HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HM 1535 American Clean Energy and Security Act
SPONSOR(S): Rules & Calendar Council, Adams
TIED BILLS: None **IDEN./SIM. BILLS:** None

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	General Government Policy Council	12 Y, 3 N	Blalock	Hamby
2)	Rules & Calendar Council	14 Y, 4 N, As CS	Blalock	Birtman
3)				
4)				
5)				

SUMMARY ANALYSIS

Under a cap-and-trade regulatory program, the government sets a limit or cap on the amount of greenhouse gases (GHGs) that can be emitted. Regulated entities, such as electric utilities, are issued emission permits and are required to hold an equivalent number of allowances (or credits) which represent the right to emit a specific amount of GHGs. Typically, in a cap-and-trade program each allowance equals 1 ton of CO2 equivalent. The total amount of allowances cannot exceed the cap, limiting total emissions to that level. Regulated entities that need to increase their emission allowance must buy credits from those who pollute less than the allowances they are issued. The transfer of allowances is referred to as a trade. In effect, the buyer is paying a charge for polluting, while the seller is being rewarded for having reduced emissions by more than was needed. Thus, in theory, those who can easily reduce emissions most cheaply will do so, achieving the pollution reduction at the lowest possible marginal cost. The U.S. Congress is in the process of developing climate change legislation that is likely to include a federal cap-and-trade regulatory program, and EPA is currently developing rules under the Clean Air Act to regulate certain sources of GHGs through more traditional emission control regulations.

This memorial urges the Congress of the United States to reject cap and trade legislation, overreaching actions by federal agencies relating to energy or the climate, or any other energy or climate proposals that will artificially raise energy prices for consumers and place an undue burden on the economy and the citizens of the United States for little or no environmental benefit. The memorial further directs that copies of this memorial be dispatched to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

This memorial does not appear to have a fiscal impact on state or local governments.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Under a cap-and-trade regulatory program, the government sets a limit or cap on the amount of greenhouse gases that can be emitted. Regulated entities, such as electric utilities, are issued emission permits and are required to hold an equivalent number of allowances (or credits) which represent the right to emit a specific amount of GHGs. Typically, in a cap-and-trade program each allowance equals 1 ton of CO2 equivalent. The total amount of allowances cannot exceed the cap, limiting total emissions to that level. Regulated entities that need to increase their emission allowance must buy credits from those who pollute less. The transfer of allowances is referred to as a trade. In effect, the buyer is paying a charge for polluting, while the seller is being rewarded for having reduced emissions by more than was needed. Thus, in theory, those who can easily reduce emissions most cheaply will do so, achieving the pollution reduction at the lowest possible marginal cost.

To implement a cap-and-trade program, certain design elements must be established, and how each of these design elements is implemented plays a significant role in the efficiency and cost-effectiveness of any cap-and-trade program. These design elements include:

- The stringency of the cap;
- The breadth of coverage (utility sector only, motor vehicle sector only, industrial sector only, or economy wide);
- The point of administration (up-stream or downstream);
- Which GHGs are covered (just CO2, just methane, or all GHGs);
- Allowance allocation (free allocation or auction); and
- Additional compliance options (offsets, banking, borrowing, or safety valve).

Stringency of the Cap

The amount of the cap on GHG emissions is the fundamental design element of a cap-and-trade program. The stringency of the cap sets the quantitative limit on GHG emissions by covered sectors, and determines the number of available allowances that will be available. The actual cap is a specific number of tons of GHGs, usually expressed in terms of CO2 emissions. Generally, most cap-and-trade programs set progressively more stringent reductions in GHG emissions to be achieved over time. Allowing more stringent cuts to be reached farther in the future gives regulated industries and the economy time to adjust to the GHG reductions and their associated costs, and allows time for new

technologies to be developed to meet the more stringent reductions, hopefully, in a more efficient and cost effective manner.[1] However, delaying the increase of GHG emissions reductions further increases the overall level of GHGs in the atmosphere and results in the need for greater reductions in GHG emissions later in order to stabilize or avoid additional climate change.

The Breadth of Coverage

Who will be required to meet GHG emissions limits is another primary design element of any cap-and-trade program. A cap-and-trade program can encompass all sources of GHGs in the economy or apply to only one type of GHG emissions source. Thus, a cap-and-trade program could include only the electric power generation sector, the transportation sector, or the industrial waste sector, or a combination of these sectors, or be applied economy wide.

As previously noted, theoretical and empirical evidence in the economic literature strongly support the conclusion that market-based mechanisms such as cap and trade or an emissions tax are the most cost-effective policy instruments, especially with the significant level of cuts to emissions associated with mitigating GHGs. For achieving a given reduction, these instruments are most cost-effective when extended *broadly and uniformly* to all or most[2] emissions sources and sinks, and they are the *principal instruments* directed toward the "under-pricing" of the GHG emissions externality. Limiting coverage to a few sectors, layering other constraints on these sectors, or not covering all sources and sinks of greenhouse gases generally reduce the cost-effectiveness of these instruments.[3] Public policies that are complementary to a broad-based cap and trade or GHG tax involve other market failures that when addressed make it easier or less costly to respond to a market-based mechanisms. Some broad categories of relevance include lack of information, network externalities, research and development, and publicly managed resources.[4]

One advantage of establishing an electric industry-only cap-and-trade program is that there would be less competition for offsets (discussed below)[5] and other external sources of allowances. If the use of offsets were included in a cap-and-trade program that applied to only the electric utility industry, the offsets generally would be less expensive. Administrative simplicity is also an advantage to an electric industry-only cap-and-trade program, especially if the program was administered downstream at the source of the GHG emissions.[6] However, in an electric industry-only program, end-user prices will have to rise significantly higher to achieve the same overall reductions that would be achievable at lower prices in a broader system.[7] Furthermore, a program that covers higher percentages of GHG emissions will have a larger and more diverse allowance market, and therefore will tend to have less volatile prices and a more liquid allowance market.

Point of Administration

Another important design element related to the breadth of coverage is the point of administration, which is the choice of which entities to formally regulate in a cap-and-trade system. These entities are

[1] Keeler, Andrew. National Regulatory Research Institute. *State Commission Electricity Regulation Under a Federal Greenhouse Gas Cap-and-trade Policy* (John Glenn School of Public Affairs, Ohio State University January 2008).

[2] It can make economic sense to leave out minor, diffuse, and hard to measure emissions where it is difficult to monitor and enforce compliance. In principle, some type of cost-benefit calculation is needed. Does inclusion of these sources reduce overall costs, including monitoring and compliance costs, or is monitoring and compliance so costly that it exceeds any abatement cost savings? If excluded other policies may be indicated that encourage reductions of these diffuse sources (e.g. land use emissions/sinks of small land owners may be costly to monitor and excluding land owners of less than, e.g. 1000 acres, may make a lot of sense. Various programs through Agricultural agencies to encourage practices that store carbon in soils may be helpful in such cases, or these may be candidates for cap and trade "Opt in" or possibly a credit program.)

[3] Broad coverage extends geographically as well, and that limits the environmental effectiveness of any policy taken at the state or nation level that does not involve similar policy across the world.

[4] John Reilly, Memorandum to Tom Hamby, Council Director, Environment & Natural Resources Council, December 3, 2007.

[5] "Offsets" are a cost containment option where an entity outside the coverage of the cap-and-trade program can obtain credits by reducing their GHG emissions, and then sell those credits to entities covered under the cap-and-trade program.

[6] Keeler, Andrew. National Regulatory Research Institute. *State Commission Electricity Regulation Under a Federal Greenhouse Gas Cap-and-trade Policy* (John Glenn School of Public Affairs, Ohio State University January 2008).

[7] *Id*.

the ones that must demonstrate they hold enough allowances to cover their emissions, and will be held liable if their emissions exceed their allowance holdings. In a cap-and-trade program, the point of administration can either be downstream or upstream.

In a "downstream" cap-and-trade program, the covered entities are the ones that actually emit GHG emissions into the atmosphere, such as electric utilities, industrial factories, or automobiles. This approach is practical for utilities and large industrial sources, which can more easily handle the administrative task of tracking emissions and allowances. The majority of these large emitters have continuous emissions monitors that measure CO2 emissions in addition to other air pollutants. However, it is not a very efficient or cost effective system to include vehicle operators, purchasers of home heating fuel, or other decentralized users of fossil fuels.[8]

In an "upstream" cap-and-trade program, the cap is established and then businesses that introduce fossil fuels into the economy are required to cover the GHG content of those fuels with an emissions allowance. Coal, oil, and natural gas all have defined carbon content, which is basically the amount of CO2 that is emitted into the atmosphere when these fossil fuels are burned. An upstream system would work especially well in a cap-and-trade program that encompasses the transportation sector; however, adjustments would be required for certain situations, such as how the implementation of clean coal technologies and carbon capture and storage/sequestration (CCS) by utilities would be credited back to the utility. In an upstream system, the price of fuel that an electric utility buys will increase based on the cost of the allowances the fuel supplier was required to purchase. In order to give the generation owner the correct incentives to implement clean coal technologies and CCS, the cap-and-trade system would have to include a mechanism providing allowances equal to the amount of CO2 sequestered or reduced from using coal, oil, and natural gas. As long as electric utilities can accurately measure the amount of carbon they capture and store, CCS can be accommodated within a cap-and-trade program under any administrative system.[9]

Where a cap-and-trade program is limited to covering just the electric utility industry, the point of administration question can turn to whether the generator or the load serving entity (LSE)[10] should be required to demonstrate they hold enough allowances. If the generator of electricity is the point of administration in a cap-and-trade program, then each generating company must surrender allowances equal to the emissions from its fleet of generating units. The following are advantages of a generator-based cap-and-trade program:

- An emissions inventory structure exists, and emissions can be measured and tracked with high confidence and transparency.
- Generators may be in the best position to make technology changes or upgrades to address carbon emissions.
- Can easily be linked to other existing programs in the U.S. and internationally.
- Provides a clear state-wide emissions baseline to protect sources in the event of a federal program.

The following are disadvantages of a generator-based cap-and-trade program:

- Only covers in-state emissions from power generation; imports are not covered.
- If not auctioned, free allowance allocation to generators may not stimulate end-use energy efficiency and may also result in windfall profit opportunities. The windfall profit issue will be less of a concern in Florida for generators whose rate of return is regulated by the government.

[8] *Id.*
[9] *Id.*
[10] A load serving entity (LSE) is the company that provides the distribution, customer, and energy services for electricity. LSEs provide electric service to end-users and wholesale customers. A company can be both a generator of electricity and an LSE (supplier), but an LSE does not have to be a generator. LSEs include the competitive retailers (CRs) that sell electricity at retail in the competitive market.

If the LSE is the point of administration, then each LSE must surrender allowances equal to the emissions associated with the power it provides to end-use customers. The following are advantages of an LSE-based cap-and-trade program:

- Covers all power delivered through the retail provider, including both jurisdictional generation and imported power.
- Retail providers are often in a good position to make investments in energy efficiency.
- Easy to account for leakage because the LSE must provide allowances equal to the emissions associated with the power it supplies regardless of where the power was generated (does not matter if power was originally generated by an out of state generator). Therefore, carbon emissions are accounted for even when they are emitted out of state, thus reducing the leakage problem inherent in state cap-and-trade programs.

The following are disadvantages of an LSE-based cap-and-trade program:

- Does not cover electricity generated within a jurisdiction for out-of-jurisdiction consumption (i.e., exported power).
- Not likely to be adopted on national level, making transition to federal program more challenging.
- Difficult to accurately track emissions associated with power delivered from out-of-jurisdiction sources.

Which GHGs are Covered

Which GHGs a cap-and-trade program will cover is also a design element to be considered. Most cap-and-trade proposals have followed the Kyoto Protocol[11] by focusing on six GHGs. These GHGs are CO2, methane, nitrous oxides (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6). Methane is primarily emitted from livestock operations, fossil fuel production, and solid waste management. N2O comes predominately from agricultural operations, with the combustion of fossil fuels by automobiles being the second largest U.S. source. The other three fluorinated gases are emitted in relatively small quantities from industrial processes, but have very high global warming potentials (GWPs) and therefore a significant effect on overall GHG concentrations. CO2 is produced primarily from automobiles and fossil fuel combusting electric power plants. CO2 is also the most abundant GHG in the atmosphere, although it has a much lower GWP than other GHGs, and CO2 is the easiest and least expensive to measure and track. Most cap-and-trade programs focus only on CO2 because of these two reasons.[12] Furthermore, a cap-and-trade program can only cover all of these GHGs if it applies to all industries and sources of those covered GHGs. Another design option is to allow sources that emit GHGs other than CO2, such as solid waste facilities, to voluntarily reduce their methane emissions and obtain allowances for those reductions which they may sell to an electric utility that needs to purchase extra allowances to meet the required CO2 emissions cap.

Allowance Allocation

Along with determining the stringency of the cap and the entities covered by the cap, another equally important design question is how allowances are to be allocated. Generally, the amount of emissions is capped and the number of allowances is issued equal to the number of tons of GHGs or CO2 in the cap. These allowances can be:

- Given away;
- Sold at a fixed price;
- Auctioned; or

[11] The Kyoto Protocol is an international agreement made under the United Nations Framework Convention on Climate Change (UNFCCC). Countries that ratify this protocol commit to either reducing their emissions of CO2 and five other GHGs, or engaging in emissions trading if they maintain or increase emissions of these GHGs.

[12] Keeler, Andrew. National Regulatory Research Institute. *State Commission Electricity Regulation Under a Federal Greenhouse Gas Cap-and-trade Policy* (John Glenn School of Public Affairs, Ohio State University January 2008).

- A combination of any of the above.

If allowances are given away, the number of allowances particular sources of GHGs will receive also must be established. One option is to allocate the allowances to regulated sources based on historical levels of emissions.[13] This practice is called "grandfathering". Basing the allocation on emissions from a particular base year helps large emitters such as coal burning power plants to transition into the cap-and-trade program without incurring unmanageable costs.

Allowances also could be given away based on electricity output in a given base year instead of historical emission levels. This approach would tend to reward more recent low carbon sources like nuclear at the expense of coal fired generation.[14] One alternative to determining no-cost allocations using data from a historical base year is to allocate each year's allowances based on electricity output from some immediately previous period. This process is called "updating". Under updating, the more electricity a utility generates the more allowances it receives the next year. Updating rewards electric utilities that can produce electricity in the GHG constrained system, and not those that have historically high levels of output or emissions. Because the GHG cap-and-trade system makes it less expensive for lower-GHG generation technologies to increase output, updating tends to favor these sources.[15] However, many economists argue that updating is economically inefficient because it encourages emitters to modify their behavior in order to increase future allocations, rather than simply meet the emissions cap at the lowest cost.[16]

Allowances also can be allocated at a cost. Under this approach, revenues collected can be used to reduce the overall cost of a cap-and-trade program. Revenues can be distributed to ratepayers to offset the increased utility rates from the costs incurred by utilities or can be passed on to the entities required to reduce their emissions in order to offset their increased operational costs. Charging regulated entities for allowances can be accomplished in two basic ways: by establishing a predetermined price for each allowance, or by auctioning the allowances to entities regulated under the cap-and-trade program. The option of setting a fixed price for the allowances largely has been dismissed in favor of auctioning the allowances. Establishing an appropriate fixed price is difficult for policymakers to accomplish. This option is seen more as a tax and reduces some of the market-based advantages of the cap-and-trade program by creating a market distortion – a price for allowances that does not correspond with supply and demand. With an auction, the price of allowances is established through market mechanisms. Auctioning is the most economically efficient way to distribute allowances and has increased in popularity as a primary design option for cap-and-trade programs. Auctioning emissions allowances tends to adversely affect older GHG intensive sources in early years, and these sources generally disfavor auctioning and prefer the no-cost allocation method because of its decreased economic impact.

Alternative Compliance Options

Another design question is whether to provide alternative compliance options. A cap-and-trade program is designed to reduce GHG emissions by setting an emissions cap and then requiring polluters to meet the cap by either reducing emissions or purchasing emission allowances. However, additional compliance options may be advantageous for the following two reasons:

- If compliance proves to be more expensive than predicted, they can limit cost; and
- They can reduce program costs by providing a market incentive for entities not covered by the cap-and-trade program to reduce GHG emissions at lower costs than covered entities by allowing them to sell reductions to covered entities in the form of offsets.

[13] Larry Parker. CRS Report for Congress, *Climate Change: Design Approaches for a Greenhouse Gas Reduction Program.* (January 16, 2007).
[14] Keeler, Andrew. National Regulatory Research Institute. *State Commission Electricity Regulation Under a Federal Greenhouse Gas Cap-and-trade Policy* (John Glenn School of Public Affairs, Ohio State University January 2008).
[15] *Id.*
[16] Pew Center website- www.pewclimate.org.

There are several alternative compliance options that can be used in correlation with a cap-and-trade program. Some possible options include:

- Allowing regulated entities to purchase offsets to meet the emissions cap;
- Allowing covered entities to bank and/or borrow allowances; and
- Establishing an allowance price safety valve.

The use of offsets in a cap-and-trade program allows entities outside the cap-and-trade program to obtain allowances for reducing GHGs, and then allows entities required to reduce GHG emissions to purchase those allowances to meet the cap. The GHG reductions made by entities outside the cap-and-trade program can substitute for reductions made by the regulated entities and, therefore, create an equal quantity of allowances established under the cap.[17] For example, if a landowner plants 100 trees on his land and increases the amount of CO2 stored on his land by 10 metric tons, then 10 allowances would be created and given to the landowner, who would then be able to sell it to an entity covered by the cap-and-trade program. This concept increases the supply of allowances, and decreases the allowance price without increasing net contributions to total GHG concentrations. Carbon offsets also can include renewable energy, methane collection and combustion, energy efficiency, destruction of industrial pollutants, and other land use and forestry practices. Some concerns with carbon offsets include the fact that currently the offset market is unregulated and has no commonly agreed standards, some people believe carbon offsets allow entities to continue to pollute instead of reducing emissions. However, others argue that carbon offsets provide incentives to develop renewable energy and more environmentally-friendly farming practices while reducing overall costs to society.

Allowing entities required to reduce GHG emissions under a cap-and-trade program to bank and/or borrow allowances is another example of an alternative compliance mechanism. Banking is the ability to retain unused allowances to cover emissions in subsequent years. Most policy proposals allow banking, some unlimited and others with limitations on the quantity or percentage of allowances that can be banked. Banking has been a feature of other cap-and-trade programs and is widely regarded as having been a positive factor in those programs. Borrowing refers to mechanisms through which future allocations of allowances can be used in the present. The effect is to allow more emissions in the present, thus reducing the current cost and difficulty of compliance. Some proposals do not allow borrowing until a pre-determined trigger – for example, a specific allowance price in the market – occurs. Borrowing is included in proposals only when strict limits on the amount of borrowing are imposed, and is strongly opposed by some because it limits incentives to reduce GHGs in the present, while creating pressure for less stringent caps in the future.[18] The practice also has the effect of delaying reduced emissions, which leads to higher permanent concentrations of GHGs.

Establishing a safety valve is another alternative compliance option. The central idea of the safety valve is to cap the cost of emissions at some target level by offering to sell permits in whatever quantity is demanded at a predetermined price. Thus, if economic growth or other factors cause permit prices to be greater than considered acceptable, the marginal cost of abatement is limited to the safety valve price.[19] Although the purpose of a safety valve is to limit costs, this occurs at the expense of GHG emissions reductions. Effectively, a safety valve places a ceiling on compliance costs, and thus acts similar to a carbon tax.[20] A safety valve can, for a time, control price increases when it becomes clear that a cap is overly stringent in terms of economic costs.[21] The advantage of a safety valve is that it provides some certainty as to the maximum cost of a cap-and-trade program, which is one of the overall disadvantages of a cap-and-trade program versus a carbon tax. However, the safety valve also

[17] Keeler, Andrew. National Regulatory Research Institute. *State Commission Electricity Regulation Under a Federal Greenhouse Gas Cap-and-trade Policy* (John Glenn School of Public Affairs, Ohio State University January 2008).
[18] *Id*.
[19] Henry D. Jacoby and A. Denny Ellerman, *The Safety Valve and Climate Policy*. MIT Joint Program on the Science and Policy of Global Change (July 2002).
[20] Larry Parker. CRS Report for Congress, *Climate Change: Design Approaches for a Greenhouse Gas Reduction Program.* (January 16, 2007).
[21] Henry D. Jacoby and A. Denny Ellerman, *The Safety Valve and Climate Policy*. MIT Joint Program on the Science and Policy of Global Change (July 2002).

limits the certainty of emissions reductions, which is one of the overall advantages of a cap-and-trade program versus a carbon tax.

A Congressional act would be required to implement a federal cap-and-trade regulatory program in the United States. Last year, the U.S. House of Representatives passed H.R. 2454, but the U.S. Senate has not taken up the House Resolution, and Senate leaders have publicized that it is in the process of drafting a climate change proposal that is markedly different, but that will also likely include provisions establishing some type of a federal cap-and-trade regulatory program.[22]

However, Environmental Protection Agency (EPA) is in the process of developing rules to establish command and control GHG regulations under the Clean Air Act (CAA). The U.S. Supreme Court has ruled that the EPA does have the authority to regulate GHGs under the CAA. The CAA gives the EPA the authority to regulate "pollutants", and in several instances requires the EPA to regulate pollutants that "cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare. The Supreme Court ruled in *Massachusetts v. Environmental Protection Agency*, 549 U.S. 497 (2007), that GHGs are "pollutants" under the CAA, and EPA is required to make an "endangerment finding" of whether or not emissions of GHGs cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare, or whether the science is too uncertain to make a reasoned decision. On December 7, 2009, EPA finalized its finding under CAA that greenhouse gases in the atmosphere endanger both the public health and the environment for current and future generations. Since the endangerment finding, EPA has begun the rulemaking process to adopt rules that would regulate certain sources of GHGs such as motor vehicles and industrial facilities. EPA is also reviewing its ability to regulate new major sources of GHGs like electric utilities through two construction permitting requirements under the CAA, the Prevention of Significant Deterioration and Title V permits.

As with other pollutants, several conceptual approaches are available to accomplish reductions in the emissions of GHGs. The traditional approach, often referred to as command and control regulations, typically sets fixed limits on particular sources of emissions that are generally met by establishing technology forcing standards to maintain or achieve pollution reductions. Although U.S. environmental regulations are largely of the command and control type, such as the technology based standards required in the CAA, most economists agree that as a general rule, market-based systems, such as a cap-and-trade program, can control emissions while offering greater flexibility and lower costs.[23] However, a cap-and-trade regulatory program is still likely to increase overall costs to regulated entities, which generally pass these costs on to consumers. While H.R. 2454 was being considered by the U.S. House of Representatives, several groups sought to project the estimated annual costs to consumers that would result if H.R. 2454 were to pass. A few widely touted studies purported to show that climate legislation will impose costs of $1,600 - $4,300 per household. But a closer look at these studies shows that they do not actually model the key provisions in H.R. 2454. Others have suggested that the changes required under the bill would not cost consumers any money or would even save consumers hundreds or even thousands of dollars. These claims also fail to fully account for costs.[24] The Congressional Research Service reviewed some of these cost projections and noted that "long-term cost projections are at best speculative, and should be viewed with attentive skepticism. The finer and more detailed the estimate presented, the greater the skepticism should be."[25] In the words of the late Dr. Lincoln Moses, the first Administrator of the Energy Information Administration: "There are no facts about the future."

At the request of the Committee on Ways and Means, the Congressional Budget Office (CBO) analyzed the potential impacts on U.S. households of the cap-and-trade program included in H.R. 2454. The CBO's findings were released on June 19, 2009. The analysis focused on the year 2020 as a representative indication of the effects of the legislation. The CBO stipulated that its estimates

[22] *US Senate climate bill to be unveiled April 26*, Reuters (April 15, 2010) http://www.alertnet.org/thenews/newsdesk/N15202117.htm.
[23] Congressional Budget Office. *The Economics of Climate Change: A Primer* (April 2003).
[24] Pew Center on Global Climate Change, *Myths about the Waxman-Markey Clean Energy Bill* - http://www.pewclimate.org/acesa/eight-myths/June2009.
[25] Larry Parker. CRS Report for Congress, *Climate Change: Costs and Benefits of the Cap-and-Trade Provisions of H.R. 2454* (September 14, 2009)

included the cost of restructuring energy production and use and of payments made to foreign entities under the program, but did not assess the economic benefits of the reduction of greenhouse gas emissions and the mitigation of global warming. Given those stipulations, the CBO estimated that the net cost of the cap-and-trade program in 2020 would be $22 billion per year, or approximately $175 per household. According to the report, households with incomes in the lowest 20 percent would get an average benefit of about $40 in 2020. For those with incomes in second lowest quintile, average costs in 2020 would be about $40, in the middle quintile about $235, and in the second highest quintile about $340. Households with incomes in the highest 20 percent would see an average net cost of $245 in 2020. As a whole, overall net costs would average about 0.2 percent of after-tax income for each household.[26]

Effect of Proposed Memorial

The memorial urges the Congress of the United States to reject cap and trade legislation, overreaching actions by federal agencies relating to energy or the climate, or any other energy or climate proposals that will artificially raise energy prices for consumers and place an undue burden on the economy and the citizens of the United States for little or no environmental benefit. The memorial further directs that copies of this memorial be dispatched to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

B. SECTION DIRECTORY:

None.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

[26] The Estimated Costs to Households from the Cap-and-Trade Provisions of H.R. 2454, Congressional Budget Office, June 19, 2009.

1. Applicability of Municipality/County Mandates Provision:

   Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

   None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

   None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On April 19, 2010, the Rules and Calendar Council adopted a strike-all amendment that urges the Congress of the United States to reject cap and trade legislation, overreaching actions by federal agencies relating to energy or the climate, or any other energy or climate proposals that will artificially raise energy prices for consumers and place an undue burden on the economy and the citizens of the United States for little or no environmental benefit.