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## Draft GOP Carbon Tax May Be Litmus Test For Climate Proposals

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Rep. Bob Inglis (R-SC), the ranking Republican on the House Science & Technology Committee's energy and environment panel, is circulating "discussion draft" legislation that would impose a revenue-neutral carbon tax on coal, petroleum and natural gas, with all the proceeds returned to the public in the form of reduced payroll taxes. As the climate change debate progresses, the bill could serve as a basis for Republicans to attack other proposals that are not revenue-neutral as being hidden tax increases.

The draft bill, the "[Raise Wages, Cut Carbon Act](#)," is being distributed to members of both parties, with the hope of a formal introduction in "the next few weeks," says a spokesman for Inglis. Under the proposal, each ton of carbon content contained in fossil fuels would be taxed at a rate of \$15 beginning in 2010, rising to an inflation-adjusted \$100 per ton in 2040. Revenues raised by the tax would be used to cut payroll taxes, while elderly citizens would receive increased Social Security payments to offset the higher costs of energy and consumer goods.

But with President Obama and congressional leaders banking on revenues from a future climate change program to finance "green" initiatives, some critics charge that Republican interest in a revenue-neutral carbon tax is driven by a desire to stake out a "purist" position they know most Democrats are unlikely to support, and one which enables them to lambaste other proposals as destructive tax increases. As evidence, these critics point to [carbon tax legislation](#) from Rep. John Larson (D-CT), chairman of the Democratic caucus, that proposes returning roughly 95 percent of the revenue raised to the public but has attracted no Republican backing.

Nevertheless, the spokesman for Inglis says the congressman is hoping to attract bipartisan support for his tax proposal, with the idea being to offer a viable alternative for lawmakers to turn to "if and when cap-and-trade fails." Larson's proposal "does not go far enough" in terms of returning revenues to the public, the spokesman adds, and would amount to a "net-tax increase which in turn would have a negative effect on the economy in the midst of a recession."

The idea of a revenue-neutral carbon tax has long been supported by former Vice President Al Gore, while Inglis first praised the approach in a *New York Times* op/ed late last year, with observers at the time suggesting GOP interest in a tax was being driven in large part by the looming specter of EPA regulation of greenhouse gases under the Clean Air Act ([see related story](#)). Meanwhile in the Senate, Bob Corker (R-TN) has been outspoken in his support for a climate bill that returns all the revenues raised to the public ([see related story](#)).

In order to maintain the revenue-neutrality at the heart of his plan, Inglis' bill would require any effort to divert carbon tax revenues to government coffers to receive a two-thirds "super majority" in the House or Senate, a provision that could be politically difficult to get through Congress. "The Super Majority provision is essential to gain bi-partisan support and ensure that the tax is successful at reducing emissions without causing substantial harm to the economy," states an addendum to the draft.

The Inglis draft also proposes assessing a carbon tax on imported goods equal to that imposed

on domestic products in order to address concerns that greenhouse gas restrictions could harm the competitiveness of U.S. industries. A [two-page summary](#) of the legislation touts it as economic stimuli, arguing that a tax on carbon coupled with decreased taxes on labor could “turn an environmental fix into a decisive, economy-expanding national security fix.”

At a March 11 energy and environment subcommittee hearing, Inglis received support for his proposal of taxing carbon to spur technology innovation rather than subsidizing “clean” energies from Mark Gaffigan, a senior official at the Government Accountability Office (GAO) ([see related story](#)). Asked by Inglis whether imposing a price on carbon emissions “would drive innovation faster than anything we could do from this science committee or anything we could do in Congress,” Gaffigan answered “absolutely.”

“Ultimately we could put all the money we want into these projects” with little to show for it, Gaffigan later added, noting that “the government has spent . . . close to \$60 billion dollars over the last 30 years in advanced energy technologies, yet we’re still heavily reliant on conventional fossil fuels. And it can’t just be the government spending money, [you’ve] got to consider the context of the private market.”

As for moving his proposal, the spokesman for Inglis would offer no comment on which Democratic members may support the forthcoming bill, though he noted that Rep. Jeff Flake (R-AZ) is one Republican interested in the idea. But the source stresses that any effort to address climate change, including Inglis’ carbon tax, has to be “collaborative and bipartisan” in order to succeed. “Republicans can bring credibility on job creation and economic growth to the table while Democrats are bringing credibility on fairness and concern for the environment.”—*Charles Davis*

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