

NPM&CSA OPPOSES CARBON TAX

Silver State Summary

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In early December, world leaders will gather in Paris to develop plans for reducing global carbon dioxide emissions. One plan that has gained support among some officials over the years is for countries to impose a tax on carbon dioxide emissions. In English this means a tax on transportation fuel like gasoline and most forms of electricity generation i.e. a national energy tax.

One example of this is President Obama's controversial carbon regulation, the so-called "Clean Power Plan," which the administration published last month. The president plans to showcase this regulation in Paris to demonstrate how America can "lead on climate." While the president hopes this will win him praise overseas, the impacts here in Nevada would be disastrous.

Nearly 1,000 pages into the regulation, EPA suggests that states like Nevada "could" create "a fee for CO2 emissions"—otherwise known as a carbon tax—to comply with the rule. Despite claims from [liberals](#) and even some "[conservatives](#)" that a tax on carbon emissions is a "market-based" approach that would benefit the nation, its effects would be distributed unevenly, and Nevada would be among the hardest-hit states in the country. Mountain States, including Nevada, would lose between 1.2 percent and 1.5 percent of their gross regional product by 2023 compared to a 0.5 percent loss for the U.S. as a whole, according to a National Economic Research Associates (NERA) [study](#) commissioned by the National Association of Manufacturers.

Taxing carbon would also disproportionately harm the poor and middle class, who spend a higher share of their incomes on energy. Nevada's poorest, and the 400,000 Nevadans over age 65, would suffer most under a carbon tax, with electric rates rising by 15 and 29 percent, according to NERA. The state's poverty rate of [17 percent](#) is well above

the national average and forcing vulnerable populations to spend more on electricity could create a potentially dangerous situation in which households must choose between purchasing other necessities like medicine and cooling their homes.

In addition to raising electric rates, a carbon tax would be a job killer for Nevadans, where the economic recovery has been anemic at best. NERA found that Nevada could lose between 18,000 to 21,000 jobs by 2023. At 6.7 percent, Nevada already has the [third highest](#) unemployment rate in the country as of September, just behind New Mexico and West Virginia.

Since most of our energy comes from carbon-based fuels, a carbon tax is really an energy tax. This means energy-intensive industries would also suffer. According to NERA, energy-intensive manufacturing would lose between 4.4 and 4.9 percent in economic output over the next decade. A carbon tax would also reduce demand for coal—hurting the trucking and mining industries—and could raise gasoline prices at the pump by more than [20 cents](#).

The fact is that we don't have to choose between our economy and our environment. Nevada is already reducing emissions without President Obama's costly regulations or a carbon tax. Nevada's carbon dioxide emissions have declined by more than 25 percent since 2005, according to [EPA's own data](#).

Calling carbon taxes a "market solution" for emission reduction may sound like an attractive alternative to the Obama administration's top-down regulations, but implementing a carbon tax would be economically devastating for many Nevadans. In reality, Obama's choice between regulations or taxes is a false one. Our country's greatest achievements have come from American ingenuity and innovation, not from government mandates and taxes. Our future depends on those same principles.