

# The people of California

## will be hurt by the Waxman-Markey Climate Bill.



**The legislation is unbalanced. The goals are laudable, but the bill will hit consumers and producers of petroleum fuels especially hard and create an uneven playing field for U.S. refiners while protecting other U.S. industries. People who use automobiles, trucks, planes, trains, heating oil and other non-transportation petroleum products will shoulder the lion's share of the burden, but the inequitable nature of the legislation could worsen the pain for everyone.**

**Higher prices:** The bill will touch every family and every business that uses oil products. According to one independent analysis, the bill will raise gasoline prices by 58 percent.<sup>1</sup> Today, that would mean gasoline prices about \$4.00 a gallon, an increase nearly equivalent to a ten-fold rise in the federal gasoline tax.

**Less disposable income:** An average family could pay an additional \$1,200 a year for energy.<sup>1</sup> That's 3.4 percent of California's per capita disposable income.<sup>2</sup>

**Fewer jobs and lower wages:** One study commissioned by the National Black Chamber of Commerce projects up to 2.7 million net jobs lost annually, even with new green jobs created, and expects the wages of workers who remain employed to fall and for the loss to become greater over time.<sup>3</sup> Another analysis shows that the inequitable approach of the bill by itself will produce additional unemployment, driving annual job destruction totals related to the legislation to more than 2.0 million jobs nationwide by 2011.<sup>1</sup> For California this could mean a loss of 242 thousand jobs just a few years from now. If those jobs were lost today it would increase California's unemployment rate from 11.5 percent to 12.8 percent.<sup>4</sup>

**Less wealth:** One analysis projects the bill would reduce aggregate gross domestic product (GDP) by \$9.4 trillion over the next 26 years.<sup>1</sup> For California this could mean a reduction of as much as \$1.3 trillion in the state's gross state product (GSP).<sup>5</sup>

**Less energy security:** U.S. refiners will have to buy allowances, increasing their costs and giving a competitive advantage to non-U.S. refiners. U.S. jobs will be lost and contrary to the bill's intention, America will be less energy secure.

**Little environmental gain, big economic pain:** Even the federal Government Accountability Office (GAO) warns that cap and trade legislation could make American companies less able to compete internationally and could drive American jobs overseas to countries that do not limit greenhouse gas emissions, thus driving up international emissions enough to offset or overwhelm U.S. cuts.<sup>6</sup>

1 The Heritage Foundation, "Son of Waxman-Markey: More Politics Makes for a More Costly Bill," edMemo, no. 2450, May 18, 2009. Revised and updated June 16, 2009.

2 API calculations based on U.S. Bureau of Economic Analysis state data.

3 CRA International, "Impact on the Economy of the American Clean Energy and Security Act of 2009 (H.R. 2454)," May 2009.

4 API calculations based on U.S. Bureau of Labor Statistics state data and The Heritage Foundation estimate of nationwide job losses.

5 API calculation based on The Heritage Foundation national estimate and U.S. Bureau of Economic Analysis state data. Assumes state's share of GSP remains constant.

6 "Climate Change Trade Measures, Estimating Industry Effects," U.S. GAO testimony before the Committee on Finance, U.S. Senate, July 8, 2009, pp. 5-6.



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**The requirements are not equitable and will hurt consumers and producers of motor fuels most.** The bill would allocate only two percent of allowances to fuel producers, but make them responsible for 44 percent of emissions, including emissions from refineries and also consumer emissions from planes, trains, automobiles, heating oil, and other non-transportation petroleum use. In contrast, some other sectors receive free allowances that roughly match their obligation (utilities get more than 35 percent of all allowances, select “energy-intensive” industries get 15 percent of all allowances and local natural gas distributors receive nine percent). This inequitable system of allocations will have a disproportionate adverse impact on consumers and producers of gasoline, diesel fuel, heating oil, jet fuel, propane and crude oil.

The people of California who use automobiles, trucks, planes, trains, heating oil and other non-transportation petroleum products are treated unfairly by the Waxman-Markey Climate Bill.

**2016 CO<sub>2</sub> Emissions from Energy vs. Waxman-Markey Free Allowance Allocations**  
(as percent of EIA Reference Case CO<sub>2</sub> Emissions)

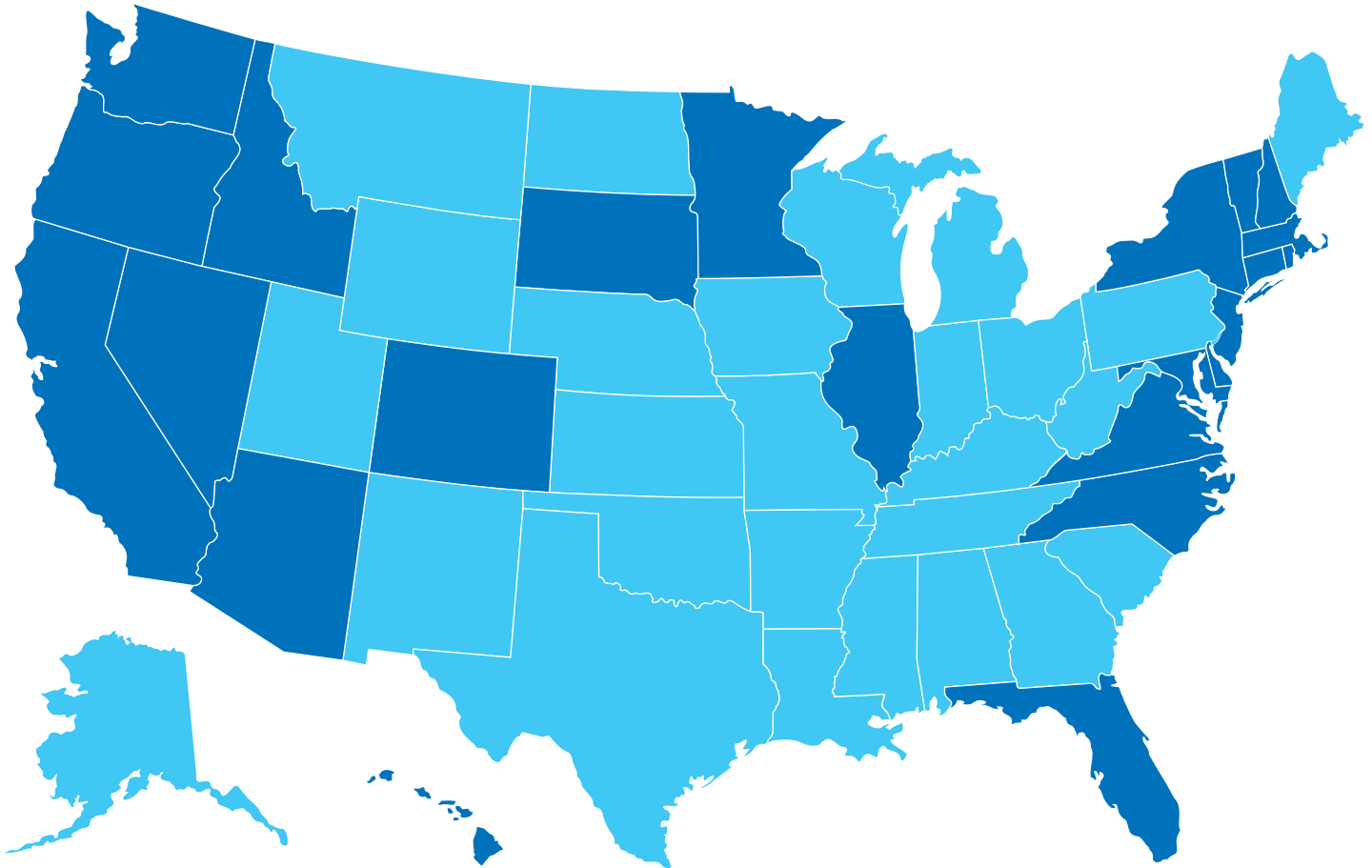


The transition to new low-emission energy sources will take time. Unlike power generation, which has the ability of switching to a low-carbon fuel source, there is no commercial-scale low-carbon source to fuel the nation’s 250 million cars.

We need an equitable plan that will address global climate change and improve, not weaken, our nation’s energy and economic security. Decisions made today will have repercussions for decades to come.



Those states with the highest emissions per dollar of economic activity will face the greatest challenge to reduce them.



**Metric Tons of Emissions per \$1 Million  
in State Economic Activity**

- Least: 48 - 500
- Most: 501 -2305

Source: EPA, "Energy CO<sub>2</sub> Emissions by State" ([www.epa.gov/climatechange/emissions/state\\_energyc2inv.html](http://www.epa.gov/climatechange/emissions/state_energyc2inv.html)) as interpreted by API.



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## Emissions Ranked by State

Rank	State	Total CO <sub>2</sub> Emissions (2005 MMT CO <sub>2</sub> )	Rank	State	Total CO <sub>2</sub> / \$ Millions of GSP
1	Texas	663.87	1	Wyoming	2,305.47
2	California	390.64	2	West Virginia	2,132.54
3	Pennsylvania	277.00	3	North Dakota	2,015.01
4	Ohio	269.97	4	Montana	1,213.64
5	Florida	260.74	5	Alaska	1,198.64
6	Illinois	242.81	6	Louisiana	1,138.84
7	Indiana	231.59	7	Kentucky	1,082.90
8	New York	210.91	8	Indiana	970.74
9	Louisiana	191.56	9	Alabama	930.69
10	Michigan	189.58	10	Oklahoma	873.24
11	Georgia	184.00	11	New Mexico	856.37
12	North Carolina	153.51	12	Mississippi	781.89
13	Kentucky	152.15	13	Utah	727.66
14	Missouri	141.11	14	Iowa	701.63
15	Alabama	141.10	15	Arkansas	697.84
16	New Jersey	134.54	16	Kansas	686.34
17	Virginia	128.93	17	Texas	670.95
18	Tennessee	127.25	18	Missouri	653.09
19	West Virginia	113.13	19	South Carolina	623.05
20	Wisconsin	110.53	20	Ohio	612.27
21	Oklahoma	106.09	21	Nebraska	609.85
22	Minnesota	100.65	22	Pennsylvania	566.44
23	Arizona	97.17	23	Tennessee	555.15
24	Colorado	94.34	24	Wisconsin	510.94
25	South Carolina	87.24	25	Maine	509.83
26	Washington	85.61	26	Georgia	505.73
27	Massachusetts	84.83	27	Michigan	503.88
28	Maryland	83.91	28	Arizona	448.76
29	Iowa	79.67	29	Nevada	445.12
30	Kansas	72.46	30	North Carolina	442.86
31	Utah	66.06	31	Colorado	435.68
32	Mississippi	63.56	32	Illinois	433.57
33	Wyoming	62.87	33	Minnesota	429.12
34	Arkansas	60.54	34	Hawaii	426.69
35	New Mexico	58.98	35	South Dakota	426.56
36	Nevada	49.56	36	Florida	387.26
37	North Dakota	49.16	37	New Hampshire	385.23
38	Alaska	47.12	38	Virginia	366.37
39	Connecticut	43.30	39	Maryland	340.77
40	Nebraska	43.10	40	Idaho	335.57
41	Oregon	42.67	41	Washington	320.28
42	Montana	36.27	42	Delaware	314.20
43	Hawaii	23.05	43	New Jersey	312.11
44	Maine	22.93	44	Oregon	295.73
45	New Hampshire	21.21	45	Vermont	294.29
46	Delaware	17.75	46	Massachusetts	260.29
47	Idaho	15.83	47	Rhode Island	257.62
48	South Dakota	13.19	48	California	240.82
49	Rhode Island	11.28	49	Connecticut	223.50
50	Vermont	6.79	50	New York	220.18
51	District of Columbia	3.94	51	District of Columbia	48.21



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