

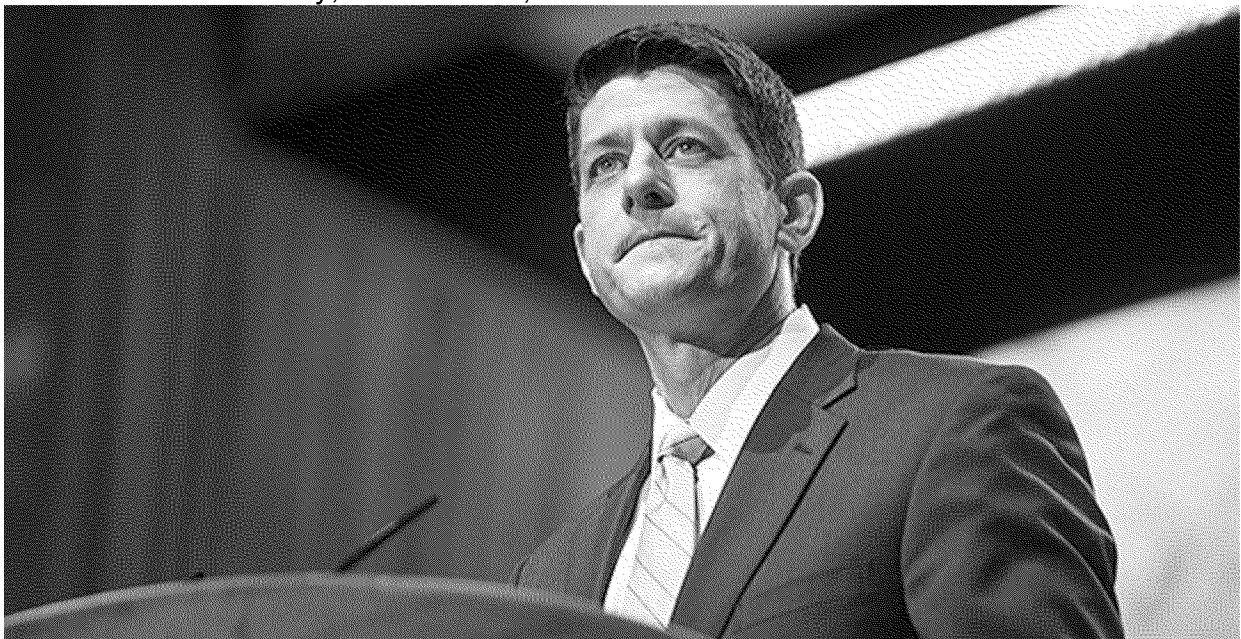
ClimateWire

POLITICS

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

Josh Kurtz, E&E News reporter

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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>

Myron Ebell

Director, Center for Energy and Environment

Competitive Enterprise Institute

1310 L Street, N. W., Seventh Floor

Washington, DC 20005, USA

Tel direct: (202) 331-2256

Tel mobile: (202) 320-6685

E-mail: Myron.Ebell@cei.org

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