Dear Chairman Brady, Ranking Member Neal, Speaker Ryan, and Minority Leader Pelosi,

At the end of April, House Majority Whip Steve Scalise (R-LA) and cosponsor David McKinley (R-WV) introduced a resolution in the House of Representatives that denounced a tax on carbon as “detrimental to the United States economy,” among many other criticisms that focused on economic impacts. This resolution, H.Con.Res.119, focuses exclusively on the perceived negative economic impacts to families and jobs of a tax on carbon pollution.

The Business for Innovative Climate and Energy Policy (BICEP) Network recognizes that a well-designed price on carbon is an effective mechanism to help with an orderly transition to a low carbon economy, and respectfully requests that, to not preclude a well-informed discussion on the pros and cons of a price on carbon, the Scalise-McKinley resolution not be brought up for consideration in committee or before the full House.

A price on carbon could boost our economy as a whole. The Scalise-McKinley resolution is primarily intended to convey the message that a carbon tax would hurt U.S. jobs and the economy. The BICEP network believes that a price on carbon (of which a carbon tax is one type) has the ability to protect the U.S. economy from the detrimental impacts of climate change, provide benefits to the national economy through significant new investments, provide policy certainty across all sectors of the economy, and help businesses meet their own operational goals.
Recent modeling on the economic impacts of a carbon tax by Resources for the Future finds that a carbon tax would not kill jobs. Depending on how the tax is structured, short-term job losses across the whole economy could be minimal - or the tax could even result in jobs gains, even before including any of the significant environmental benefits that would accrue to the economy as a result.

**A price on carbon can make families and lower income folks better off**

One problem with the Scalise-McKinley resolution is that it makes no mention of how the revenues from a carbon tax could be used, effectively ignoring one of the most important policy design elements of a price on carbon. Revenues from a carbon price can be used to lower other, more distortionary taxes, ensure that lower and middle-income families end up better off financially, actually strengthen the U.S. economy as a whole, and minimize job losses (or perhaps even increase jobs), even before considering the economic benefits of a healthier environment.

**Carbon pricing is a growing policy structure globally, and implementing it in the US would help, not hurt, international competitiveness**

Carbon pricing is an increasingly popular global tool for efficiently reducing carbon pollution. As more and more countries and jurisdictions implement a carbon price (a tax or trading program) and strengthen those programs, they undermine claims that a U.S. carbon tax would hurt the country’s competitiveness in the global marketplace. In fact, eventually enough countries will likely adopt strong enough carbon prices that not having one will put the U.S. at a competitive disadvantage when it comes to our trade position and exports. If other countries include carbon tariffs on foreign goods and the U.S. continues to remain reliant on fossil fuels, then our goods will become increasingly expensive for overseas markets and our producers and domestic manufacturers will pay the consequences.

A recent World Bank report shows the growing adoption of carbon taxes and cap and trade programs globally. 70 national and subnational governments around the world price carbon - with close to 20 more signalling their intention to do so in the near future. Across 51 carbon pricing initiatives (some initiatives, like Europe’s, are international), 26 are carbon taxes and 25 are cap and trade systems. Fully implemented, these systems would cover about 20 percent of global greenhouse gas emissions. In 2018, the total value of carbon pricing systems is $82 billion, representing a 56 percent increase compared to the 2017.

**Carbon Pricing has broad support**

Carbon pricing has broad support amongst a variety of sectors of the U.S. economy. Major providers of capital - institutional investors - are clear and consistent in their call for a price on carbon. Last year, almost 400 investors from around the globe - many based in the
United States - representing over $22 trillion in assets under management - wrote to G7 and G20 nations calling, among other things, for them to effectively price carbon. This year, a similar group sent a letter to the G7 nations reiterating that support.

When it comes to some of the best economic minds in the country, support for carbon price is strong. A growing number of conservative and libertarian scholars at organizations like the Niskanen Center, R Street Institute, and the American Enterprise Institute, have all voiced support and argued for a carbon tax.

Americans across the political spectrum have voiced support for a well-designed carbon price. A March 2018 poll of registered votes by Gallup found that 71 percent of respondents favor a carbon tax on fossil fuel companies and using the revenue to reduce other taxes. Further, the poll found that Americans are, on average willing to pay almost 15 percent more on their energy bills as the result of a carbon tax. The most popular use of the significant revenue that would be raised from a carbon price? Clean energy investments, infrastructure investments, and transition assistance for fossil fuel workers and associated communities.

These numbers hold up even when you look at the districts of the bill's sponsors. Estimates from the Yale Project on Climate Change Communication found that in 2016 69 percent of adults in Representative Scalise’s district (LA-1) supported regulating carbon dioxide as a pollutant. And in Representative McKinley’s district, an estimated 80 percent of adults supported regulating carbon as a pollutant.

A price on carbon supports companies’ progress towards sustainability goals

Many companies - both in and out of the BICEP network - have set ambitious sustainability goals. Nearly half of all Fortune 500 companies have set targets to reduce greenhouse gas emissions, improve energy efficiency, and/or increase renewable energy sourcing. Overall, Fortune 500 companies that have set goals collectively to save nearly $3.7 billion annually through their clean energy and energy efficiency initiatives. Businesses rely on the availability of affordable renewable energy to achieve those goals.

Major American corporations are already stepping up to support climate action and carbon pricing. Close to forty members of the Fortune 500 have declared that “We Are Still In” the Paris Agreement. In addition to the BICEP network’s support for a carbon price, corporate support for a carbon tax is perhaps articulated most clearly by members of the Climate Leadership Council, including ExxonMobil, Shell, BP, GM, Johnson & Johnson, P&G, Pepsico, Santander, Schneider Electric, Total, and Unilever.
Private sector voices, including companies in the BICEP network are increasingly bridging the partisan divide around climate policy. Climate change presents major economic challenges to the U.S. From major American business to small-town families, the impacts of rising temperatures put us all at risk. Businesses and investors with long horizons recognize those risks to their supply chains, their products, and their customers, and they want to do something about it. A price on carbon can be a critical tool in that effort.

As this discussion plays out in Washington D.C. and across the country, BICEP network respectfully request that you refrain from promoting rhetoric such as that contained within the Scalise-McKinley carbon tax resolution - especially with votes in committee or on the House floor. Rather, we encourage you to promote a balanced, clear-eyed, and civil discussion on this increasingly important topic.

Thank you for your consideration and please do not hesitate to contact me with any questions. You can reach me at kelly@ceres.org or 617-247-0700 x135.

Sincerely,

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The Ceres BICEP Network comprises influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. As powerful champions of the accelerated transition to a low-carbon economy, Ceres BICEP Network members have weighed in when it has mattered most. For more information on the Ceres BICEP Network, visit www.ceres.org/BICEP.