

McClatchy Washington Bureau

 [Print This Article](#)

Posted on Wed, May. 13, 2009

Republican lawmakers back carbon tax (yes, that's right)

James Rosen | McClatchy Newspapers

last updated: May 13, 2009 07:35:02 PM

WASHINGTON — Reps. Bob Inglis of South Carolina and Jeff Flake of Arizona on Wednesday became the first Republican lawmakers to introduce legislation imposing a carbon tax on producers and distributors of fossil fuels.

The bill, co-sponsored by Democratic Rep. Dan Lipinski of Illinois, would set a tax of \$15 a ton of carbon dioxide produced in its first year in effect, with the tax rising to \$100 a ton over three decades.

"The first axiom of economics is if you want less of something, you tax it," said Flake, a leading fiscal conservative, in an interview. "Obviously, we want less carbon, so we tax it."

Inglis noted that several prominent conservatives support a direct carbon tax: Arthur Laffer, a former economic adviser to President Ronald Reagan, and Gregory Mankiw, who advised President George W. Bush and is now a Harvard University economics professor.

The three lawmakers offer their measure as an alternative to a massive climate change bill backed by President Barack Obama and now before the House Energy and Commerce Committee.

That cap-and-trade legislation would set a national limit on total carbon dioxide emissions and attempt to lower them over time through the sale and trading of carbon "allowances," or credits, among the government, factories, utilities, automakers and other sources of pollution.

Inglis and Flake call their measure "tax neutral" because it would reduce payroll taxes by however much revenue the carbon tax raises, with employers and employees splitting the payroll tax cut equally.

The impact of such a direct carbon tax, however, would vary widely in different regions of the country.

Businesses and homeowners who rely heavily on coal for electric power — such as those in Kentucky and Missouri — would face significantly steeper price increases because coal produces much more carbon dioxide.

Such disparities, Flake said, would be an unavoidable outcome of trying to reduce global warming and wean the nation's dependence on foreign oil, some of it from unfriendly governments.

"There's no way you can compensate or have a perfect outcome in which everyone pays the same rates," Flake said. "If you try to do that, then you take away the incentive to change."

The bill puts the two lawmakers at odds with Republican congressional leaders, who've criticized the Democrats' cap-and-trade plans as carbon taxes in disguise.

"Cap and trade is code for increasing taxes, killing American jobs and raising energy costs for consumers," House Republican leader John Boehner of Ohio said. "The so-called 'cap and trade' proposal amounts to a carbon tax, plain and simple."

Tom Williams, corporate vice president for federal issues with Duke Energy, said his Charlotte, N.C., utility is the nation's third-largest carbon emitter.

A cap-and-trade system is better than a direct carbon tax, Williams said, because it enables Duke Energy and other large polluters to transition away from fossil fuel gradually.

"A carbon tax is effective in many respects, but we consider it more of a blunt instrument," he said. "Cap and trade is designed to be more surgical."

Inglis, whose district around Greenville, S.C., is among the most conservative in the country, acknowledged that it's a huge political risk for him, as a Republican, to propose a new tax.

Inglis said some of his GOP colleagues have pointed out the risk to him.

"They say, 'Inglis, why are you doing this?'" he said. "My answer is because the reward for the country is huge. If you're not here to do courageous things, then go home."

Inglis and Flake oppose the cap-and-trade measure, saying it would create a huge federal bureaucracy to regulate the sale and trade of carbon credits — on the heels of catastrophic financial services failures because of lax government oversight.

"We stand a chance of being a significant possible replacement of cap and trade when cap and trade fails," Inglis said. "It's a carbon-credit trading scheme similar to the Wall Street fiasco we've just seen, complete with a Federal Reserve Board of Carbon Credits."

The cap-and-trade measure would establish an oversight agency, but it doesn't name it.

WHO'S AFFECTED

The new carbon tax bill by Reps. Bob Inglis, Jeff Flake and Dan Lipinski would raise the cost of fossil fuels for consumers.

The measure would initially impose a tax of \$15 a ton of carbon dioxide on the producers and distributors of gasoline, natural gas and coal, with the tax rising to \$100 a ton over three decades.

The tax increases would be offset by equivalent cuts in payroll taxes, with employers and employees sharing the reductions equally.

The lawmakers acknowledge that users of coal-fueled power would see much bigger cost increases — 83.5 percent in the first year — than the 6 percent price increases for drivers buying gasoline, or consumers of power from natural gas, or the 14.3 percent price increase for users of oil-based power.

The payroll tax cuts would be distributed equally around the country. That means the carbon tax would hit people especially hard in states that rely heavily on coal-based power:

Top 10 states most reliant on coal power

State % of power from coal

West Virginia 97 percent

Indiana 95 percent

Wyoming 95 percent

North Dakota 94 percent

Kentucky 92 percent

Utah 89 percent

Ohio 86 percent

Missouri 85 percent

New Mexico 80 percent

Iowa 76 percent

Other states

Kansas 73 percent

Georgia 63 percent

North Carolina 60 percent
Pennsylvania 56 percent
Illinois 48 percent
South Carolina 40 percent
Mississippi 39 percent
Texas 37 percent
Florida 29 percent
Alaska9 percent
Washington 6 percent
California1 percent
Idaho 1 percent

Source: American Coalition for Clean Coal Electricity

MORE FROM MCCLATCHY

[Washington state, California ponder high-speed rail line](#)

[Coal ash is damaging water, health in 34 states, groups say](#)

[World's largest economies start push for agreement on climate](#)

[Lawmakers forge alternative to cap-and-trade proposal](#)

[Coal industry hopes it has place in Obama's energy plan](#)

[EPA declares fossil fuel emissions a health threat](#)

McClatchy Newspapers 2009