



# STATEMENT OF REPUBLICAN POLICY

June 26, 2009

**H.R. 2454, the American Clean Energy and Security Act of 2009  
Rep. Waxman (D-CA) and 1 Cosponsor**

House Republicans believe an all of the above approach that promotes clean, renewable and environmentally-safe energy production as well as increases efficiency is the best way to improve the environment, lower energy costs and create American jobs. H.R. 2454, however, dismisses this approach in favor of a new national energy tax which will significantly increase the cost of energy and impose an unprecedented bureaucratic stranglehold on the economy, resulting in millions of lost jobs and higher costs for millions of American families for virtually every good and service they need. House Republicans strongly oppose this legislation.

By increasing costs for every American, H.R. 2454 will harm our economy and American workers at a time when they can afford it least. The Congressional Budget Office confirms that this legislation will impose a new national energy tax on all Americans every time a car is driven, food or other necessities are purchased or if a light switch is turned on. A prominent economic advisor for President Obama, Warren Buffett, declared the bill a huge and fairly regressive tax that will harm “an awful lot of people.” And even President Obama himself said energy prices will “skyrocket” under this heavy-handed approach.

The final version of H.R. 2454 further exacerbates the economic burden on the middle class by eliminating energy tax relief for American families included in an earlier draft of the bill. As a result, over 200 million Americans – fully 70 percent of Americans – are ineligible for government assistance designed to offset the increased costs imposed by this legislation. A family of four with an income in excess of \$33,000 per year, for example, will end up paying more as a result of this new national energy tax.

H.R. 2454 will cost millions of American jobs instead of creating new jobs when our economy needs them most. Even after accounting for any potential “green jobs” the bill may create, a study by the National Black Chamber of Commerce found that a new national energy tax will cost 2.3 to 2.7 million jobs each year. H.R. 2454 will impose tough new requirements and increased costs on American manufacturers; higher costs that that these manufacturers, like their overseas competitors, simply would not face in other countries, like China, India or Mexico. The net effect of this legislation will be both a wholesale undercutting of American competitiveness and a migration of good-paying jobs overseas. In addition to sending millions of jobs overseas, H.R. 2454 will also send over \$300 billion in taxpayers’ money directly to foreign countries instead of investing here at home.

The compounded negative effects of H.R. 2454, increased energy costs and job losses, will be especially damaging to rural areas. Rural Americans travel 25 percent farther than urban residents to

go to work and run errands, spend 58 percent more on fuel than urban residents as a percentage of their income, and electricity is far more costly to deliver to rural households than to urban homes. As a result, family farmers and rural employers will pay significantly more under H.R. 2454.

H.R. 2454 creates a slew of new government programs in order to take and redistribute trillions of dollars from family budgets and employer payrolls in the form of allowances, all overseen by a confusing web of government agencies. This unprecedented expansion of bureaucracy will expand nine federal departments and 17 federal agencies, and will require 65 agency actions for implementation covering all facets of the economy. These new unfunded mandates will strangle the economy and cost even more jobs.

Republicans oppose the derivatives portion of the legislation because these provisions drastically reduce the availability of these important tools for businesses and market participants. Companies are able to borrow funds at lower costs because lenders are able to manage repayment risk through the use of derivatives. They also use derivatives to reduce other day-to-day business risks, including interest rate risk and exchange rate risk.

H.R. 2454 will burden American families and employers with a crushing new national energy tax, eliminate or send overseas millions of jobs, have a disproportionately negative effect on rural areas, and suffocate the economy under the weight of a massive new bureaucracy. House Republicans believe that the way to a cleaner, more reliable energy future and improving the environment cannot be achieved through that approach. Instead, House Republicans have offered an all of the above approach to increase environmentally-safe energy production, foster greater efficiency, improve the environment, and create new jobs without imposing a new national energy tax on every American. House Republicans strongly oppose H.R. 2454.

*Provided by the Republican Leadership and the Republican Committees on Energy and Commerce, Ways and Means, Agriculture, Foreign Affairs, Financial Services, Education and Labor, Science and Technology, Transportation and Infrastructure, and Natural Resources.*

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