



For Immediate Release  
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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding the Tax Aspects of a Cap-and-Trade Program**

In May 1791, Thomas Jefferson wrote his daughter Martha: “When we consider how much climate contributes to the happiness of our condition . . . we have reason to value highly the accident of birth in . . . Virginia.”

I would have to quibble that I much prefer the climate of Montana to that of Virginia — particularly in the summer. But no one would quibble with the sentiment that “we have reason to value highly the accident of birth in” America.

And in the years since Jefferson’s time, we have learned how very much “climate contributes to . . . our condition.” It is much more than even Jefferson could have guessed.

And in the years since Jefferson’s time, we have also learned how human activity is changing our climate.

Jefferson also wrote to his granddaughter Cornelia: “Never put off to tomorrow what you can do to-day. Never trouble another with what you can do yourself.”

And it is in that spirit that more and more Americans are coming to view today as the time to address the problem of climate change. More and more Americans are coming to view addressing climate change as something that we can do ourselves, rather than leaving it to our children and grandchildren.

As attractive as the climate is in Montana, my home state is already seeing the effects of climate change. Over the last 40 years, annual snowfall has decreased by six to 22 inches across the state. And over the last 40 years, wildfires of more than a thousand acres have increased six-fold.

Less snowpack means less water for irrigation. And that can mean lower crop yields. Some of our farmers are barely hanging on.

We need to address the problem of climate change. But it matters how we address climate change.

We must protect our way of life. We must protect our economy. And we must protect both our global competitiveness and our environment.

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Majority Leader Reid has put addressing climate change on the Senate schedule. In June, the Senate will consider a cap-and-trade program for emitters of greenhouse gases.

It's likely that much of the Senate debate this June will focus on the effect that a cap-and-trade program would have on our economy.

The Environmental Protection Agency recently analyzed the cap-and-trade proposal that the Senate will consider. The EPA found that under that program, from 2010 to 2030, America's economy would grow by 80 percent. That's one percentage point less growth than without the proposal.

That's good news. As with any analysis, there are uncertainties. But we need to move ahead with the best information we have.

It's possible that action may have costs. But it's highly likely that inaction will have much greater costs.

We have asked our witnesses today to share with us their analysis of the effects of a cap-and-trade program on the economy. And we have also asked them for their thoughts on the best way to design such a system.

We'll also want to ask: How would the tax code treat the allowances allocated to emitters under a cap-and-trade program? And how should they be treated?

What about the revenues generated from the auction of allowances?

How can we cushion the effect of increased energy costs that could result from a cap-and-trade program? And how can we minimize those effects on our economy and consumers?

And so, let us consider how addressing climate change may contribute to changes in our nation's condition. Let us not put off to tomorrow the analysis that we can do today. And let us do all that we can to ensure that our children and grandchildren will continue to have every reason to value highly the accident of birth in America.

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