



ECONOMIC CASUALTIES IN THE FIGHT AGAINST GLOBAL WARMING

Policies proposed to fight global warming will cost Utah families thousands of dollars every year and tens of thousands of jobs.

FACT: THE COST TO UTAH OF FIGHTING GLOBAL WARMING COULD BE AS HIGH AS \$2.3 BILLION

Recent analyses of climate-change policies have begun to tackle questions of how much the fight against global warming will cost.¹ Among other conclusions, their findings indicate that combating global warming will mean higher power bills and gas prices, adding as much as \$1 per gallon to already spiraling gas prices.

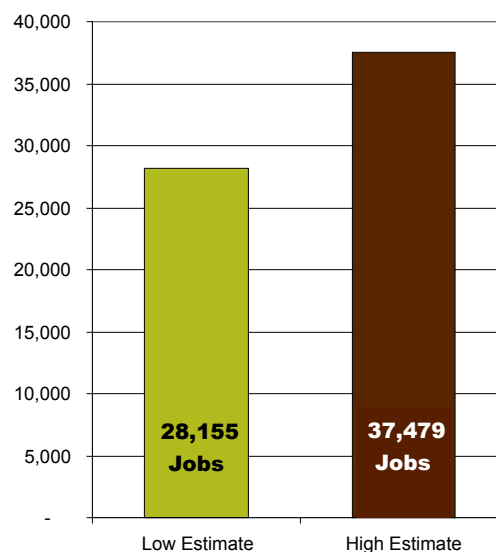
Ironically, activists have used these reports to advocate for policies to fight global warming, two of which

surfaced in Congress last year.² Given the significant costs required to fight global warming, the Congressional debate begs the question of how costly will these policies be for Utah? Preliminary analyses suggest that the price tag will be significant.

Both federal bills attempt to fight global warming by creating limits on greenhouse gas emissions and then issuing pollution permits, which businesses can trade as they desire. The cost to Utah of the first of these bills, numbered S.1766, is likely to be in the range of \$361 million to \$2.3 billion dollars over 21 years, or between \$17 million and \$109 million per year.³ That is the equivalent of 295 to 1,875 Utah families losing their entire income for over two decades!⁴

The costs associated with the second bill, numbered S.2191, are also staggering. If the bill were enacted, by 2030 it is estimated that as many as 37,479 Utahns will have lost their jobs and that those still employed will have seen their incomes

Potential Utah Jobs Lost to Global Warming



drop between \$3,780 and \$6,893 per year. At the same time, electric-utility bills will have jumped between 96 and 133 percent.⁵

Earlier this year, state leaders enacted a policy requiring public utilities to produce 20% of their electricity from renewable energy.⁶ Fortunately for Utahns, they created an exception to this mandate for legitimate cost-effectiveness considerations. They also wisely did not penalize public utilities for acquiring pollution-free nuclear energy, which is more affordable than many other forms of green energy.⁷ However, given the projected costs, Utahns should be wary of any policy that mandates a fight against global warming. In any such fight, it seems, Utah's economic casualties will be high.

ENDNOTES

1. Kaufman, Marc. 2007. "Panel Calculates Cost of Global Warming Fix." *Washington Post*. May 5, 2007.
2. Library of Congress. 2007. "S.1766." At <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:SN01766:@@X>; and Library of Congress. 2007. "S.2191." At <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:SN02191:@@X>.
3. The range reported was calculated by first calculating Utah's average share of US real GDP (in 2000 dollars) between 1997 and 2006, then multiplying the average (.694%) by the low (\$52 billion) and high (\$330 billion) estimates of the national cost, in terms of GDP, of S.1766 between 2009 and 2030. See Energy Information Administration. 2008. *Energy Market and*

Economic Impacts of S.1766, the Low Carbon Economy Act of 2007 – Executive Summary. US Department of Energy: Washington, D.C. Governor's Council of Economic Advisors. 2008. *2008 Economic Report to the Governor*. Governor's Office of Planning and Budget: Salt Lake City, UT; and Bureau of Economic Analysis. 2008. "National Economic Accounts." U.S. Department of Commerce. At <http://www.bea.gov/national/index.htm#gdp>.

4. Based on Utah's 2006 median family income of \$58,141. American Community Survey. 2008. "Fact Sheet – Utah." US Census Bureau. At http://factfinder.census.gov/servlet/ACSSAFFacts?_event=Search&geo_id=&_geoContext=&_street=&_county=&_cityTown=&_state=04000US49&_zip=&_lang=en&_sse=on&pctxt=fph&pgsl=010.
5. Science Applications International Corporation. 2008. *Utah – Economic Impact on the State from the Lieberman-Warner Proposed Legislation to Reduce Greenhouse Gas Emissions*. American Council for Capital Formation and National Association of Manufacturers. At <http://www.accf.org/pdf/NAM/Utah.pdf>.
6. Parker, Christopher R. 2008. *Energy Resource and Carbon Emission Reduction Initiative (SB 202, 2008)*, Utah State Legislature. At <http://le.utah.gov/~2008/bills/sbillenr/sb0202.pdf>.
7. Sutherland Institute. 2008. *The Core of Nuclear Power: Affordability*. Fact Sheet – April 2008. At http://www.sutherlandinstitute.org/uploads/core_of_nuclear_power_affordability.pdf.