America's recovery.

Carbon Tax and Cap-and-Trade: What's the Difference?

Cap-and-trade and a carbon tax are two ways to limit greenhouse gas emissions. If planners knew the market's behavior perfectly, then a cap-and-trade system and carbon tax could put the same price on emissions, achieving exactly the same effect—reduced emissions and higher prices for fossil fuel–powered energy and products. Planners cannot know such information, so the proposals look to achieve different goals: A cap-and-trade system includes a strict limit on the amount of GHGs emitted but unclear costs, while a carbon tax imposes higher known costs but unclear emissions reductions.

Under a cap-and-trade system, those who wish to emit must purchase an allowance by auction or from others who have allowances to sell. In the Waxman–Markey bill,[12] for example, allowances would be distributed to utilities (to soften the increase in rates), manufacturers (to protect domestic industry), and others, including environmental groups that theoretically would use the proceeds to improve the environment. Other allowances were to be auctioned to the highest bidder, thus revealing, in theory, how much the "right to emit" costs.

A carbon tax approaches the issues from a different perspective. In that system, the "right to emit" is not limited by capping the amount of GHGs that are emitted. Instead, anyone who wishes to emit must pay a tax. Since it will be more expensive to emit than before, GHGs will decline, albeit by an unknown amount: The higher the tax, the more the emissions will decline. Many environmentalists prefer the cap-and-trade system because the cap ensures that the environmental purposes of the act are met.

Each of these mechanisms is effectively a tax, or fee, on emitting GHGs. To create momentum for its passage, proponents of cap-and-trade argued to conservatives that it would do less damage to the economy than EPA regulation would. Now others are saying that a carbon tax could be better still. But as one scholar at the American Enterprise Institute put it, "Carbon taxes might be 'better' than cap-and-trade or regulations, but then, in a train-wreck, losing a hand is better than losing a forearm, which is better than losing an entire arm. Most would rather skip the wreck."[13] Congress seems closer to stopping EPA regulation[14] than it does to adopting a carbon tax, especially considering that conservatives successfully attacked cap-and-trade by calling it an energy tax.

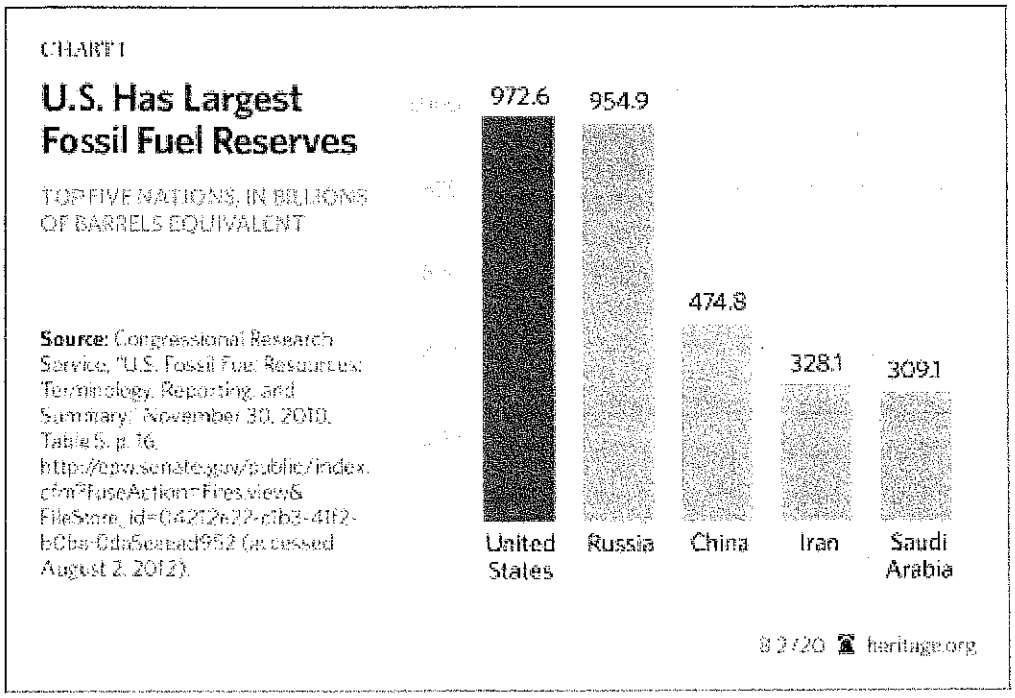
Enacting a carbon tax is an unwise policy and against conservative principles because, among other reasons, a carbon tax would:

- Do next to nothing for GHG emissions and the environment,
- Harm American manufacturing competitiveness,

- Create a new revenue stream based on behavior modification, and
- Hit low-income Americans especially hard.[15]

No Environmental Benefit

Even if one assumes that rising levels of carbon dioxide in the atmosphere lead to higher global temperatures, a carbon tax in the United States that reduces emissions domestically would have zero direct effect on foreign emissions if we acted alone. In fact, unilateral action by the U.S. would have very little effect on total global emissions.



The EPA analyzed a cap-and-trade proposal and projected global CO_2 concentrations in a baseline and under legislation, demonstrating the effects graphically.[16] (See Chart 1.) The Administrator of the EPA testified on July 7, 2009: "I believe the central parts of the [EPA] chart are that U.S. action alone will not impact world CO2 levels...."[17] The analysis showed that even if the U.S. adopted stringent carbon caps under that legislation[18] and the international community did not, global CO_2 concentrations would decrease 25 parts per million (with concentrations equaling 694 ppm in 2095). International action, by contrast, would decrease concentrations by 202 ppm.

Just as in a unilateral U.S. cap-and-trade system, a unilateral U.S. carbon tax would likely further *increase* foreign emissions because of a phenomenon called "carbon leakage." As energy-intensive industry relocates from the United States to other nations such as Mexico, Vietnam, or China (already the world's largest emitter of greenhouse gases), GHG emissions and toxic pollutants could increase more than they would if those industries remained in the United States.[19]

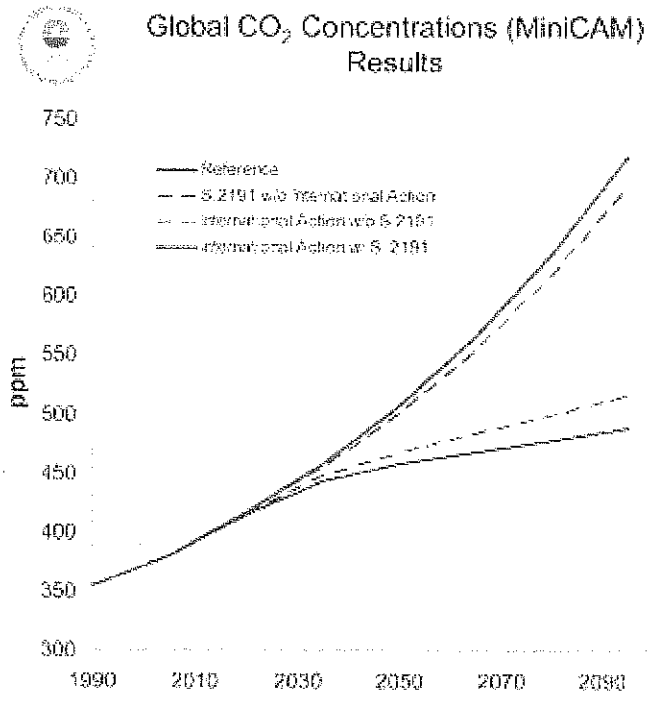
China's Role and Benefits of Growth

China's role in emitting GHGs can hardly be overstated. From 2000–2008, its emissions doubled from 3.4 gross tons (Gt) to 7 Gt of CO_2. By contrast U.S. CO_2 emissions remained about 5.7 Gt in 2000 and 2008.[20] China overwhelmingly relies on coal for electricity generation—accounting for about half of the world's annual coal consumption.[21]

For those who lament an increase in global GHG emissions, China's carbon-footprint increase in the past few decades has been a disaster, but the Chinese people have seen a nearly sixfold increase in per capita gross domestic product (GDP) from 1990 to 2011.[22] Hundreds of millions of Chinese have been lifted from poverty thanks to agricultural and free-market reforms that have led to economic development.[23]

It is important to remember that environmental policy must ultimately be good for people, any country's most important resource. Moreover, economic growth also creates the wealth necessary for countries to make real environmental improvements in the long run.[24]

Unilateral action by the United States to tax carbon emissions is unwise because it would not achieve its stated environmental goal: material reduction of global GHG emissions.



EPA ANALYSIS

EPA Analysis Shows Climate-Change Bill Would Have Little Effect on CO_2 Concentrations

The chart at left was prepared by the EPA in 2008 as part of their analysis of S. 2191, also known as America's Climate Security Act of 2007.

The chart shows the EPA's projected global CO_2 concentrations, in parts per million (ppm). The top line, labeled "Reference," shows the baseline projections, and the line underneath it shows projections based on the passage of S. 2191 but without any additional action from other countries.

Accompanying the chart is an analysis that reads, "Assuming the international community adopts no additional policies or measures, the global CO_2 concentrations in 2095 are estimated to be 694 ppm, which is 25 ppm lower than the reference case."

Source: U.S. Environmental Protection Agency, EPA Analysis of the Lieberman-Warner Climate Security Act of 2008, p. 142, March 14, 2008, http://www.epa.gov/climatechange/downloads/s2191_MM.pdf (accessed August 28, 2012)

Harm to Manufacturing

While some may believe that the United States is a post-industrial power, it is still the world's top manufacturer[25] (although China is gaining), with manufacturing accounting for 12.2 percent of U.S. GDP.[26]

Proponents of cap-and-trade acknowledged that a price on GHG emissions would negatively affect domestic manufacturing unless the cost was fully and permanently offset. Additionally, to offset the impact on manufacturing fully and permanently would be to negate the desired environmental impact of the policy (make it more expensive to emit GHGs and therefore reduce GHGs).

To make up for the impact on manufacturers, the Waxman–Markey cap-and-trade bill gave temporary free allowances to manufacturers to ease the impact of the cap on emissions. Nearly all manufacturers use energy, and for those that emit greenhouse gases in significant quantities, such as steelmakers, a tax on a major input would be devastating. Moreover, a tax on carbon would also affect those who use carbon-intensive fuels for feedstocks, as is the case in the chemical and fertilizer industry. The recent natural gas boom is encouraging more investment in these industries,[27] but a carbon tax would make such investments much less appealing.

During the cap-and-trade debate in 2009, the National Association of Manufacturers and the National Black Chamber of Commerce commissioned studies looking at the effect of carbon caps on manufacturing and found that hundreds of thousands of manufacturing jobs would be lost.[28] A Heritage Foundation study reached the same conclusion.[29] A carbon tax would raise prices on energy inputs for manufacturing and therefore destroy manufacturing jobs.

A carbon tax would especially hurt states with higher concentrations of manufacturing and that use coal for electricity generation. The Heritage Foundation developed the Manufacturing Vulnerability Index, a list of states with their combined manufacturing prevalence and coal electricity generation, highly concentrated in the Midwest.[30] These states have substantial infrastructure for manufacturing and coal-powered electricity generation that would be hit especially hard. A transition to other power-generation sources and economic activities would be very costly to these already hurting states.

While proponents of a carbon tax explain that they could impose an adjustment tax on goods from countries without a carbon tax to help level the playing field, such an action could precipitate a trade war. Moreover, it would place U.S. manufacturers that export from the United States to other markets at a disadvantage when compared to manufacturers that produce in nations without GHG controls.

A new carbon tax should not be imposed because it would harm U.S. manufacturing, destroying the livelihood of too many Americans who want to go to work producing products for the world.

New Opaque Tax Easy to Raise and Seeks to Manipulate Behavior

Creating an entirely new federal revenue stream does not usually end up well for taxpayers, even if its initial goals are modest. Data from the Tax Foundation show that the marginal income tax rate, for example, was 1 percent for married filers making less than $448,759 per year in 1914 (adjusted for inflation).[31] The highest marginal rate at the time was 7 percent.[32] Over the years, the highest marginal rate was raised to nearly 70 percent as recently as 1979 and 91 percent in 1963.[33] Currently, the highest bracket is 35 percent, and the lowest bracket is 10 percent.[34] Reducing marginal income tax rates is a great way to encourage growth and prosperity, as Presidents as diverse as Ronald Reagan and John Kennedy have recognized.

Some economists eager to reduce taxes and encourage economic growth have thought that revenue from a new carbon tax could be used to reduce other harmful taxes on capital and investment. But because the carbon tax hits the poor disproportionally, it is likely that revenue from the tax will be used to alleviate its impact on the poor or for some other purpose rather than to cut other taxes in an economically simulative way.

The Heritage Foundation has published the principles for tax reform and has noted that, above all, "[t]axes should raise the revenue to fund necessary government operations in ways that cause the least possible economic damage"[35] and that government should avoid "picking winners and losers with preferential or punitive policies."[36]

While some have asserted that they can be "agnostic" about whether human activity is contributing significantly to global warming and still want to tax carbon, choosing to place a tax on carbon is an endorsement of the theory that man-made emissions of GHGs have a significantly harmful effect on the environment. In effect, such backers of the carbon tax would treat using fossil fuel resources to heat or cool your home, turn on your lights, drive your car, and charge your cellular phone the same as they would treat using disfavored goods such as alcohol and cigarettes.

Using the tax code to discourage behavior has been encouraged by *NFIB v. Sebelius*, the health care case in which the Supreme Court held that the federal government has broad authority to tax, including to compel behavior.[37] Some localities have already imposed taxes on plastic bags and soft drinks.[38] Conservatives would be on a more solid foundation advocating for a simplified tax code whose purpose is to raise revenue, not to influence behavior.[39]

At least among otherwise conservative economists, the argument is that the carbon tax should capture the costs of externalities. Considering that the field of climate science is far from settled, the external costs of GHGs, if any, are very unclear, and the tax rate may need to change. Such uncertainty will undoubtedly hamper investment in carbon resources even more, with considerable uncertainty and the prospect that policymakers will make "polluters" (what liberals call those who develop and use fossil fuel resources) pay and reduce other taxes or spend increased revenues.[40] Such uncertainty and the likelihood of future gaming of the system would make it difficult to exploit our world-leading fossil fuel resources.

Another problem with a carbon tax is that it very well could be hidden. When he was an academic, Gilbert Metcalf, an economist who has served as Deputy Assistant Secretary for Environment and Energy in the Office of International Affairs at the U.S. Department of the Treasury,[41] co-authored a blueprint for taxing GHG emissions that was published in the *Harvard Environmental Law Review*. The paper states that:

With respect to the tax base, we show that collecting the tax upstream would make it possible to accurately and cheaply cover 80% of U.S. emissions by collecting the tax at fewer than 3000 points, and that it would be possible to cover close to 90% of U.S. emissions at a modest additional cost.[42]

Clearly, such a tax is not meant to be collected at gas pumps or from utility customers, which would dramatically increase administrative costs. While a carbon tax could be more or less apparent to American citizens, depending on its design, the advocates of such a tax have no incentive to keep the tax small. In the words of Professor Thomas Sowell, "In general, the less visible a tax is, the more revenue can be collected without resistance or electoral retribution by the voters."[43] Accordingly, a major concern would be the visibility of such a tax.

A new carbon tax would simply give Washington another tool with which to stealthily raise revenues and manipulate American families' behavior, and any such tax should be rejected.

Poor Americans Hit Hardest

The poor tend to spend a higher proportion of their earnings on energy, particularly utilities and transportation. Moreover, some Americans use more fossil-fuel energy than others because of driving distances (rural families drive more—27,700 miles per household vs. 17,600 miles for urban households[44]); geography (less temperate weather means more heating and cooling costs); and already constructed energy infrastructure (coal plants are prevalent in the Midwest near mining operations). A carbon tax would disproportionately hit these families, whose behavior is difficult to change in the short run.

While economists like to imagine that the carbon tax would be offset by reductions in taxes on capital or some other particularly economically damaging tax, the fact is that, politically, it is far more likely that funding from the carbon tax would be used to reduce the tax's impact on the poor. Senator Barbara Boxer (D–CA), who chairs the Senate Committee on Environment and Public Works, rejected the idea of using new revenue from the carbon tax to reduce corporate taxes—a favorite idea among some on the center-right—and said that any revenues should be used "to make sure…the middle class gets the breaks in the interim while we move to clean energy."[45]

Nearly all of the cap-and-trade proposals introduced during the 111th Congress included measures to blunt the impact on less affluent families, but while such proposals would soften the blow for low-income households, an energy tax would harm families again and again, both directly through energy prices and indirectly through higher prices for goods and services.[46] As Congressional Budget Office Director Douglas Elmendorf has said:

> [A]t any point in which we are putting a price on carbon emissions, that would be passed through to the cost that consumers face on energy products but also all other products that are made using fossil fuels.... I don't know if there are any goods that use no energy in their production. It seems to me unlikely.[47]

Dampening the impact on poor families was deemed a politically necessary design element for cap-and-trade and would likely be required in any carbon tax. Looking at compliance costs for cap-and-trade (with an allowance price around $20 per ton), the Congressional Budget Office found that the lowest quintile lost more than three times as much income (measured as a percentage) as the top quintile (2.5 percent as opposed to 0.7 percent).[48] Because the poor spend a higher portion of their income on energy and the higher energy prices are passed on to the consumer,[49] this result is not surprising.

In fact, increasing consumer costs is a primary reason *for* pricing carbon, according to many of its proponents. As Treasury Secretary Timothy Geithner has explained, it is necessary for the price of energy to increase if "you're going to change how people use energy."[50] And who will change their behavior? It is far more likely that the poor and middle class—those who have to live from paycheck to paycheck and spend a bigger portion of their earnings on energy—will be forced to alter their lifestyles much more (drive less, heat and cool the home less, buy fewer goods and services) than the wealthy.

In addition to a clamor that carbon tax revenue be used to counteract the tax's regressive nature, environmental groups and the alternative energy lobby will likely advocate that the revenue be spent to promote new, unproven "green" technology. So-called green energy companies that have started in response to a massive government infusion of capital into such enterprises ($44.3 billion in 2009 alone)[51] are failing, and some are calling for an increase in funding, which has been reduced to "only" $16.1 billion in 2012.[52] The carbon tax presents a tempting revenue stream for those companies and groups:

A small portion of the funds might be directed to providing transition relief for displaced workers (such as miners), supporting basic energy research and development, solving vexing issues associated with bringing CCS to scale, constructing any necessary transmission lines, and perhaps encouraging conservation activities that market imperfections might otherwise block.[53]

Left unsaid is the overhead cost to administer the tax—these interests receive their money only after it has been cycled through Washington, D.C. A new carbon tax would seek to manipulate our behavior and would harm poor and middle-class Americans. For these reasons, it should be rejected.

Conclusion

Even if one concludes that carbon dioxide and other greenhouse gases are leading to increased temperatures—and there is robust debate and far from a public consensus on the magnitude of man-made warming, particularly among conservatives—a carbon tax would be counterproductive because it would do next to nothing to lower global temperature, while it would harm American manufacturing competitiveness, create a new revenue stream based on behavior modification, and harm low-income Americans.

Free-market conservatives in particular should denounce a new carbon tax as more meddling by the federal government. Specifically, they should urge Congress and the President to:

- Categorically reject a new carbon tax, which would have little environmental impact, harm manufacturing, be another tax seeking to control behavior, and disproportionately harm the poor;
- Work to stop EPA regulations of greenhouse gases, which will wreak havoc on the economy and have no appreciable impact on the stated environmental goal of reducing global GHGs; and
- Work toward tax reform that results in a system that will raise the revenue to fund necessary government operations in ways that cause the least possible economic damage and not pick winners and losers with preferential or punitive policies.

A carbon tax is in essence a perpetuation of a disastrous policy of picking winners and losers from Washington instead of allowing families to choose which energy sources work best for them. From ethanol subsidies to grants awarded to now-defunct solar manufacturers like Solyndra, these policies have increased costs to American families and wasted taxpayer dollars.

Energy, like other sectors, should not become a playground for connected lobbyists to collude with government for special treatment. The bottom line in energy is that supplies can be delivered and new supplies created through the private sector rather than through mandates, regulations, taxes, and subsidies ordered by government.

—***Derrick Morgan*** *is Vice President for Domestic and Economic Policy at The Heritage Foundation.*

[1]American Petroleum Institute, "Policy and Issues" website, http://www.api.org/policy-and-issues/policy-items/jobs/energy-works.aspx (accessed August 9, 2012).

[2]"The Economic Contributions of U.S. Mining in 2008," PriceWaterhouseCoopers for the National Mining Association, October 2010, p. 4, http://www.nma.org/pdf/economic_contributions.pdf (accessed July 17, 2012).

[3]See, e.g., U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages, "Private Industry by Six-digit NAICS Industry and Government by Level of Government, 2010 Annual Averages: Establishments, Employment, and Wages, Change from 2009," http://www.bls.gov/cew/ew10table2.pdf (accessed August 9, 2012).

[4]Brandon Stewart, "A Fracking Miracle: North Dakota's Bakken Boom," The Heritage Foundation, *The* Foundry, June 19, 2012, http://blog.heritage.org/2012/06/19/a-fracking-miracle-north-dakotas-bakken-boom-video/.

[5]Nicolas D. Loris, "Ten Actions Congress Can Take to Lower Gas Prices," Heritage Foundation *Backgrounder* No. 2689, May 31, 2012, http://www.heritage.org/research/reports/2012/05/ten-actions-congress-can-take-to-lower-gas-prices.

[6]Nicolas Loris, "Obama's 'Forced' Keystone Decision Rejects Jobs, Energy and Logic," The Heritage Foundation, *The Foundry*, January 18, 2012, http://blog.heritage.org/2012/01/18/obama%E2%80%99s-forced-keystone-decision-rejects-jobs-energy-and-logic/; Nicolas D. Loris, "Keystone a Key Ingredient Missing from Obama's Economic Recovery Recipe," Heritage Foundation *WebMemo* No. 3472, January 25, 2012, http://www.heritage.org/research/reports/2012/01/keystone-pipeline-rejection-and-obamas-economic-recovery-plan.

[7]Nicolas D. Loris, "The Assault on Coal and American Consumers," Heritage Foundation *Backgrounder* No. 2709, July 23, 2012, http://www.heritage.org/research/reports/2012/07/the-assault-on-coal-and-american-consumers.

[8]See, e.g., "Greenpeace Members Arrested in Protests of Oil Dependence," *Los Angeles Times*, September 30, 1990 ("Greenpeace said the purpose of the protest was to call attention to the nation's 'overdependence' on fossil fuels and a need for an energy policy based on clean, renewable resources.").

[9]See, e.g., "Earth Day: The History of a Moment," Earth Day Network website, http://www.earthday.org/earth-day-history-movement/ (accessed July 25, 2012).

[10]U.S. Environmental Protection Agency, *Inventory of Greenhouse Gas Emissions and Sinks: 1990–2010*, Table ES-2, p. ES-4, April 15, 2012, http://www.epa.gov/climatechange/Downloads/ghgemissions/US-GHG-Inventory-2012-Main-Text.pdf.

[11]Although some might appreciate the revenue effects of a carbon tax, its primary purpose seems to be to regulate energy production.

[12]The American Clean Energy and Security Act, H.R. 2434, 110th Congress.