

## The Society for Conservation Biology

### Statement for the The Committee on Ways and Means Energy, Tax Policy and Our Living Natural Resources

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Mr. Chairman, thank you for your invitation to submit a statement for the hearing on Energy and Tax Policy. The Committee's new process for receiving such statements is of particular help to not for profit associations such as the Society for Conservation Biology. The Board of Governors of the Society for Conservation Biology has recently determined that climate change is the top priority for our policy work this year. The tax and trade powers at the heart of your jurisdiction can have a tremendously positive or negative impact as we seek to control climate change and its impact depending upon how they are used.<sup>1</sup>

As the world's decision-makers explore the policies that will help us to reach energy independence and to face the climate challenge, the Society for Conservation Biology can assist you by drawing upon the independent and collective research and wisdom of more than 12,000 professional conservation practitioners around the world with expertise in the biology, ecology, social sciences and law of the conservation of living natural resources. For example, as of early this year, our leading journal, *Conservation Biology*, provided web access to its 731 peer-reviewed articles that addressed climate change in one aspect or another.

Our members know only too well that climate change, with the warming of trout streams and the potential drying of western wetlands critical to successful bird migration – just two examples of many looming impacts on ecosystems – is unraveling generations of work in our joint effort to understand and to conserve nature. Careful assessment and planning for alternative energy sources by scientists, such as members of our society, can also help avoid unintended consequences of such alternative energy sources.

Given the recent ICPP report that indicated that estimates of acceptable levels of greenhouse gases and destructive feedback loops have been too optimistic, the Committee should take affirmative steps now to reduce greenhouse gas emissions, **and not foreclose additional ones in the very near future as science and economics that have been too long suppressed or ignored by the current Administration come to light.** Our key recommendations<sup>2</sup> for the Committee this spring are that you:

1) Consider adjusting tax and trade policies that directly affect forests and other natural mitigation systems. Natural systems play an important role in controlling the effects of greenhouse gases. Conservation and restoration of natural habitats in their current range, and ensuring that ecosystems will be able to shift their geographical ranges following changing climates is therefore essential for sound climate policy. Both here and abroad we need to factor

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<sup>1</sup> [www.conbio.org](http://www.conbio.org)

<sup>2</sup> We recommend that you evaluate these options and others at this stage. We hope to work with you to provide scientific and technical assistance as you develop more specific legislative approaches later this spring and summer.

in the impact of excessive harvesting and of climate change on ecosystems' health and ability to successfully convert carbon dioxide into oxygen. The Forest Service helped New York City calculate that every dollar spent for trees returned over \$5 to the city and its residents.<sup>3</sup> Healthy ecosystems will be better equipped to withstand more forceful storms, more severe droughts, and more persistent invasions by native and non-native plants, insects, and diseases. As our North America Policy Chairman, Dominick DellaSala, puts it: “Long term sequestration is important to climate change amelioration and older forests sequester carbon for longer periods than clear-cuts that release their carbon through logging, especially from the soils.”<sup>4</sup> We must also respect the limits of nature by not converting so much land to the production of one or a few crops for bio-fuels that we lose more in biological diversity and its inherent stabilizing effects and services than we gain in energy production that could be better found elsewhere.

2) **Consider federal conservation taxes for utility services.** Such taxes could encourage modest charges for essential services but discourage excessive use by escalating rates for larger amounts of use. These would reduce peak demand by adjusting charges to time of day and season and offer tax incentives to enable suppliers to profit from offering alternative energies, and provide financial incentives to home-owners and businesses to increase energy efficiency.

3) **Consider tax reform and import tariffs, as well as caps and import limitations.** In addition to tariffs could provide funds to speed the transition to renewables here and abroad through aid programs. The Congressional Budget Office in September, 2006,<sup>5</sup> a 2004 report by the EPA and Argonne National Laboratory, and numerous think-tanks<sup>6</sup> have found that taxing the emission of greenhouse gases will be more effective than trading pollution allowances. Most of these show pollution taxes to be most effective when some of their revenue is applied to increase energy efficiency, to producing energy from renewable sources, and to reducing other taxes such as income tax rates on low to moderate incomes.

The missing link in climate policy is how to influence China, India and other countries to reduce greenhouse gas emissions and other climate change drivers. The European Commission is considering imposing import tariffs to capture the costs avoided by those using dirtier production methods. The U.S. could do the same and use the proceeds for loans to help clean up developing country industry, in a *Marshal Plan for the Planet*. CBO, Joint Committee on Taxation, and the Congressional Research Service could review the literature, including papers presented to the European Union and Commission, recommending taxes or tariffs on goods and services<sup>7</sup> from countries or sources that have weaker controls on pollution and forest harvesting. You could also work with the Committee on Energy and Commerce to coordinate tariffs or to impose limits on imports in response to pollution beyond the levels allowed in the U.S.<sup>8</sup> Given the serious ecological and climatic disruptions we are already experiencing, you should consider **taxing the emission of all six major greenhouse gases, most easily done by setting a rate for carbon and**

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<sup>3</sup><http://www.nytimes.com/2007/04/18/nyregion/18trees.html?ex=1177560000&en=3d561a51c3ca47ae&ei=5070&emc=eta1>

<sup>4</sup> *Dominick DellaSala, Ph.D., Executive Director: Conservation Science & Policy*, is author of a book on temperate rain forests to be published soon.

<sup>5</sup> “Evaluating the Role of Prices and R&D in Reducing Carbon Dioxide Emissions”. September 2006, a CBO Paper, by Terry Dinan, reviewed by seven CBO senior staff and other experts from academia, think tanks and industry. The other studies are identified and discussed below.

<sup>6</sup> For example, a 2002 study by the Economic Policy Institute (James Barrett, *et al.* discussed below).

<sup>7</sup> (*E.g.*, foreign flights landing in France are now taxed to reflect their greenhouse gas emissions.)

<sup>8</sup> U.S. agencies can use data from the International Energy Agency and solicit more from affected countries in attributing gases to production in a way that is GATT and WTO compatible. Proceeds can also be made available as loans or grants to help clean up production methods in the affected developing countries.

**requiring EPA to set comparable rates for the other five gases. We recommend that you work with other committees to develop a program to cap emissions in essence at current levels and rapidly phase-out the greatest sources of pollution and the least efficient plants. Limits should be reduced every four to five years thereafter.**

4) Promote renewable energy through long-term refundable production tax credits and other shifts.

5) Work with Energy and Commerce to direct the Federal Energy Regulatory Commission, DOE and other agencies to report to you and other committees soon concerning tax and other implications of regional discriminatory practices in grid management and ways to **enhance energy transmission to encourage further contributions by renewable sources**, such as wind, solar, low-head hydro, geothermal and biomass-based energy. In addition to immediate caps and taxes, Al Gore recommended that congress “Create an ELECTRANET – a new “smart” electricity grid that allows and encourages individuals, homes, and businesses to generate more onsite power and feed surplus power back into the larger electricity grid at prevailing market rates. Then we may never need another power generation plant.” Such power should be produced from sustainably managed, wildlife-friendly lands and waters with federal guidance for minimizing the impact of all energy sources, including fossil and nuclear power, on wildlife.

6) **Cut subsidies, direct and indirect, for fossil fuel and nuclear energy production<sup>9</sup> and use<sup>10</sup>.** Likewise, revise federal tax policies affecting energy use, from unlimited expensing of the costs of non-renewable fuels, to depreciation rates for energy-intensive buildings and equipment, to access to subsurface minerals. **Redirect the savings toward programs that enhance natural ecosystem-based mitigation and adaptation, such as grassland and forest conservation programs, energy management and the renewable energy production, and efficient use of more environmentally sustainable energy sources.**

We do suggest that you work with the others in designing legislation that uses more than one committee’s authority in order to develop the most effective response to this serious challenge. Therefore we include comments that have to do with other committee’s powers as well. We are not recommending here a finished set of responses, but we are recommending that the Committee consider ways of implementing these options among others.

**We will now address the issues in more detail.**

### **1. What issues should be addressed, when, how and at what cost?**

In a nutshell, the Congressional response could begin with the reform of spending and tax

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<sup>9</sup> The life cycle of nuclear energy involves enriching the fuels, largely through coal-burning power plants to date, and considerable impacts as well as other risks and costs beyond that.

<sup>10</sup> CRS estimated 4.25 billion dollars was allocated to direct fossil energy subsidies in FY2005. Recent studies of subsidies enjoyed by the nuclear power industry have found that 60-90% of their cost is paid or allowed by the federal government every year to the tune of several billion dollars per year. Other studies have shown that, from the late 1940’s to the late 1990’s, nuclear and fossil fuels received between \$115 and \$147 billion in subsidies compared to renewables’ \$5 billion. (“Nuclear Power in the U.S.: Still Not Viable Without Subsidy”, Doug Kaplow, Earthtrack, Institute for Nuclear Policy Research Symposium, Nov. 7, 2005.) <http://www.earthtrack.net/earthtrack/index.asp>. (Some of the material and references for this response to Chairman Dingell et al. are derived from papers prepared in 2006 by the author for the Institute for Policy Studies’ Sustainable Energy and Economy Network with the permission of its co-director.)

policies, such as tax credits for conservation, that do not require extensive administration interpretation this year. Also this year Congress could limit what can be rejected or sought by the current Administration in international negotiations in trade, UNFCCC and other complementary fronts, such as the G8, multilateral banks and UN programs. Given the competitive price of renewable energy and efficiency today, the net cost of climate change legislation will not be a cost, but a set of net benefits from household net income to environmental and public health, to national security. Congress could provide direct assistance beginning this year to workers and communities making the transition to energy efficiency, renewables and ecosystem conservation and restoration.

**A) Expressly rely on, and do not preempt, key assessment procedures and other legal constraints on pollution.**

The first admonition, repeated on the cover of the October – December, 2006 edition of our magazine, “Conservation in Practice” is the element of Hippocrates’ oath that those who seek to correct a problem should “**First, do no harm.**” In any legislation Congress considers, therefore, please -- **Do not preempt key assessment procedures or other legal constraints on pollution.** In other words, do not allow the adoption of one method to reduce gases to result in increases in other significant pollutants or the bypassing of laws based on assessment procedures for significant federal actions or those affecting protected species, including but not limited to the Endangered Species Act and NEPA.<sup>11</sup>

In fact, the committee should **consider relying upon the NEPA process and similar federal assessments to sort out the best available technologies and policy options from among not just those in the hands of any one agency, but those that several agencies might bring to bear on any given question of energy supply, demand, transmission or greenhouse gas mitigation.**

**B. Conserve ecosystems’ ability to convert greenhouse gas emissions and mitigate climate change, and do not assume continuing performance in the face of climate-driven stresses.**

-- Ensure that the full capacity of biological systems to mitigate climate change and their relative lack of capacity to adapt to it are both addressed. . For example, CO2 accumulates faster, and thus global warming is aggravated, when forests are disappearing due to human-caused deforestation or due to climate change induced increases in diseases. That is, if lack of forests is roughly 20% of the problem with the earth’s inability to convert greenhouse gases, in particular carbon dioxide to oxygen, for example, and if forests are being degraded by climate change driven insect invasions, diseases, and other disruptions, then legislation should address that, both in protecting the ecosystems that protect us, and in calculating reduced tolerances for emissions from all sources, including methane released from perma-frost or nearby soils under unsustainable harvests of forests in the boreal or northern-most forest systems. This can begin with tax incentives and continue with things outside of the committee’s jurisdiction, such as the proposed Farm bill’s shift toward conservation, wildlife, and renewables in agriculture, for example.

All forest programs, in order to address climate change, should take into account what forests do for its mitigation and what climate change does to forests. For example, while climate change may promote growth in some species and locations, it also allows insects to survive winters in

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<sup>11</sup> These are designed to avoid harm to protected species, the public and the environment from any cause. This Congress should explicitly state that it is not preempting existing federal law and review procedures that are mutually supportive of any new standards, and it should expressly allow stricter state standards.

areas once more resistant to them and combined with aggressive harvesting, it threatens to release greenhouse gases from the soil of boreal (northern) forests at unsustainable rates.<sup>12</sup> That understanding, in turn, must affect the levels at which caps on climate gases are set and the types and extent of forest harvests allowed, among other things.

Dr. Reed Noss, now President of our Society's North America Section, laid out some of these considerations in our peer reviewed journal, *Conservation Biology*, the article "Beyond Kyoto: Forest Management in a Time of Rapid Climate Change"<sup>13</sup>.

-- Ecosystem Restoration and Adaptation -- In addition to forests, there are other biological elements of climate change response, such as restoring degraded beachfront vegetation and assisting intelligently with adaptation and migration of key species threatened with climate change. This work can be funded directly through greenhouse gas taxes as well as indirectly if mitigation projects that are privately funded are well-designed, controlled, and understood against a baseline that is accurately set and monitored over time.

-- Beyond converting CO<sub>2</sub> to oxygen, forest, grasslands, shoreline and other ecosystem conservation and restoration can pay multiple roles and provide exponential benefits ranging from holding water, cleaning it, and releasing it slowly without losses in soil and with reduced flooding to hosting pollinators that multiply the effectiveness of agricultural efforts to providing wildlife and recreational opportunities for all.

### **C. Use Adaptive Management -- Incorporate Conservation Biology and Related Science as an on-going part of the tax and tariff Process.**

We suggest that you review the literature with the help of the Congressional Research Service, the agencies, and groups like SCB to determine effective allocations and controls over time, request additional in-put, and build a review and adaptive management loop into the process you enact as well, that is, to make corrections as we go along and observe what is happening.<sup>14</sup>

**D. Tax emissions of all six major greenhouse gases near current levels and schedule increases in tax rates no less than every four or five years.**<sup>15</sup> While most organizations call for limits or caps in carbon dioxide, some fail to recommend limiting the other major greenhouse gases. The Committee should consider how best to accomplish limitations on and reductions of all the major GHGs. California has accomplished much of this by increasing efficiency as well as through legal limits. It uses no more energy per person than it did in 1974. That efficiency has not only permitted but has helped bring about California's continuing economic success, as it remains by itself among the top 8 "national" economies in the world even given the admittedly

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<sup>12</sup> The release of the detailed report number two of the IPCC reaffirms these findings.

<sup>13</sup> *Reed F. Noss, Conservation Biology, Volume 15 Issue 3 Page 578 - June 2001-- Abstract: Policies to reduce global warming by offering credits for carbon sequestration have neglected the effects of forest management on biodiversity. ...[T]oday's fragmented and degraded forests are more vulnerable. Adaptation of species to climate change can occur [in different ways]. Among the land-use and management practices likely to maintain forest biodiversity and ecological functions during climate change are [nine key practices to protect and buffer diverse forest types] that differ little from good forest management [but require more definitive application].*

<sup>14</sup> Congress could review some of the reports of its former Office of Technology Assessment to help in this process – for example, reports that confirmed the very large energy potential of U.S. woody biomass from biologically diverse forests and options for conserving biological diversity.

<sup>15</sup> See, for example, analysis and recommendations of NASA's chief climate change expert, entitled Political Interference with Government Climate Change Science, Testimony of James E. Hansen, 4273 Durham Road, Kintnersville, PA, to the Committee on Oversight and Government Reform United States House of Representatives, 19 March 2007.

outmoded measures that make up the measurement of the Gross Domestic Product. That efficiency was achieved in large part with decades-old technologies and can be surpassed with the application of the latest technologies.

**E. Exercise the Committee's Jurisdiction to tax or tariff imports with regard to greenhouse gases. Address other factors involving climate change such as forest conservation and trade in wood products.** Trade and tax reform are key tools in both efficiently controlling greenhouse gases and fundamentally altering the way we derive, deliver and use energy. Even within the confines of the current GATT and WTO, the Shrimp and Sea Turtle Appellate decisions of the WTO in the early 1990's confirmed very significant powers nations have to control the importation of products produced with methods that threaten exhaustible living natural resources, particularly those protected by international conventions, when they apply fair standards with fair notice to both foreign and domestic producers.

Beginning with refundable or regular credits and deductions, and adding upstream taxes and tariffs on all greenhouse gases, the Congress actually reduce overall taxes while it primes the pump of efficiency and clean renewables. This can create a positive economic cycle that builds jobs in the U.S., in both energy and resource conservation and research, and keeps our money working in local economies, and helps citizens offset the rising direct and indirect costs of fossil and nuclear power. GHG taxes have been implemented by Sweden and proposed as tariffs by France and others, and more recently as a source of funding to support forest conservation in the developing world.<sup>16</sup> The tariff proceeds could be made available to the tariffed countries or companies as low interest loans or grants through USAID and other agencies for reducing pollution and converting to renewable energy production.

**F. Use taxes to support Federal Efficiency Programs --** Most experts acknowledge that the US can achieve rapid increases in efficiency with the right economic signals and information, and using existing technology. In 1981 the Speaker reserved the number H.R. 3 for a bill by Rep. Donald J. Albosta that would have limited accelerated depreciation to capital investments that either exceed federal targets for energy efficiency, pollution control, or created jobs in areas of high unemployment. The Committee should consider such measures now. The Congressional Office of Technology Assessment estimated, in 1993 and 1994 studies, that the US could reduce its electric energy use by 20-45% using existing efficiency technologies and that the federal government could reduce its facilities' energy use by at least 25% using commercially available, cost-effective technologies.<sup>17</sup> As California has shown, the whole economy could do this.

### **1) Vehicle Efficiency & Transportation Planning – Taxing inefficient vehicles can**

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<sup>16</sup> SUBMISSION BY COSTA RICA ON BEHALF OF DOMINICAN REPUBLIC, GUATEMALA, HONDURAS, MÉXICO, PANAMÁ, PARAGUAY AND PERÚ, San José, Costa Rica 23 February, 2007, Subject: Reducing Emissions from Deforestation in Developing Countries -- [http://unfccc.int/files/methods\\_and\\_science/lulucf/application/pdf/costa\\_rica.pdf](http://unfccc.int/files/methods_and_science/lulucf/application/pdf/costa_rica.pdf). See also Carbon Tax

<sup>17</sup> U.S. Congress, Office of Technology Assessment, "Energy Efficiency in Federal Facilities: Update on Funding and Potential Savings", March 1994. Shortly thereafter, the Republican Congress elected in November of 1994 closed the OTA. After the natural gas shortage and price shocks in California in recent years, California reduced its consumption per capita and increased its efficiency on its own. California saved an estimated \$600 million by reducing electrical usage in the first six months of 2001 alone. California has a coordinated statewide program called "Flex Your Power" to assist all energy users ([www.fypower.org](http://www.fypower.org)). Similar results can be achieved across the country especially in areas where efficiency is still much lower.

**help** improve CAFE standards, for example, to 33 mpg for entire fleets, including SUVs and pick-up trucks within 4 years (except trucks owned by and used primarily in agriculture, construction and similar businesses requiring heavy payloads, which should have a parallel, gradual improvement as well). Require the holders of electric, hybrid and efficiency patents to make them available for use at reasonable market rates set by the Secretary of the Treasury in consultation with Transportation, Energy, and Commerce. Provide federal tax assistance, low interest loans and guarantees for qualified borrowers who seek to retrofit closed auto plants and hire unemployed auto workers or otherwise build electric, hybrid, or highly efficient vehicles for highway or rail or transit engines and cars in the United States.

The Federal government could also use the proceeds of a greenhouse gas tax to change tax or other policy to:

- a) extend the current short-term tax incentives and make available low interest loans for electric, pluggable hybrid, and hydrogen vehicle production and purchase;
- b) provide access, if necessary, by reviewing and waiving patents, for hybrid, hydrogen, electric and other efficiency technologies while ensuring payment of fair market value to any reluctant patent owners or distributors;
- c) increase direct federal support for inter-city traffic planning, mass transit and intra-city rail and mass transit, including the planning costs, emphasizing clean diesel and bio-diesel, electric and other clean technologies beginning with improvements that maximally increase the number of annual passenger-miles traveled on mass transit;
- d) assist transportation planners in ensuring that transportation corridors, routes, and choices enhance rather than harm the potential for wildlife and plants to mitigate and adapt to the causes and effects of climate change.
- e) retrofit closed auto plants and hire unemployed workers to build efficient and electric cars.

**2) Building and Process Efficiency** -- Buildings and Industrial Processes can be much more climate friendly. From Passive solar design to modern photo-voltaic arrays and green roofs and gardens to the full LEED standards, federal law should begin to set minimum expectations and provide assistance for not only public but federally subsidized and perhaps all buildings and industrial processes. Landscape architecture and safe grounds management can provide urban and suburban habitat for native species as well as controlling floods and storm run-off driven by weather extremes. Many of these elements are within the jurisdiction of the committee in terms of the tax incentives they might receive.

**G. Enhance Renewable Energy Policies to Bring Out Their Potential To Be Our Leading Source of New Power** -- For the past two years wind has been the second leading source of new electric generating capacity after natural gas but its development is still inhibited by discrimination in federal tax and other support and barriers to entry in utility grids, among other things. The Wall Street Journal published a special report on alternative energy on February 12<sup>th</sup> that covered many of these issues, such as the successful requirements in 20 states for more efficient appliances, buildings and renewable portfolio standards for utilities. In that report, the Journal noted that the DOE's Energy Information Agency has concluded that the costs of new power from wind does not differ much from that of coal or gas and is cheaper than nuclear.<sup>18</sup> Department of Energy (DOE) and other studies demonstrated as early as 1991 that wind farms in a few states could produce all of the electric energy the United States needs while eliminating

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<sup>18</sup> They were 5.58 cents per kilowatt hour for wind, 5.25 cents for natural gas, 5.31 for coal and 5.93 for nuclear for plants going on-line in 2015 (Year chosen by the Journal given the long time nuclear plants take to cite and build, perhaps.) The price of wind is zero and the price of the other fuels is rising every year.

more than a third of the climate-changing and health-damaging air pollution US sources emit.<sup>19</sup> At the time of the 1991 DOE wind study, electricity was not widely considered a potential source for liquid fuels for transportation energy, as it is now with the advent of hydrogen, electric, and plug-in hybrid vehicles.<sup>20</sup>

**2. Cap and Trade and Tax Implications-** SCB neither endorses nor opposes a cap and trade system, but questions should be answered in each area and remedies provided in case expectations fail, before Congress relies on it for any overall application. The Ways and Means Committee should address how the domestic and international transactions under any cap and trade system will be taxed, and how such taxes will be equitably applied and enforced.

### 3. Using or Altering Existing Authorities

A) Require that all significant sources or reductions in greenhouse gas emission and conversion capacity be reviewed under NEPA and the least harmful alternative be chosen.

**B) Cut Pollution, Create Jobs, and Improve Security through tax reform:** Impose taxes and tariffs to reflect the full health and climate costs of fuel and processes using it. Use the proceeds to assist taxpayers, consumers, industry and other countries to adopt the best available efficiencies and control technologies so that the net impact of the tax is neutral on low to moderate income payers and encourages effective investment for higher bracket taxpayers through credits and deductions. Numerous federal and private studies have confirmed that this joint approach is highly effective and rapid in the cutting energy waste and pollution and creating productive employment. The E.U. is moving toward Greenhouse Gas taxes both within Europe and as tariffs.<sup>21</sup> DOE, EPA<sup>22</sup>, Congressional Budget Office, Economic Policy Institute<sup>23</sup> and other studies have shown that we can save consumers and taxpayers money and speed up the conversion process to a clean, secure energy future if we impose a carbon tax of roughly \$20/ton<sup>24</sup>, adjusted for inflation, and if we phase out the subsidies for non-renewables and tax non-renewables at that rate and devote the proceeds to supporting efficiency and renewables, restoring degraded natural systems and reducing the out of pocket consumer costs as well as broader social and environmental costs imposed by many years of subsidies for non-

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<sup>19</sup> "An Assessment of the Available Windy Land Area and the Wind Energy Potential in the Contiguous United States, Pacific Northwest Laboratory, US DOE, 1991.

<sup>20</sup> Further wind development beyond the windiest states was estimated in 1991 to have the potential to produce about 10.8 billion kilowatt hours, well more than twice the electric power the U.S. used in 2005. Since that study was conducted, wind turbine design has improved. Each new utility-scale turbine now produces more than twice the power that the average turbine produced in the 1990s at any given time and several times as much over the course of a year due to increased efficiency at lower wind speeds and larger turbine sizes. Any energy technology should be applied after carefully ensuring minimal wildlife impacts and it is likely that a shift to properly applied wind, solar and small hydro, backing out practices like mountain top removal for coal will result in greatly reduced net mortality.

<sup>21</sup> See, <http://www.euractiv.com/en/climate-change/eu-seeks-fight-climate-change-taxes/article-162583>;  
[http://ec.europa.eu/commission\\_barroso/kovacs/taxforum/introduction\\_en.htm](http://ec.europa.eu/commission_barroso/kovacs/taxforum/introduction_en.htm)

<sup>22</sup> "An integrated analysis of policies that increase investments in advanced energy-efficient/ low-carbon technologies", Donald Hanson a, John A. "Skip" Laitner b,\* a Argonne National Laboratory, France; b EPA Office of Atmospheric Programs, Senior Economist for Tech. Policy, Ariel Rios Building, 1200 Pennsylvania Avenue, NW, Mail Stop 6201-J, Washington, DC 20460, USA

<sup>23</sup> EPI study, 1.2.1, [http://www.epinet.org/content.cfm/studies\\_cleanenergyandjobs](http://www.epinet.org/content.cfm/studies_cleanenergyandjobs).

<sup>24</sup> The CBO reported on carbon taxes in 1990 and in 1992 the World Resources Institute also recommended them along with other green fees in a publication entitled *Green Fees*. \$20 per ton amounts to about \$37 Billion a year in proceeds and would cost oil companies the equivalent of less than six cents per gallon of gasoline, which they now sell for many times that more per gallon than they did before Hurricane Katrina.



renewables.<sup>25</sup> Applied to encourage conservation and renewables a greenhouse gas tax<sup>26</sup> and its proceeds could create hundreds of thousands of new jobs and reduce US carbon emissions to half the current level in twenty years.<sup>27</sup>

**C) Together with House Natural Resources, protect public and private forests and other eco-systems that are critical to climate change mitigation in ways that reward landowners and managers.** This can include adding plants to the Lacey Act's existing prohibition against the importation of illegally harvested wildlife, so that wood that is imported should have a certifiable chain of custody showing it was not harvested in violation of the law in order to be imported into the US. The Senate approved a similar measure in the Foreign Operations Appropriations bill for FY05, which was dropped in conference when Rep. Pombo objected.

**D) Require conservation rates and/or tax incentives tied to rates for all utility services** with modest charges for essential services but escalating rates for larger amounts of use; time of day and seasonal adjustments to reduce peak demand; and adjustments to encourage utilities to offer and profit from efficiency investments, such as insulation.

**E) Increase personnel and resources in order to collect all taxes, royalties and fines owed by energy companies to governments.** Direct the IRS, DOE, and Justice to work with state and local governments and Native American communities in this process.<sup>28</sup>

**F) End public subsidies for domestic and foreign fossil fuel production and use and replace low income energy assistance programs with greater net assistance to reduce waste and purchase renewable energy.** (This would be done in part by the Finance and Appropriations Committees with regard to multilateral development banks – see below.)

**G) Use all means possible, from the Farm Bill to the SEC to address the problem described as already having much more damaging effects than once predicted for current levels of GHGs, in a draft report of the IPCC soon to be released.<sup>29</sup>** The Farm bill provides an opening to

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<sup>25</sup> Such as recent reductions in the royalties oil companies pay for offshore oil production and the virtual elimination of royalties on oil from shale and other tax breaks for oil production (enhanced recovery, depletion allowances, etc.).

<sup>26</sup> The tax could be adjusted if necessary but several studies indicate that between 20 and 50 dollars per ton of carbon, depending on how the proceeds are reinvested, would do the job of not only capping but cutting greenhouse gases virtually in half. Technologies have also improved markedly in just the past few years.

<sup>27</sup> The Congressional Budget Office estimated in 1990, for example, that a tax on the order of \$30 per ton of carbon in coal, oil, and natural gas might have stabilized emissions of CO<sub>2</sub> at 1990 levels by 2000.

In a 2002 study by the Economic Policy Institute (EPI), Center for a Sustainable Economy and the Tellus Institute, James Barrett and others modeled a set of policies in which devoted 15% of the revenues from a carbon "charge" to income tax reduction, energy efficiency, renewables and related initiatives more than eliminated the adverse impacts on energy prices, as consumers spent less on energy -- 30% less on petroleum, almost 50% less on electricity and about 25% less on natural gas. The EPI study found that providing additional information and policy guidance resulted in greater efficiency, less pollution and increased energy independence. Most importantly, the EPI group found that a \$50 dollar per ton tax on carbon devoted to incentives for renewables would achieve reductions of carbon emissions of roughly 10% below 1990 levels by 2010, and by 2020 would reduce oil imports by the amount we now import from all members of the Organization of Petroleum Exporting Countries at no net cost to the taxpayer.<sup>1</sup> That would exceed our Kyoto targets and lead to enough of a reduction in our need for oil from overseas to achieve practical independence from foreign oil producers.

<sup>28</sup> The GAO, House Government Reform Committee and DOE Inspector General have found vast underpayments over the past decade (see, "Blowing the Whistle on Big Oil" *N.Y. Times*, Page 1, Business Sunday, December 3, 2006.)

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<sup>1</sup> The following excerpts from an Associated Press story describe the next IPCC report in draft form, yet to be edited by the Bush Administration and other governments' representatives. The Committee may want to request a copy of the current unedited version and request that the Bush Administration report to Congress on any changes it has asked its scientists to make in the drafting of the report.

address large sources of both methane and nitrous oxide, which are many times more powerful than CO<sub>2</sub>, have other deleterious effects and risks, and come in large quantities from livestock. Feedlots, barns and other gathering points can collect greenhouse gases of such intensity and re-sell them or use them on-site in some cases.

#### **4. International Cooperation**

The Committee may want to send a letter to the President noting that the Congress will decide what legislation, if any, will implement any agreement that his delegations who are now negotiating climate change agreements within the G8+5, preparatory meeting under the UNFCCC, and other international commitments such as those on development assistance. The Committee could:

A) Instruct US negotiators at the G8+5 talks beginning on Friday March 16<sup>th</sup> and continuing through June and into the Conference of the Parties near year's end not to rule out any options, as Congress has just begun to speak on this matter, will fund our work in this matter, and must not be handed a *fait accompli* by an Administration that will be out of office long before 2012.

B) Instruct US negotiators to other treaties and trade negotiations to press for the protection of forests and other climate mitigating and heavily affected ecosystems using or adding to the provisions of those agreements.

C) End public subsidies now for domestic and foreign fossil fuel production and use in by-lateral aid and business and other development assistance (USAID, EX-IM, OPIC) and replace them with greater net assistance to reduce waste, restore degraded ecosystems, and increase the proportion of sustainably-derived renewable energy.

D) Ban the importation of illegally harvested plants and press other nations to do the same. In the process of improving inspections of wood imports invasive species that are weakening our forests can also be more readily detected and halted before they are introduced. That in turn will help us control climate change and its effects with nature as our ally.<sup>30</sup>

Thank you.

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**Scientists Offer Dire Forecast for Earth  
Climate Report Warns of Global Warming Effects**

By SETH BORENSTEIN

WASHINGTON (March 10) - The harmful effects of global warming on daily life are already showing up, and within a couple of decades hundreds of millions of people won't have enough water, top scientists will say next month at a meeting in Belgium. ...

<sup>30</sup> Studies prepared by Seneca Creek, Inc. for the American Forests and Paper Association show that international trade in illegally harvest wood products (poached from national parks, cut beyond permit limits, etc.) cause estimated losses of one billion dollars a year to U.S. producers who are undercut in the market. Many believe this has led many smaller wood lot and forest owners to abandon the industry and sell their forests for development or other uses in recent years. Rep. Blumenauer has recently introduced legislation to address this issue. See also reports by Environmental Investigation Agency, NRDC, and Defenders of Wildlife, e.g. [www.eia-international.org](http://www.eia-international.org).