July 16, 2018

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

In late April, House Majority Whip Steve Scalise (R-LA) and cosponsor David McKinley (R-WV) introduced H.Con.Res.119. The resolution includes numerous concerning and inaccurate claims about the economic impacts of a federal carbon tax. Recent economic analysis quite plainly counters these claims: a well-designed price on carbon would be beneficial to our national economy. Furthermore, a price on carbon is the most efficient policy to reduce greenhouse gas emissions and therefore mitigate climate change, which poses significant risks to certain long-term investments and overall economic growth.

We, the undersigned institutional investors, representing almost $700 billion in Assets Under Management, support a well-designed price on carbon because the associated climate benefits would help protect our investments, boost our nation’s economy as a whole, and would provide the policy certainty necessary to inform our long-term decision-making. Therefore, we respectfully request that you do not allow a vote on H.Con.Res.119 in the Ways and Means Committee or on the House floor. We feel that such a vote would undermine the need for a fair, unbiased discussion of the issue.

The impacts of climate change - from extreme weather to sea level rise - put many of our investments at risk. Because of these threats, we support policies that effectively and efficiently mitigate climate change. A price on carbon is, counter to Representative Scalise’s claims, not detrimental to the US economy. In fact, it corrects an enormous market failure and thus supports long-term growth and stability in the US and worldwide.
Climate change is an enormous global challenge - but it’s one we can solve with innovative private sector actors and smart policy design. Fortunately, people have long understood that we can correct market failures when we recognize them, if we have the political will to take collective action. A well-designed price on carbon does just that.

A price on carbon actually has the potential to boost our economy as a whole before even considering its environmental benefits. The revenue from a carbon price, for example, could be used to invest in infrastructure, lower other, more distortionary federal taxes, ensure that lower and middle-income families end up better off financially, and minimize job losses (or perhaps even increase jobs), even before considering economic benefits of a healthier environment.

As investors, we value evidence of success in existing programs, and subnational carbon pricing policies offer just that. State and regional economies that are implementing carbon prices in the U.S. have some of the strongest economies in the country. The Regional Greenhouse Gas Initiative (RGGI) is a Cap and Trade program (another type of carbon pricing structure) for the electricity sector in the Northeast and Mid-Atlantic states that has been in place since 2008. A recent report from the Acadia Center finds that the program has helped reduce electricity sector greenhouse gas emissions 40 percent since 2008. At the same time, electricity prices in the region have decreased by 6.4 percent, while they have increased by 6.2 percent on average in other states. RGGI states have also seen their economies grow by an additional 4.3 percent relative to non-RGGI states during that time.

The state of California is the fifth largest economy in the world, housing one of the fastest and most innovative sectors of the U.S. economy. It also happens to have extremely ambitious climate policies - including a statewide carbon price - in the form of a cap and trade program. These state and regional trends run counter to Scalise and McKinley’s rhetoric that a carbon price would be harmful to our nation’s economy.

As investors, we also keep a close eye on the United States’ place in the global economy, and our lack of a carbon price could eventually threaten our positioning internationally. 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 signaling their intention to do so in the near future. The increasing popularity of carbon pricing on the global stage counters Representatives Scalise and McKinley’s claims that a U.S. carbon tax would hurt U.S. competitiveness in the global marketplace. As other countries increasingly adopt these systems, the U.S. will eventually sacrifice international competitiveness.

Major providers of capital - institutional investors - have been clear and consistent in our 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 for, among other things, them to effectively price carbon. This year, a similar group sent a letter to the G7 nations reiterating that support. We support a price on carbon because it would resolve a major market failure and therefore strengthen our investments.
As you are no doubt aware, climate action and carbon pricing are becoming increasingly bipartisan issues. Forty-two Republican members of Congress are now a part of the Climate Solutions Caucus, and an increasing number of businesses, investors, and conservative think-tanks support carbon pricing structures.

We encourage you, as leadership of the House of Representatives, the House Committee on Ways and Means, and the House Rules Committee, to consider the economic benefits of a price on carbon as the discussion continues around our transition to a low-carbon economy. We encourage a debate focused on sound economic reasoning, real-world facts, and a sober assessment of the challenges at hand.

Thank you for your consideration of this request and please do not hesitate to contact us with any questions.

Sincerely,

Adrian Dominican Sisters, Portfolio Advisory Board
As You Sow
Boston Trust/Walden Asset Management
CalSTRS
Domini Impact Investments LLCq
Friends Fiduciary Corporation
Impax Asset Management LLC
Maryland State Treasurer
Miller/Howard Investments, Inc.
New York City Comptroller's Office
Northwest Coalition for Responsible Investment
Priests of the Sacred Heart, US Province
Progressive Investment Management
Seventh Generation Interfaith Inc.
New York State Common Retirement Fund
Tri-State Coalition for Responsible Investment
Trillium Asset Management LLC
Unitarian Universalist Association
Veris Wealth Partners
Zevin Asset Management