

**From:** Myron Ebell [Myron.Ebell@cei.org]  
**Sent:** 11/1/2017 6:12:57 PM  
**To:** Myron Ebell [Myron.Ebell@cei.org]  
**Subject:** Cooler Heads Coalition invitation and meeting reminder

Reminder: the Cooler Heads Coalition will hold its next regular monthly strategy meeting on Monday, 13<sup>th</sup> November, beginning at 12 noon at CEI, 1310 L Street, N. W., Seventh Floor. Please e-mail or ring me at Ex. 6 with agenda items or questions.

As tax reform legislation takes shape in the next few weeks, our carbon tax event is timely. I have pasted competing lead articles from this morning's E & E Daily and ClimateWire (also published by E & E) below the invitation. Our three panelists all have compelling arguments and data to show how economically destructive, politically destructive, and environmentally useless a carbon tax would be. I hope you can make it.

Competitive Enterprise Institute  
Institute for Energy Research

*and*

The Cooler Heads Coalition

*invite you to*

**Carbon Tax Follies**

*with opening remarks by*

Representative Bill Flores (R-Texas)

*and a panel discussion with*

Marlo Lewis, Ph. D.

Senior Fellow, Competitive Enterprise Institute

James Lucier  
Managing Director, Capital Alpha

Robert Murphy, Ph. D.  
Senior Economist, Institute for Energy Research

2:30 – 3:30 PM

Thursday, November 2, 2017

Room 2322, Rayburn House Office Building  
*(refreshments provided)*

Promoters of taxes on carbon dioxide emissions are trying to attract support from conservatives by claiming that such taxes are a free market response to global warming. Promoters claim that CO2 taxes can be revenue neutral, can be a huge new source of additional government revenues, and that the revenues can be returned as a dividend to consumers. It is also claimed that taxing emissions is a cost-effective way to lower those emissions, will create more jobs than are lost, and will even provide a boost to the economy.

After opening remarks by Rep. Bill Flores, three experts will debunk these claims and discuss the real economic and political effects of CO2 taxes. Jim Lucier will also discuss a just-published economic analysis of recent carbon tax proposals. There will be time for Q&A with the panelists.

**RSVP Here**

For purposes of congressional ethics rules, this is a widely attended event.

*Questions? Please contact Taylor Barkley at [taylor.barkley@cei.org](mailto:taylor.barkley@cei.org)*

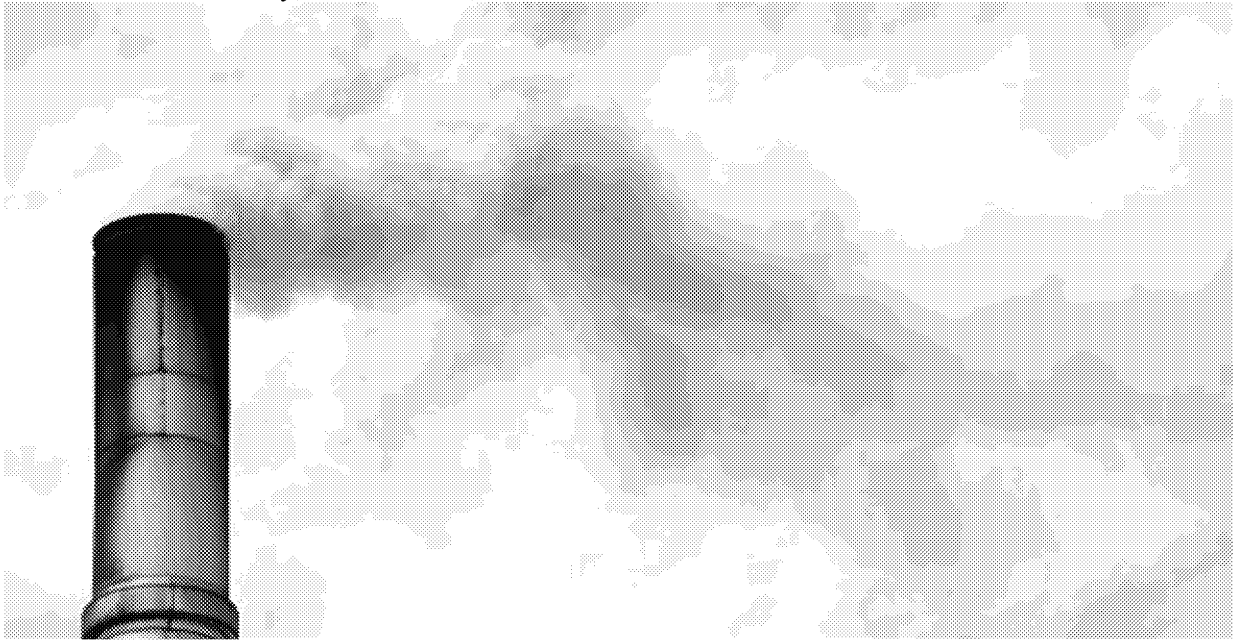
**E & E Daily**

**CLIMATE**

# Meet the 'eco right' pushing for a carbon fee

Arianna Skibell, E&E News reporter

Published: Wednesday, November 1, 2017



Despite the political headwinds, some lawmakers continue working toward a carbon tax. Ian Barbour/Flickr

Over the summer, Democratic Sens. Sheldon Whitehouse of Rhode Island and Brian Schatz of Hawaii introduced legislation to instate a carbon tax to reduce greenhouse gas emissions and said they were looking for a Republican co-sponsor.

A glimmer of hope for them emerged when Republican Sen. Lindsey Graham of South Carolina publicly endorsed the plan in September.

But after a spate of hurricanes, a dozen wildfires and mass flooding, many weeks later there has been virtually no public progress on carbon legislation.

"Let's see, let's see, let's see," Whitehouse told E&E News yesterday. "Well, what I can say is what Lindsey Graham has said publicly, which is that he is working with me and looking at that bill. He has announced nothing further, and I have nothing to announce."

Jerry Taylor, a prominent libertarian in favor of a carbon fee, said the lack of movement on the Hill could mean a carbon tax window is opening.

"The main evidence for that read of the law of the land is the opponents of carbon taxation are mobilized and engaged, and they wouldn't be if this were not a live issue," he said. "When you see opponents to a proposed idea mobilized and actively engaged in the fight, it tells you the fight is farther along than you think."

For the last couple of months, grass-roots conservative groups opposed to a carbon fee — the Club for Growth and the Competitive Enterprise Institute, for example — have been on high alert, Taylor said.

Whitehouse said that indeed contrary to popular opinion, there are a growing number of Republicans, conservatives and libertarians who openly support pricing carbon. They're just not on the Hill, yet.

"There is considerable Republican support for a revenue-neutral border adjustable carbon fee outside of the political crucible of Congress, and indeed, it's really the only solution that has generated any significant Republican support," said Whitehouse.

Bob Inglis, a former Republican congressman from South Carolina who famously reversed his climate skeptic stance, agreed there is growing movement on the right to address global warming.

"This space has been dominated by folks on the environmental left," he said. "They think they have an open door to Republicans, but they really don't. So we're developing what we call the 'eco right.' It's a balance to the environmental left."

## **Think tanks**

### **Niskanen Center**

The Niskanen Center was founded in 2014 by Taylor and is predominantly focused on Capitol Hill outreach.

Prior to founding the center, Taylor spent 23 years to advance the Cato Institute's libertarian agenda. His job was to change hearts and minds on issues like free markets, limited government and climate change.

He worked to demonstrate that the economic toll of reducing carbon emissions would not outweigh the potential benefits. But as he spent more time with climate science and economics, his views began to shift (*Greenwire*, June 16).

Taylor, a vocal proponent of a carbon tax, said he is seeing movement on that front.

"We're meeting not only with the usual suspects, like members of [Florida Republican Rep.] Carlos Curbelo's Climate Solutions Caucus, but also with Republican members outside that coalition, and what we're finding is there is a great deal of sympathy towards action on climate change and a lot of interest in carbon taxation," he said. "But there is uncertainty about the political road from here to there."

Taylor said Republican members are not worried about the merits of the carbon fee structure but rather what is often called "safe passage" politically.

Taylor's preferred legislation would levy carbon taxes at the point of production, use proceeds to offset revenue losses from tax cuts, rebate a portion of the revenue to poor households, eliminate U.S. EPA's authority to regulate greenhouse gas emissions and eliminate green energy subsidies, among other measures.

Taylor said he believes his ideas have merit not only because they allow the market to work but also because climate change is real and imposes risk.

"And it's not conservative to act as if risk does not exist and play dice with the planet," he said.

### **R Street Institute**

In 2012, the Heartland Institute, one of the leading groups questioning global warming science, launched a digital billboard campaign featuring Ted Kaczynski, the "Unabomber."

The ad read, "I still believe in global warming, do you?"

Following the campaign, some Heartland members working on insurance issues decided it was time to break off and start their own outfit that took climate change seriously.

"We still have a friendly relationship with [Heartland]," said Josiah Neeley, senior fellow, energy policy director and Southwest region chief for the R Street Institute. But as insurance brokers, R Street employees understood risk, he said.

"If you're dealing in insurance, you need to be able to take climate change seriously. Because it's not realistic if you're talking about sea-level rise, storms, droughts, floods, you name it," Neeley said.

R Street, founded in June 2012, is a think tank that promotes free markets and limited government. The group supports a carbon tax. Neeley said R Street applies conservative values and principles to address the warming planet.

"The most common or strongest objection that we get from folks when we talk about this stuff is the idea that it's not politically realistic in one way or another," he said.

"Being skeptical about government implementation I think is a fair point," Neeley said, "but there are a lot of things that we advocate for that would be pretty major changes to policy, and knowing politicians are flawed vessels I don't think that means that we should just give up."

## **Thought leaders**

### **Climate Leadership Council**

The Climate Leadership Council, founded earlier this year by Washington, D.C., think tank veteran Ted Halstead, is known around town for its high-profile members, including former New York Mayor Michael Bloomberg, scientist Stephen Hawking, famed economist Larry Summers and others.

The council also includes corporate entities like Exxon Mobil Corp., BP PLC and Royal Dutch Shell PLC, and nongovernmental organizations like the Nature Conservancy and Conservation International.

In February, the council formally launched with the publication of its manifesto: "[The Conservative Case for Carbon Dividends](#)," authored by eight GOP statesmen.

They included Republican heavyweights James Baker III, who served under both Presidents George H.W. Bush and Reagan, and George Shultz, who served under both Reagan and President Nixon.

The proposal, which they presented to the White House, includes four main policy goals: a gradually increasing carbon tax, border carbon adjustments, carbon dividends for all taxpayers and significant regulatory rollbacks ([Greenwire](#), Feb. 8).

Jill Sigal, the executive vice president who served in President George W. Bush's administration as assistant secretary of Energy for congressional and intergovernmental affairs, said the plan is free market, pro-growth, pro-environment and pro-jobs.

"We think that our proposal is a conservative solution to reducing emissions, while not negatively impacting the U.S. economy," she said. "We believe that the U.S. needs to take action on a federal level to reduce climate emissions."

At the Yale Climate Conference this year, Baker said that the proposal should appeal to people regardless of their stance on warming. He called the measure an insurance policy, saying the risk is too great to not do something.

Sigal said she senses climate engagement on a variety of Republican fronts, from the business community to the House Climate Solutions Caucus.

She said council members have frequented the Hill in recent months to take meetings with both House and Senate members about their proposal.

"We've had some interesting and great meetings these last few months," she said. "We're getting very good reception on the Hill."

### **Alliance for Market Solutions**

The Alliance for Market Solutions is led by Alex Flint, a former member of President Trump's transition team who previously worked as senior vice president of governmental affairs at the Nuclear Energy Institute, and by fellow NEI alumnus Chris Carter.

The board of advisers for AMS brings together Republicans with experience in private equity, investment banking and energy consulting.

They include Vicky Bailey, who served as an assistant secretary at the Department of Energy under the second Bush administration and as a Republican member of the Federal Energy Regulatory Commission; John Rowe, chairman emeritus of Exelon Corp.; and former Sen. Mel Martinez (R-Fla.).

"We think there are a significant number of Republican members of Congress who agree that Republicans need to engage on climate change, and we've been quite pleased with their willingness to talk with us about what a Republican position should be," Flint said.

He stressed his group is "just" Republican. He's not interested in being bipartisan.

The alliance aims to "educate conservative policymakers on the benefits of market-oriented solutions to one of America's most pressing economic challenges: advancing clean energy and reducing carbon pollution," a mission statement said.

Unlike the Climate Leadership Council, AMS is not pushing a dividend model. "Using the proceeds of a carbon tax to pay a rebate or dividend would produce no additional economic growth or jobs," AMS states on its website.

The group advocates using the revenue to cut corporate or individual income taxes, estimating each American family would benefit by nearly \$3,000 annually.

### **Targeting the public**

#### **RepublicEn**

RepublicEn Executive Director Inglis launched the Energy and Enterprise Initiative at George Mason University in July 2012. The group works to educate conservatives, libertarians and pragmatists about climate change and a carbon fee.

"We're engaging with conservatives in the heartland and presenting broad solutions to climate change. The most immediate solution is a revenue-neutral border adjustable carbon tax," Inglis said.

"Mostly what needs to happen is conservative members of Congress need to hear from their constituents a readiness to engage in the competition of ideas of how to solve climate change," he said. "We're out gathering that constituency so elected officials will feel comfortable leading."

For six years, Inglis said he thought climate change was nonsense. "I didn't know anything about it, but I knew Al Gore was for it," he said.

When he ran for Congress again in 2004, his son approached him. "He said, 'Dad, I'll vote for you, but you're going to clean up your act on the environment,'" Inglis recounted.

Inglis said it was a three-step process, the final of which was an encounter with a scientist named Scott Heron on a trip to look at the Great Barrier Reef.

"We shared a worldview because he was worshiping God in what he was showing me. Told me about conservation changes he's making in his life," Inglis said.

When he returned to Congress, he introduced a revenue-neutral border adjustment tax as an alternative to cap and trade, both of which went nowhere.

"When I got tossed out of Congress, I started working on this effort," Inglis said in reference to RepublicEn. He said his group, made up of over 3,800 members, is finding success with young conservatives and conservatives of faith.

"It's harder with their parents, and it's really pretty hard with their grandparents," he said. "The challenge is the grandparents vote more often. The thing I'm supremely confident of is we are going to win, but will we win soon enough to head off the worst consequences of climate change?"

### **Citizens' Climate Lobby conservative caucus**

While the Citizens' Climate Lobby is a nonpartisan group, its members are mostly left-leaning volunteers. Still, the group contains a conservative caucus, which is growing.

CCL targets Republican members of Congress and urges them to join the bipartisan House Climate Solutions Caucus (*E&E Daily*, Sept. 6).

Since the caucus's inception in 2016, CCL and others have had unprecedented success pushing GOP politicians to join. The grass-roots advocacy organization is angling for the caucus to take up a carbon fee and dividend approach to curb emissions.

While members of the House "Noah's Ark" group, which adds Republicans and Democrats in pairs, have co-sponsored a number of climate-related bills, like renewable energy tax credits, they have yet to broach a carbon tax. Still, activists are encouraged by the growing membership, which reached 60 this year.

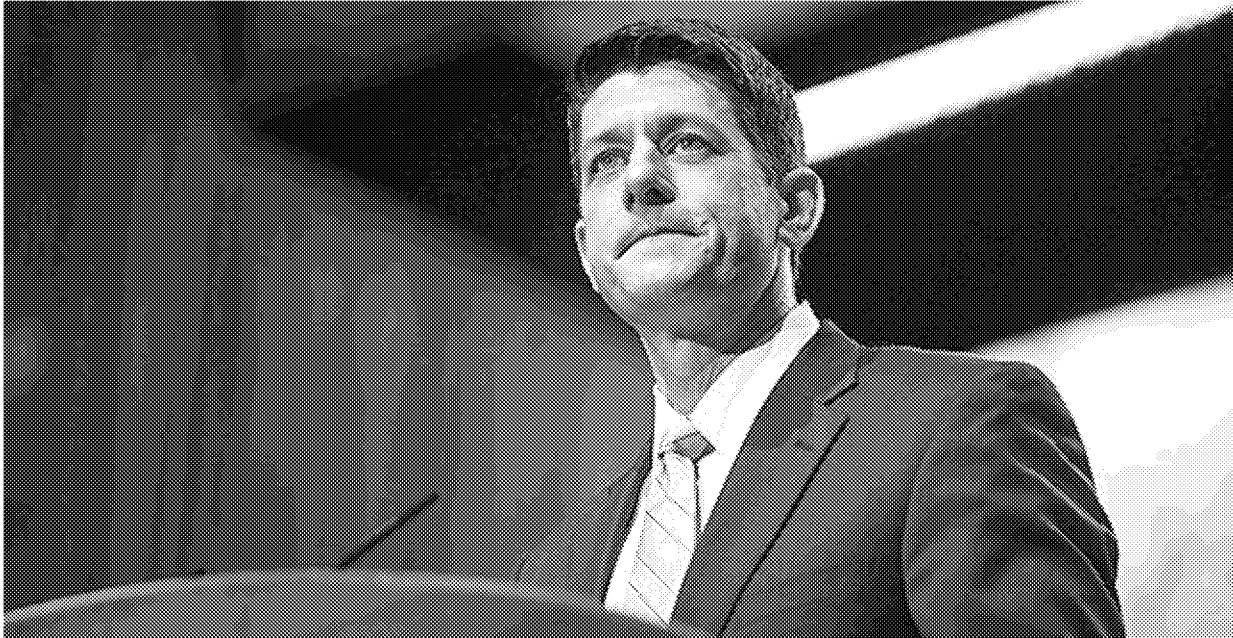
Also notable is Citizens for Responsible Energy Solutions, which is a grass-roots campaign engaging with Republican policymakers for cleaner power.

<https://www.eenews.net/eedaily/2017/11/01/stories/1060065267>

# A carbon tax would raise cash, but GOP isn't going there

Josh Kurtz, E&E News reporter

Published: Wednesday, November 1, 2017



Supporters of taxing carbon emissions say it could happen during overall tax reform. House Speaker Paul Ryan (R-Wis.) is not a fan. Gage Skidmore/Flickr

As Congress takes on the ambitious and arduous task of rewriting the U.S. tax code, it seems like prime time for advocates of a carbon tax to aggressively promote the idea.

They're not.

Carbon tax advocates — especially those in Republican-aligned groups that have been slowly building their case for a carbon tax — recognize that they've still got a major sales job to do. As they consider the politics of the moment, most carbon tax proponents concede that they'll probably be relegated to the sidelines as the big debate over tax reform commences, although advocates hope it'll enter the debate eventually.

"We are very much in the early stages of our work," said Greg Bertelsen, senior vice president of the Climate Leadership Council, the organization put together by former secretaries of State James Baker and George Shultz, both Republicans, and other former top government officials and business leaders to promote a carbon tax and other remedies to address climate change.

"This is a major policy proposal that Mr. Baker and Mr. Shultz and others have proposed," Bertelsen said. "Like any major proposal, it's going to take time to build support and educate policymakers."

There is zero evidence that Republican congressional leaders, who will be driving the debate over tax reform in tandem with the Trump administration and are anxious for their first major legislative victory of the year, have any interest in addressing a carbon tax proposal right now.

"I wouldn't see too many Republicans jumping on this," said Steve Valk, a spokesman for the Citizens' Climate Lobby, a group that has worked to push climate issues to the forefront in Congress.

GOP leaders need near-unanimity in their caucuses to get any tax reform proposal through and are seeking to avoid complications and distractions.

"You have to pick your battles," said Valk, whose organization has helped bring about the creation of the 60-member House Climate Solutions Caucus, which is equally divided between Republicans and Democrats. "The Republicans really want to pass a tax bill, and to do so, they have to all be on the same page."

But talk of a carbon tax may not be completely absent from the tax reform debate. Although House leaders are optimistically aiming to pass their version of the bill before Thanksgiving, the overall legislative process could take considerably longer, and there may be opportunities to inject the climate tax proposal into the broader discussion.

Rep. John Larson (D-Conn.), a senior member of the tax-writing House Ways and Means Committee and the lone Democrat on Ways and Means who also belongs to the Climate Solutions Caucus, told E&E News last week that he plans to introduce a "Pollution Tax Amendment" when the panel takes up the GOP reform bill in the next few weeks (*Climatewire*, Oct. 24). While by Larson's own admission the amendment is unlikely to get very far, it could make some Ways and Means Republicans uncomfortable — and it may also open the door to some discussion about the concept.

"If there's an opportunity to share our proposal with lawmakers — members of the committee or otherwise — we'll take it," Bertelsen said.

But Valk said he doesn't expect the idea to get much traction in Ways and Means unless Rep. Carlos Curbelo (R-Fla.), a member of the panel and co-chairman of the Climate Solutions Caucus, embraces it.

Curbelo's office did not respond to a request for comment this week. Neither did spokesmen for two other Ways and Means Republicans who are members of the climate caucus, Reps. Dave Reichert of Washington and Patrick Meehan of Pennsylvania. The caucus itself has not advanced any proposals to address climate change in its short life span.

Valk said Curbelo seems likely to back the Republican tax plan and isn't expected to try to attach a carbon tax amendment to it.

"I think he's going to keep his powder dry for legislation down the road," Valk predicted. "I think his plan is to be a good team player" during the tax reform debate.

Even if a Democratic proposal on the carbon tax doesn't get far in committee initially, former Rep. Bob Inglis (R-S.C.), executive director of republicEn, a group offering free-enterprise solutions to tackle climate change, sees additional opportunities for introducing the issue during the reform debate.

The House Republican tax plan, he said, features so many tax cuts that would dramatically expand the federal deficit that lawmakers may be looking for solutions to plug the budget hole. A revenue-neutral carbon tax will be one option for tax-writers to consider.

"Adding a carbon tax is a way to do tax reform and balance the budget at the same time," Inglis said yesterday. "The idea is to tax pollution, not profits. It's completely consistent with what conservatives have long advocated."

The key, the former lawmaker said, will be to persuade Republicans concerned about exploding the deficit to break with President Trump and GOP congressional leaders.

"Whether this is going to happen, I don't know," he said. "It depends on whether budget hawks balk at a revenue-negative proposal. If they do, then you have to search for revenue."

Democrats are already warning about the consequences of growing the federal deficit.

In the Democrats' weekly address released Saturday, which amounted to a "pre-buttal" of the GOP reform plan, Sen. Ben Cardin (D-Md.), a member of the tax-writing Finance Committee, said Republicans have "formulated a tax scheme that they admit will add \$1.5 trillion to our deficit while putting Medicare and Medicaid at risk. And their plan hurts middle- and low-income working families while providing huge tax cuts for the wealthiest Americans."

Democratic criticism is unlikely to sway Republicans committed to cutting taxes. But an analysis by the nonpartisan Concord Coalition, which has long fought to reduce government deficits, could carry a little more political pop.

"Faced with the prospect of steep tax cuts, a number of Republicans in the House and Senate seem to have forgotten their frequently voiced concerns about deficits," Steve Winn wrote this week. "It is important to remember — as many economists across the political spectrum have noted in recent days — that tax cuts, while they can provide some short-term boost for the economy, do not 'pay for themselves.'"

Right now, there is little chatter about any senator attempting to attach a carbon tax amendment to the tax package when it hits the Finance Committee. Senate aides said the priority of Democratic leaders now is to home in on the message that the Republican plan hurts middle-class families, and Democratic lawmakers may be reluctant to advance any proposal that can be construed as a tax increase in the context of the broader reform debate.

As if to buttress the point, the Senate Democratic Policy and Communications Committee has scheduled a hearing for this afternoon titled "Who Pays for the GOP's Trillion Dollar Tax Cut? How Families, Seniors and the Middle Class Are Hit Hardest." The session will feature testimony from national policy experts and stakeholders in Kansas, where a massive tax cut in 2012 crippled government services and stifled economic growth, in the Democrats' view.

Still, the broad tax debate could ultimately open up discussions about energy taxes and incentives and their overarching policy implications (E&E Daily, Oct. 27). And stand-alone Democratic bills promoting a carbon tax have been introduced in the House and Senate, though with no action scheduled so far.

"We're making progress," Inglis said.

<https://www.eenews.net/climatewire/2017/11/01/stories/1060065223>

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