

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER: A CARBON TAX WOULD FINANCIALLY HARM TAXPAYERS.

BACKGROUND. Like a recurring nightmare, the carbon tax has reappeared in Congress. A carbon tax sets a price on businesses and industries that emit carbon. An upstream fuel tax, this tax based on the carbon content of a fuel would target refineries (petroleum products), coal mines (coal), and compressor stations (natural gas). Coal, oil, and gas companies would pass the tax cost along to consumers, which would give a price advantage to unreliable energy not taxed, like solar and wind. The carbon tax bills are packed with pet spending, such as money for electric vehicles. U.S. Special Presidential Envoy for Climate John Kerry urges a tariff on carbon-intensive imports, if other nations do not limit their emissions and reliance on coal-fired power to fuel manufacturing.¹ The Trump Administration disbanded the interagency task force previously charged with developing the liberal formula social cost of carbon. The Biden Regime re-established that task force and directed it to publish new social cost figures by no later than January, 2022.² The Biden Treasury Secretary Janet Yellen has endorsed the tax.

NEGATIVES. A carbon tax would raise the cost of heating and cooling homes and businesses, increase the prices on lawn mowers and all other equipment using fossil fuels, and hike vehicle, boat, and airplane gas costs. Citizens would see spiraling energy costs. The Citizens Climate Lobby, a carbon tax advocacy group, pushed to add more than \$1 per gallon to the price of vehicle gas in the next 6 years and over \$2 per gallon during the next 12 years. Researchers at Columbia U. estimate that a tax of \$50 per ton of carbon dioxide emissions would increase average U.S. consumer electricity bills 22% by 2030, precise amounts varying by region. Opponents argue that a carbon tax would kill manufacturing jobs and hurt family income. A report by the Heritage Foundation stated that a tax of \$37 a ton would cut economic output more than \$2.5 trillion, or \$21,000 per family, by 2030. This year, two dozen conservative groups endorsed an estimate that a carbon tax would cost more than 500,000 manufacturing jobs by 2030. This tax would shift jobs to China, whose heavy industries spew heavy pollution. Though proponents promise redistributing revenue raised by the tax back to citizens as dividends, economists balk.³ The rebate checks the government would return to individuals would count as taxable income. Nebraskans forced to pay taxes on apology checks sent by the government for raising a tax in the first place. At tax time, Americans would have to deal with carbon tax paperwork for each member of their family.⁴ A carbon tax is not revenue neutral, despite liberal claims. Their attempt to propose a kind of dividend to taxpayers is false. This tax is simply another way for leftists to implement new “green” and social justice programs, offer green energy subsidies, and redistribute wealth. One of the key tax activists plainly states that the tax will become a powerful redistributionist instrument and that carbon tax revenues should largely become gifts to other nations, also proceeds granted to illegal aliens. Green New Deal co-author Rep. Alexandria Ocasio-Cortez (N.Y.) endorsed the tax. It would increase costs for the middle class and wealthy, because they spend more on fossil energy sources. The intent of the tax is to impose such confiscatory costs on conventional fossil fuels that they become outrageously expensive compared to expensive but unreliable wind and solar power. The taxers as side issues wish to end offshore energy production and exploration in the Arctic National Wildlife Refuge.⁵ Most proposals would impose “border taxes” (carbon tariffs) on goods imported from countries lacking equivalent climate policies.



CONSERVATIVE OPPOSITION. A coalition of 89 conservative groups and leaders, including Freedom Works, Club for Growth, and Americans for Tax Reform, oppose the latest carbon tax proposal.⁶ At the state level, voters consistently have rejected carbon tax initiatives. In 2018, voters in the liberal state of Washington rejected a carbon tax ballot initiative by a vote of 56 to 44. Despite the Chicken Little warning of Al Gore, his predictions all proved wrong. The Earth is warming at a much slower pace than he predicted, understand voters. The polar ice caps still exist and about the same size as in 2006. The American Exploration and Production Council declared, “The United States leads the world in emissions reductions due to the increased production of natural gas and our industry’s commitment to innovative solutions and emissions-reducing technologies.” Overregulating energy will not lower emissions globally. 85% of all greenhouse gas emissions occur outside of the U.S., a share that will increase to 90% by the end of the next decade. A carbon tax that eliminates all U.S. CO2 emissions would avert only 0.137°C of global warming by 2100, according to standard EPA

¹ U.S. Democrats prep carbon tax option to pay for \$4.7 trillion spending bill, 9-25-21.

² *The National Law Review*, 9-29-21.

³ David Koenig, *Carbon Tax Gets Renewed Attention but Still Faces Resistance*, 10-9-18.

⁴ Mike Palicz, *A ‘Revenue-Neutral’ Carbon Dioxide Tax Is a Lie*, *Washington Examiner*, 8-8-19.

⁵ James Taylor, *Heartland Institute article*, 7-20-2018.

⁶ *The Hill*, *Conservative groups tell Congress: ‘We oppose any carbon tax’*, by Naomi Jagoda, 6-10-2019.

climate modeling. A politically feasible carbon tax would achieve significantly less, especially over the next 30 years. Because of our free-market policies and private enterprise innovation, the U.S. is a global leader in reducing emissions. A carbon tax is a market-rigging policy, not a free market one. A carbon tax by design raises the cost of energy. Making energy less affordable diminishes economic growth, household income, and consumer purchasing power. Most carbon tax bills include “fee and dividend” programs rebating a portion of the revenues to American households. However, given federal government spending ambitions, no enacted carbon tax would ever reduce other taxes by an amount equal to expected revenues. Inevitably, substantial revenues would fund “investments” in infrastructure, “green jobs,” or other political priorities. In a study, Capitol Alpha Partners examined a carbon tax that starts at either \$40 or \$49 per ton and increases by 2% annually. The study found that offsetting those taxes with lump sum rebates to households results in “lost GDP equal to between \$3.76 trillion and \$5.92 trillion over the 22-year forecast period.” IRS regs then needed to develop, administer, and audit compliance with new rules for estimating and reporting carbon intensities, and to prosecute



companies suspected of border tax evasion or under-payment. Enacting a carbon tax would saddle U.S. businesses with a massive new regime of intrusive regulation. Any such premeditated assault on industries providing affordable, reliable energy to the American people is bad policy. All the economic and regulatory pain would produce no detectable effects on weather patterns, crop yields, or other environmental conditions that concern people.

Enacting a carbon tax now, as America struggles to reopen for business, would seem exceedingly stupid.⁷ It will only exacerbate energy poverty, resulting in double-digit increases in energy prices and the loss of millions of good jobs. These efforts also would impinge on state sovereignty and undermine electric reliability. Abundant, affordable energy is one of the main foundations of American prosperity. The tax will raise not only electric rates and gasoline prices; all goods and services that use fossil energy will become more expensive.

CONGRESSIONAL OPPOSITION. House conservatives in 2016 and 2018 passed resolutions to disavow a carbon tax. Despite an expensive and intensive lobbying effort targeting Republican congressmen, this effort has convinced only 1 GOP House member to support carbon tax legislation. Carbon tax advocates typically make 2 false pitches to Republicans on Capitol Hill, that a carbon tax is a “market-based solution” and that their carbon tax is revenue neutral. The official Republican party platform rejects a carbon tax, while the Democrat party platform explicitly endorses one. The Conservative Climate Caucus of 51 Republicans is actively persuading congressional colleagues against the tax.⁸ In the Senate, hard GOP opposition to this tax, except for RINOs Lisa Murkowski (AL) and Mitt Romney (UT.).

BETTER SOLUTIONS. As an alternative, conservatives propose clean energy technological breakthroughs that strengthen our economy and reduce global carbon emissions. U.S. carbon emissions have fallen in recent years as abundant natural gas has risen to rival coal in electric generation. Development of clean coal and new shale gas formations will meet our clean energy needs for the next 100 years.

TAKE ACTION NOW. Congressional liberals with their “greenie” allies nationwide continually will seek to yoke American consumers with a carbon tax. They will continually lie to Americans about the carbon tax consequences and seek to persuade Republican congressmen to join their effort. Using this information above, lobby your congressman and 2 NE senators to vigorously oppose passage of carbon tax legislation in Congress. Email netaxpayers@gmail.com for congressional contact information and join our NTF *Congress Watch Project*.

Research, documentation, and analysis for this issue paper done by **Nebraska Taxpayers for Freedom**. This material copyrighted by Nebraska Taxpayers for Freedom, with express prior permission granted for its use by other groups in the *NE Conservative Coalition Network*. 10-21. C



⁷ Marlo Lewis, Jr., *Conservative Carbon Tax: Bad Politics, Bad Policy*, 8-21-20.

⁸ *Conservative Climate Caucus Gains Wide Support*, 6-23-21.