

Chairman Neal and Ranking Member Brady:

It is a pleasure to be back at the Committee and to appreciate the perspective from this side of the witness table. Thank you for holding today's hearing. This topic was of paramount importance to me as a Member of Congress and remains so today when as a private citizen I continue to promote and support responsible solutions to climate change.

Unlike a decade ago, when there was some bitter partisanship over the question of climate change and some reasonable scientific debate, today there are few credible dissenters. The question at hand is not whether to address climate change but rather how.

As a policymaker, I have studied both the problem and evaluated an array of proposed solutions and reached a simple conclusion, one for which I have become well known. The best policy response to climate change is a carbon tax. The United States should pursue this policy tool as a distinct alternative to, rather than a complement to other regulatory strategies that prescribe where and how emissions reductions must take place. Ideally, a carbon tax would start as soon as possible and be phased in over a few years and then continue to rise over time. A carbon tax offers well-known design features:

1. A carbon tax is a market-driven policy tool and is appealing because it is consistent with the effectiveness and efficiency of markets. In other words, it is not arbitrary. It simply recognizes that there is a cost to carbon pollution; identifies that cost and then trusts people to do the rest. As Jason Bordoff who leads Columbia University's Center on Global Energy Policy recently wrote, "A carbon price also does not require predicting today what sectors of the economy might deliver the lowest-cost emission reductions. This is particularly important given the tendency in policy to focus on the most visible parts of the energy system, leading to an excessive focus on cars and the power sector, for example, which together produce less than half of U.S. emissions. The power of a well-designed carbon price is that it has a way of reaching into the nooks and crannies of our economic and energy systems to achieve reductions that we might not have realized were possible because it gives everyone an incentive to make different choices about how to

invest, consume, and produce.”

2. A carbon tax is the most effective and efficient policy tool available, as it encourages innovation, conservation, and clean energy deployment. It will yield both demand responses (people will be more likely to upgrade an old, inefficient A/C system) and supply responses (electric utilities will choose cleaner sources of electricity in a cost-effective manner). Columbia’s Center on Global Energy Policy, where I am currently serving as the inaugural distinguished visiting fellow, published an independent analysis of my carbon tax proposal last year and found it would reduce emissions at a pace that exceeds the US goals from the Paris climate agreement.
3. A carbon tax is the most cost-conscious choice for policymakers. While other strategies could cost trillions of dollars, a carbon tax offers this Committee the opportunity to finance and achieve other, complementary policy objectives such as more tax reform (including extending the individual provisions set to expire), finance much needed infrastructure investment (as my legislation proposed) or to address other pertinent challenges that risk slowing economic growth or limiting our country’s opportunities. Ernst & Young has modeled a number of these choices, and a carbon tax used in lieu of carbon regulations can result in significant economic growth if the proceeds are invested wisely. Mr. Chairman, with your permission I ask that this report be included in the record.
4. A carbon tax joint with an appropriate use of funds has the potential to not only limit and reduce the damage caused by climate change but to grow the economy as well. My legislation proposed a carbon tax, the repeal of the gas tax and a major investment in infrastructure. Other sensible approaches would be to use the proceeds to prevent tax hikes in 2025 or to expand the earned income tax credit which promotes work.

5. A carbon can be designed in a manner that does not impede our exports nor advantage foreign imports. With a border carbon adjustment, a US carbon tax will ensure that other countries address their greenhouse gas emissions as well, which is critical to address a global problem like climate change. We wouldn't have to trust other nations to keep their commitments. They would automatically be held accountable.

The advantages of a carbon tax stand in stark contrast to other approaches:

The Green New Deal, which certainly helped intensify this policy discussion, is the epitome of command and control, big government planning. It is entirely unaffordable, unrealistic and inefficient. (As an aside, it is also almost entirely beyond the jurisdiction of this Committee.) Additionally, it is not a targeted solution to reduce carbon emissions; rather it uses the urgent need to reduce carbon emissions to justify a government takeover of the economy which would ultimately mean less freedom and opportunity for all Americans.

Targeted subsidies are also not the way to address this problem. Such credits and deductions are costly, narrow and do as much to promote technological "lock in" as they do to promote technological diffusion, risking a preference for subsidized energy over innovation and new technology.

It was a privilege to serve with so many of you on this panel - to earn a seat at Ways and Means is an awesome responsibility, and an opportunity to recognize the powerful role that tax policy in particular, can have in driving behavior. I have always supported tax policies that promote and incentivize economic growth, work, savings, and investment. Put simply, our economy cannot grow if it is literally underwater - we must work together to limit the costs our society will face through radical shifts in our climate if we do not act. A reasonably priced carbon tax can most effectively drive down CO2 emissions, and revenue from such a policy can be wisely used for high-return investment and further tax relief that will promote economic freedom and prosperity.

Lastly, let me thank you again for the honor of this opportunity. To sit before you is as much a privilege as it was to sit amongst you. This is the Committee that has the power to meaningfully address the major crises our country faces and will face in the near future. It is led by two of the finest, most decent people in the House, Chairman Richie Neal and Ranking Member Kevin Brady. My state of Florida is fortunate to be represented here on both sides of the aisle by Representative Vern Buchanan and Representative Stephanie Murphy.

Only all of you, through bipartisan collaboration, can ensure that we secure a healthy environment for rising generations while growing economic opportunity for all. Without bipartisan cooperation, it is highly unlikely that this crisis will be meaningfully and durably addressed by Congress. The consequences will be devastating.

Thank you.