

# The people of Virginia

## 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 3.3 percent of Virginia'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 Virginia this could mean a loss of 54 thousand jobs just a few years from now. If those jobs were lost today it would increase Virginia's unemployment rate from 7.1 percent to 8.5 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 Virginia this could mean a reduction of as much as \$263 billion 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.

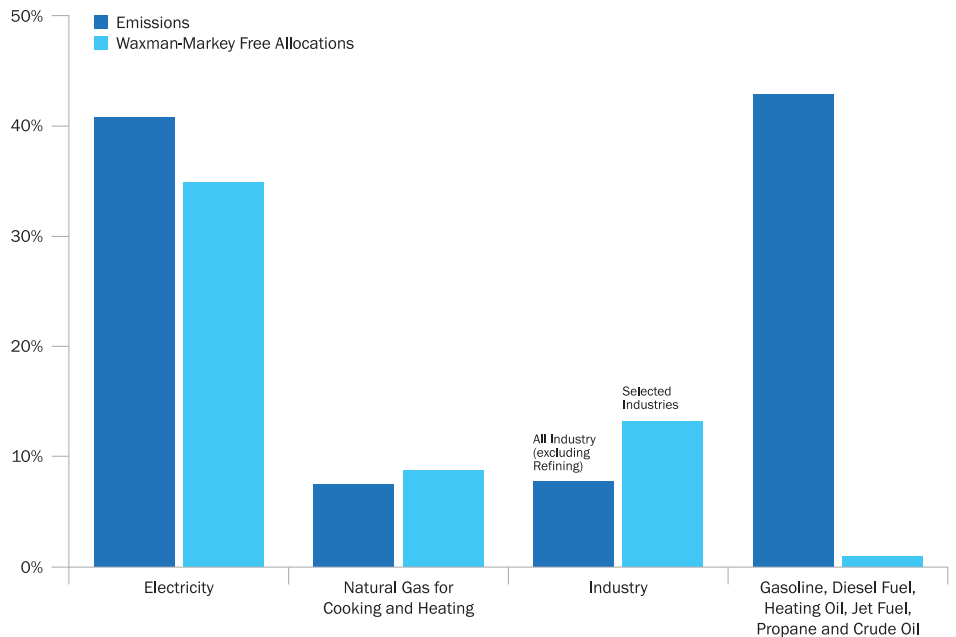


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**The requirements are not equitable and will hurt consumers and producers of motor fuels most.** The bill would allocate only two percent of allowances to fuel producers, but make them responsible for 44 percent of emissions, including emissions from 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 Virginia 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)

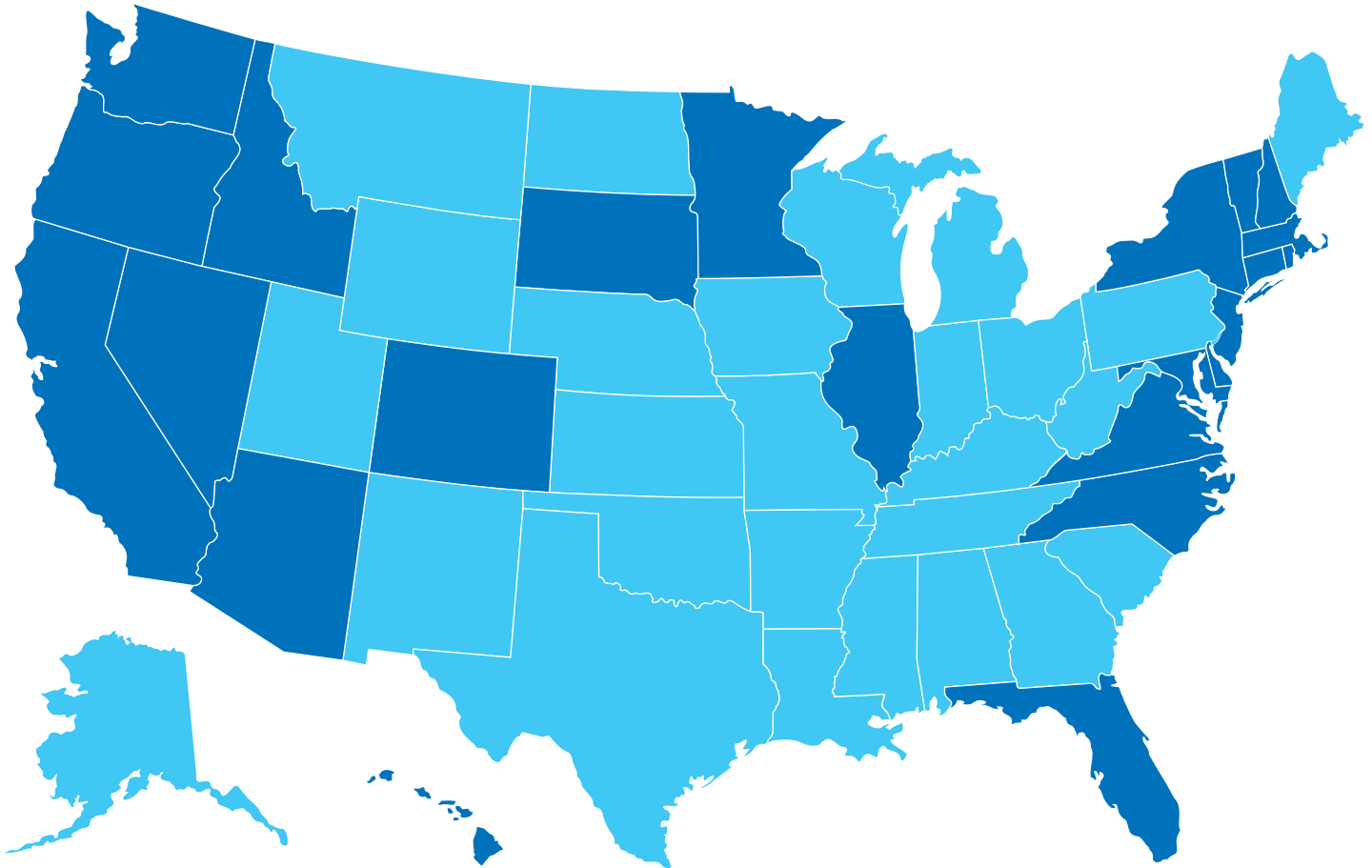


The transition to new low-emission energy sources will take time. Unlike power generation, which has the ability of switching to a low-carbon fuel source, there is no commercial-scale low-carbon source to fuel the nation’s 250 million cars.

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<br>(2005 MMT CO <sub>2</sub> ) | Rank | State                | Total CO <sub>2</sub> /<br>\$ 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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