



OPENING STATEMENT OF SENATOR CHUCK GRASSLEY
Tax Aspects of a Carbon Cap and Trade Program
April 24, 2008

Thank you, Mr. Chairman. Today's hearing is about the tax aspects of a cap-and-trade program. In fact, a cap-and-trade program for greenhouse gas emissions is essentially a tax in many ways. Most economists agree that it would impose significant costs on the economy that will ultimately be paid by every American.

Many proposals would also raise substantial revenue for the federal government -- \$1.21 trillion from 2009-2018 for the bill reported by the Environment and Public Works Committee, according to CBO. Those revenues would then be dedicated to specific purposes, which is in effect a trust fund. Of course the Senate Finance Committee has jurisdiction over federal trust funds.

As such, this committee can add its experience and perspective to issues that perhaps have not received as much attention in other venues. It's important to have a discussion about how we can attempt to lessen the impact of any cap-and-trade program on economic growth and jobs. Americans are already feeling the pinch at the gas pump and the supermarket.

We have an obligation to make sure that government regulations don't put them in the poor house. If we don't think things through and we end up creating an overly complex, bureaucratic, and inefficient program, then we'll end up piling on even more costs with no additional benefit. We have a distinguished panel of witnesses here today that will share their ideas about how to design a cap-and-trade system that addresses some of those potential problems.