



September 30, 2009

The Honorable John Cornyn
United States Senate
517 Hart Senate Office Building
Washington D.C. 20510

Dear Senator Cornyn:

Because we take environmental protection seriously (as evidenced by the record of the Texas Legislature over the last decade), we strongly urge you to oppose H.R. 2454, the American Clean Energy and Security Act of 2009 (ACESA) as potentially devastating to the industries that drive economic growth and development in Texas.

According to the Congressional Budget Office (CBO) and the Congressional Research Service, the key provisions of H.R. 2454 include:

- Requiring the Environmental Protection Agency (EPA) to cap greenhouse gas emissions so that they are reduced to 17 percent of 2005 levels by 2050.
- Two separate “cap and trade” programs administered by the EPA – one covering greenhouse gas emissions and the other covering emissions of hydrofluorocarbons. Both of the programs would set maximum annual emissions and would require entities to purchase or hold permits allowing them to generate emissions.
- Tax credits for low income families to offset increased energy prices resulting from cap and trade programs.
- Requiring electric utilities to supply an increasing percentage of their demand from renewable sources.
- Establishing a Carbon Storage Research Corporation to subsidize development of carbon capture and storage technologies.
- Subsidizing the manufacture of plug-in electric vehicles through a large-scale vehicle electrification program.

This heavy-handed, big-government approach to the threat of global warming will have dire economic consequences, stifling many industries that underpin the Texas economy. According to the Energy Information Administration, Texas is the nation’s leading electricity-producing state, and produces three times as much electricity as New England.

In addition to electricity generation, 60 percent of the petrochemicals produced in the United States are produced in Texas, and 30 percent of U.S. gasoline and diesel refining occurs in Texas. This heavy industry is essential for the country, and Texas is shouldering a huge share of the burden of providing bulk refined materials for the rest of the country’s industry (plastics, fertilizers, etc.). Texas should not

be penalized for shouldering this load; rather, the federal government should consider a weighted approach to emissions based on economic output with consideration of the types of products produced.

It is also evident that these industries bring great economic and employment benefits to the state; figures from the Texas Workforce Commission show that, conservatively, at least 718,000 jobs are attributable to the industries that contribute in some way to the state's carbon emissions, such as mining, oil and gas extraction, manufacturing of petroleum, coal, and chemical products, as well as electric power generation and trucking.

Indeed, an analysis by the Comptroller of Public Accounts estimates that if the legislation were to pass, Texas could lose 277,000 jobs in 2012, rising to a total of 677,000 by 2030. The analysis noted that oil and gas extraction, mining, electronic manufacturing, and machinery manufacturing would be among the hardest-hit industries.

H.R. 2454 offers only disincentives and increased costs to these types of industries.

In addition to the continued explosive growth of renewable energy sources already being developed in Texas, it is clear that the state will need to continue to construct new coal, gas, and nuclear plants to keep pace with population and economic growth. With regard to electricity generation, the legislation does nothing to make low- or non-carbon emitting generation sources such as natural gas and nuclear power more feasible.

In addition to these issues, the CBO and the Joint Committee on Taxation have estimated that **the provisions of H.R. 2454 would result in a \$24 billion net tax increase on American businesses through 2019**. Specifically in the period 2010-19, revenue raised by the legislation would total approximately \$846 billion, while \$821 would be spent on the new programs it creates.

These costs would be borne almost entirely by families and businesses. And, as a CBO analysis points out, families would be hardest hit:

Firms would generally pass the cost of reducing their emissions—or of acquiring offset credits or emission allowances—onto their customers, and their customers' customers...Households and governments would bear those costs through their consumption of goods and services. **Because households account for the bulk of spending, they would bear most of the costs.** The federal government and state and local governments would bear the remainder (an estimated 13 percent).

This conclusion is supported by the Comptroller's analysis, which suggests that the average Texas family will face increased expenditures of \$1,136 each year as a result of rising energy costs caused by the legislation. According to the Comptroller: "With cap and trade, Texans will pay more to fill up the gas tank, more to cool or heat their homes, and more every single time they visit the grocery store."

We believe that imposing these costs on Texas families must be avoided.

As legislators, we have a strong record of enacting state-level legislation to improve the environment for all Texans. For example, as a result of targets established by the Texas Legislature in 1999 and expanded in 2005, Texas now has more installed wind generation capacity than any other state in the nation and is internationally recognized as a leader in the development of this renewable resource. Texas is also a national leader in new energy technologies such as enhanced oil recovery, carbon capture and

sequestration, and the development of a smart grid and advanced metering systems that reduce energy inefficiency. *[Please see the attached sheet of environmental accomplishments of the Texas Legislature over the past decade.]*


As a result of the efforts in Texas, our state now ranks as one of the cleanest states in the nation for emissions of key pollutants by electric generators. Emissions of nitrogen oxide, sulfur dioxide, carbon monoxide in Texas have decreased significantly since 1985. Looking specifically at Texas' electric generating plants, statistics from the U.S. Environmental Protection Agency (EPA) show that Texas has the seventh cleanest nitrogen oxide emissions rate in the nation. Similarly, when the volume of carbon dioxide emitted is adjusted for the amount of electricity generated, Texas has the fifteenth cleanest carbon dioxide emission rate in the country. The progress Texas has made in these areas should be rewarded, not penalized as a result of new federal mandates.

Lastly, taxation is the least efficient approach to any policy matter, especially environmental protection. It is clear that a punitive approach is not a realistic path for a state like Texas with a growing economy and population. Encouraging innovation continues to serve Texas well and is a better approach than imposing financial penalties on industries that emit byproducts that are believed to contribute to global warming.

Sincerely,



State Representative Wayne Christian
House District 9 – Center



State Representative Brandon Creighton
House District 16 – Conroe



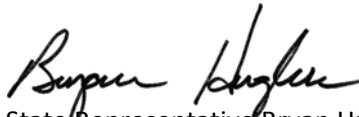
State Representative Linda Harper-Brown
House District 105 - Irving



State Representative Dan Flynn
House District 2 – Van



State Representative Ken Paxton
House District 70 – McKinney



State Representative Bryan Hughes
House District 5 – Mineola



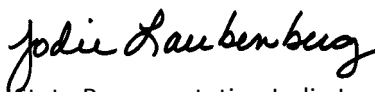
State Representative Leo Berman
House District 6 – Tyler



State Representative Phil King
House District 61 – Weatherford



State Representative Warren Chisum
House District 88 – Pampa



State Representative Jodie Laubenberg
House District 89 – Parker



State Representative Geanie Morrison
House District 30 - Victoria



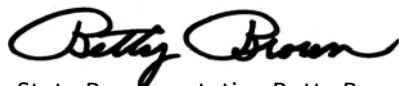
State Representative Tan Parker
House District 63 - Flower Mound



State Representative Larry Taylor
House District 24 - Friendswood



State Representative Charles "Doc" Anderson
House District 56 - Waco



State Representative Betty Brown
House District 4 - Terrell



State Representative Fred Brown
House District 14 - College Station



State Representative Angie Chen Button
House District 112 - Garland



State Representative Bill Callegari
House District 132 - Katy



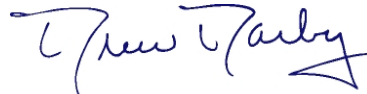
State Representative Frank Corte
House District 122 - San Antonio



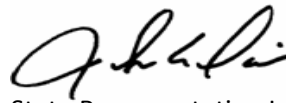
State Representative Myra Crownover
House District 64 - Denton



State Representative Tom Craddick
House District 82 - Midland



State Representative Drew Darby
House District 72 - San Angelo



State Representative John Davis
House District 129 - Houston



State Representative Joe Driver
House District 113 - Garland



State Representative Gary Elkins
House District 135 - Houston



State Senator Kevin Eltife
Senate District 1 - Tyler



State Senator Craig Estes
Senate District 30 - Wichita Falls



State Representative Allen Fletcher
House District 130 - Tomball



State Representative Dan Gattis
House District 20 - Georgetown



State Representative Kelly Hancock
House District 91 - North Richland Hills



State Representative Patricia Harless
House District 126 – Spring



State Representative Jerry Madden
House District 67 – Richardson



State Senator Glenn Hegar, Jr.
Senate District 18 – Katy



State Representative Sid Miller
House District 59 – Stephenville



State Representative Charlie Howard
House District 26 – Sugar Land



State Senator Robert Nichols
Senate District 3 - Jacksonville



State Representative Todd Hunter
House District 32 – Corpus Christi



State Senator Dan Patrick
Senate District 7 – Houston



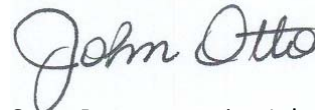
State Representative Jim Jackson
House District 115 – Carrollton



State Representative Diane Patrick
House District 94 - Arlington



State Senator Mike Jackson
Senate District 11 – La Porte



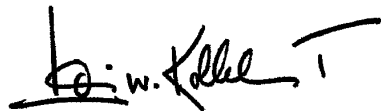
State Representative John Otto
House District 18 – Dayton



State Representative Tim Kleinschmidt
House District 17 – Lexington



State Representative Debbie Riddle
House District 150 – Tomball



State Representative Lois Kolkhorst
House District 13 – Brenham



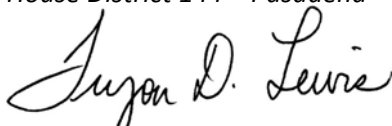
State Senator Kel Seliger
Senate District 31 – Amarillo



State Representative Ken Legler
House District 144 – Pasadena



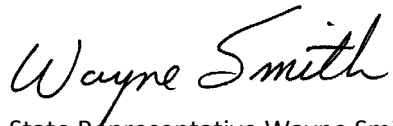
State Representative Ralph Sheffield
House District 55 – Temple




State Representative Tryon Lewis
House District 81 – Odessa



State Representative Mark Shelton
House District 97 – Fort Worth




State Representative Wayne Smith
House District 128 – Baytown



State Senator Florence Shapiro
Senate District 8 - Plano



State Representative John Smithee
House District 86 – Amarillo



State Representative David Swinford
House District 87 – Dumas

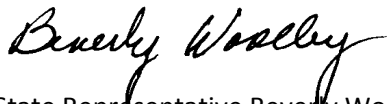


State Representative Vicki Truitt
House District 98 – Keller



State Representative Randy Weber
House District 29 – Pearland

State Senator Jeff Wentworth
Senate District 25 – San Antonio



State Representative Beverly Woolley
House District 136 - Houston



State Representative John Zerwas
House District 28 – Richmond