



# UJAE Unions for Jobs And the Environment

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## Newsletter

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### Member Unions

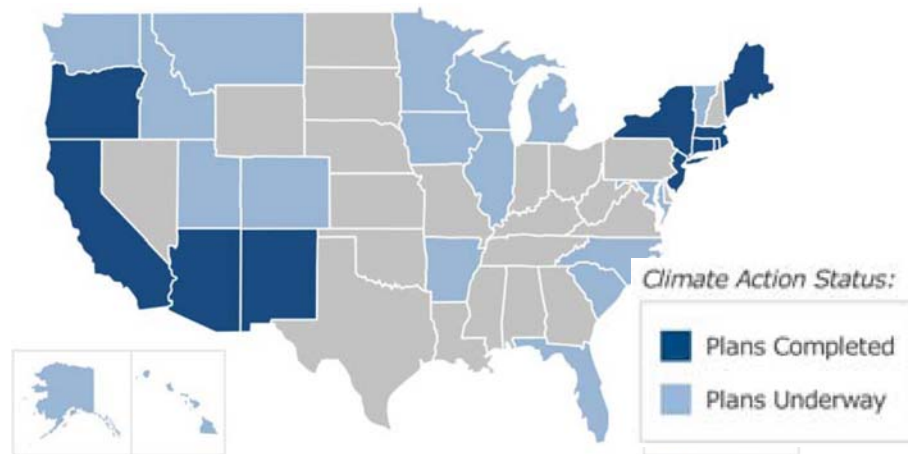
- Brotherhood of Locomotive Engineers
- International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers
- International Brotherhood of Electrical Workers
- International Brotherhood of Teamsters
- Marine Engineers Beneficial Association
- Sheet Metal Workers International Association
- Transportation • Communications International Union
- United Association of Journeymen and Apprentices In the Plumbing and Pipefitting Industry
- United Food and Commercial Workers International Union
- United Mine Workers of America
- United Transportation Union
- Utility Workers Union of America

### Growing Number of States Active in Drawing up Greenhouse Gas Emission Reduction Plans

The governors of six Midwestern states (Wisconsin, Minnesota, Illinois, Iowa, Michigan and Kansas) signed the Midwestern Greenhouse Gas Accord at a Midwestern Governors Association conference on November 15, 2007. The governors pledged to set emissions reduction targets and institute a cap and trade program before May 2010 with the intent to reduce emissions they say is “consistent with the 60-80 percent recommended by the IPCC” (Intergovernmental Panel on Climate Change). Indiana and Ohio agreed to “observe” the six-state negotiations process.

On November 19, 2007, Governor Brian Schweitzer announced that Montana will become the seventh U.S. state to join the Western Climate Initiative (WCI), a joint effort to reduce regional greenhouse gas emissions and address climate change. The Initiative was established in February 2007 by the governors of Arizona, California, New Mexico, Oregon, and Washington. Under the agreement, by 2008 the member states and provinces will establish a cap-and-trade system to aid in meeting their regional greenhouse gas emissions target of 15% below 2005 levels by 2020.

### States Drawing Up GHG Emission Reduction Plans



### AFL-CIO Critical of Lieberman-Warner, “America’s Climate Security Act”

The bill sets up a cap-and-trade program that covers U.S. electric power, transportation, and manufacturing sources that account for about 75% of U.S. greenhouse-gas emissions.

Covered emitters must roll back emissions to the 2005 level in 2012, then reduce emissions year-by-year until emissions are lowered to the level emitted in 1990 by 2020. The bill requires a further reduction to 65% below the 1990 emissions level in 2050.

*The AFL-CIO criticized the Warner-Lieberman bill because of:*

- An overly aggressive Phase I emission reduction target, now increased from a 10 percent to a 15 percent reduction of greenhouse gas emissions below 2005 levels by 2020, before the anticipated commercial availability of carbon capture and storage technologies.
- An unequivocal commitment to achieving a 70 percent national emission reduction below 2005 levels by 2050, regardless of the degree of subsequent participation of major developing nations like China and India in a global climate protection framework.
- The failure to identify “domestic economic development” as a finding of Congress, a purpose of the legislation, and the failure to require that funding from this legislation be dedicated to domestic investments for new technology and the creation of jobs – from production to construction and exports.
- The absence of an effective safety valve price for carbon dioxide allowances, which will have an adverse impact upon investment decisions and consumer and industry pricing.
- The need for a restricted and regulated market system that does not fall prey to predatory trading practices, hoarding of allowances, and the creation of carbon billionaires, which an open market and unlimited banking of allowances can lead to.
- The extent of the use of international allowances combined with offsets, and the possibility of double dipping with offsets by providing allowances for activities that would have been done anyway.
- Inappropriate allocations of emissions allowances, such as the 10 percent allocation to “wires companies” to encourage energy efficiency – a goal that may be better accomplished through direct legislation on energy efficiency standards, now incorporated in other provisions of the bill.

Note: The AFL-CIO supports the Bingaman-Specter Low Carbon Economy Act

### **Carbon Tax Instead of Cap-and-Trade? The Dingell Proposal**

A carbon tax is a tax on fossil fuels according to the amount of CO<sub>2</sub> emitted by their combustion. It is usually thought of as an alternative to a cap and trade system. One of the benefits is that it can be more easily applied across all sectors. A carbon tax may also be used as a supplement to a cap-and-trade program to fill gaps not covered by a trading program. On the negative side, it is politically difficult to apply a new tax. Carbon taxes can be set with an estimate of emissions that will be discouraged by a given level tax. In cap-and-trade, a cap on emissions is set and the price of carbon fuels will be set in the market.

While the level of the tax recommended by House Energy and Commerce Committee Chairman John Dingell (D-MI) indicates it would carry most of the burden of reducing emissions, Dingell proposes that a carbon tax be offered along with a cap-and-trade program.

Dingell provided an outline this week for his proposed tax on greenhouse emissions that seeks to reduce emissions by 60 to 80 percent by 2050. Specifically, the outline includes a \$50 tax on each ton of carbon.

The draft plan does not specify the entities that would be taxed, but suggests that the tax would be imposed “upstream,” i.e., on coal, petroleum, and natural gas. The tax would be phased in over a period of five years and adjusted for inflation.

Additionally, Chairman Dingell’s plan calls for a 50-cent tax on each gallon of gasoline sold in the United States. Revenue from the tax plan would go toward expanding the Earned Income Tax Credit, a tax benefit for low income households. Extra funds from the gas tax would be diverted to the Highway Trust Fund. Chairman Dingell’s plan also includes a phase-out of the mortgage interest deduction for “McMansions,” defined as homes larger than 3,000 square feet. This proposal is a response to the increasing size and energy use in American homes.

Chairman Dingell also noted that he is working separately on complementary cap-and-trade legislation that will set mandatory limits on CO<sub>2</sub> emissions.

