

TO: RI House Committee on Finance
FROM: RI Center for Freedom & Prosperity, Mike Stenhouse
SUBJECT: Written Testimony re. H5369 (Carbon Tax)

May 17, 2017

Chairman Abney and Committee Members: As CEO for the RI Center for Freedom & Prosperity, a non-partisan research and advocacy organization, and with a degree in Economics from Harvard University, I would like to provide some background re. H5369, which is before your committee today. As a 501-C-3 organization, our Center is not allowed to advise you to support or oppose any specific piece of legislation. However, we are allowed to discuss our research and perspectives with regard to the underlying premise of the issue.

Our Center believes that every Rhode Island family should have access to affordable energy, which can improve our quality of life in so many ways. We also believe that neither our business sector nor our state economy should suffer negative consequences from artificially over-priced energy.

Rhode Island already suffers from the worst-ranked business climate in the country, as well as from its 48th rank on the national Family Prosperity Index. Passage of this bill would worsen both of these already poor rankings.

Job-Killing, Economy-Busting Bill. The proposed carbon tax would drive up energy costs across RI and would negatively impact our potential for economic growth by reducing consumer purchasing power; by reducing business profits (potentially driving some states out of state or out of business); and by costing jobs for many RI families.

Economic Analysis. Whether via carbon taxes, green energy mandates, or restrictions on cheaper fossil-fuel based energy production, higher energy costs are a major drag on economic growth. According to a 2016 report by the Center, "*Big Cost, Little Difference*," an extreme green energy agenda, which this bill would advance, could result in dire economic consequences;

- 4,000 to 6,000 net fewer jobs
- \$141-\$190 million in costs
- a 49-73% increase in the base cost of electricity, leading to
- a 13-18% increase in electricity rates
- \$670-\$893 million extracted from the economy

Passage of this bill would make the numbers above even worse. Our state economy is simply too fragile to be able to handle yet another negative hit.

Cost-vs-Benefit Analysis? The ultimate question that should be asked of supporters of this legislation is: *for what offsetting gain?* What is benefit have they calculated that this legislation will have on actual families and businesses in our state? Does anyone really think that the relatively miniscule reductions in carbon emissions that might result as a result of this bill could, in any way, offset the massive economic losses documented above?

Net loss of jobs. Despite the few new green energy jobs proponents might claim, the larger negative impact of higher energy prices will cost the overall state economy tens, if not hundreds, times more job losses. Our Center has done the research - have they?

More government inefficiency. The absurd process of collecting taxes, in order to return 70% of them back to the individuals and business who paid for them in the first-place, is yet another example of inefficient and intrusive governmental bureaucracy.

More low-cost energy is needed, not less. In conclusion, the Center believes that the free-enterprise system and consumers should determine which energy products are in their own best interests, free from government subsidies or penalties. This bill would increase the cost of energy and lessen the supply of low-cost energy to consumers.

The new energy producing projects like the proposed Burrillville natural-gas plant could produce the low-cost, low-carbon energy that can help increase the prosperity of Rhode Island's families and businesses.

Thank you. If I can be of service, please contact me at mstenhouse@RIFreedom.org or 401.429.6115.