



KOCH COMPANIES PUBLIC SECTOR, LLC  
Legal, Government, Public Affairs

---

June 9, 2016

Dear Member of Congress:

On behalf of Koch Companies Public Sector, I urge you to support House Concurrent Resolution 89, expressing the sense of Congress that a carbon tax would be detrimental to the people of the United States and our economy.

We share the belief held by Majority Whip Steve Scalise and House Leadership, as well as the more than 80 cosponsors of this resolution, that raising taxes on the energy that American families and businesses rely on every day will not help any hardworking citizens improve their lives. Rather, a carbon tax would make energy more expensive and in turn raise the costs of consumer products and services on which people depend. It would also make U.S. producers less cost competitive, driving production and jobs to other parts of the world. Worse yet, this tax would hit hardest the least advantaged among us.

In 2013, the Congressional Budget Office (CBO) released an assessment titled, "Effects of a Carbon Tax on the Economy and the Environment" in which they came to a clear conclusion: "A carbon tax would increase the prices of fossil fuels in direct proportion to their carbon content. Higher fuel prices, in turn, would raise production costs and ultimately drive up prices for goods and services throughout the economy."

The CBO study also found that a carbon tax would harm lower-income Americans the most, noting that, "low-income households spend a larger share of their income on goods and services whose prices would increase the most, such as electricity and transportation."

That same year, the National Association of Manufacturers released an equally critical report, stating that "the increased costs of coal, natural gas and petroleum products due to a carbon tax would ripple through the economy and result in higher production costs and less spending on non-energy goods."

When considering the facts, the government subsidization, as well as mandating and limiting of certain fuel options, would do more harm to our economy than good. Whenever we allow government to pick winners and losers, we impede progress and move further away from a society of mutual benefit. Such market-distorting policies pit individuals and groups against each other and corrupt the business community, which inevitably becomes less focused on creating value for customers and driving innovation.

Moreover, to date, dire predictions such as the polar ice cap melting by 2014 and 20 feet sea level rises have not occurred. As climate science continues to evolve, it is important that the

government not take measures that will cripple our economy and overly impact the poor, but instead allow energy innovation to progress in line with market demand – not mandate. The private sector is already investing heavily in innovative technologies that will provide us with a robust energy future of affordable, abundant and reliable energy.

More than 200 years ago, Thomas Jefferson warned, "The natural progress of things is for liberty to yield and government to gain ground." He knew that no government could possibly run citizens' lives for the better.

As Koch works to help people improve their lives by providing them with products and services they truly value, our company's government and public affairs will continue to advocate for principles that bring the greatest well-being to society. A policy like the carbon tax, which distorts markets and favors one industry over another, will do little to that end.

We thank Majority Whip Scalise and House Leadership for bringing this issue to the House floor and we encourage all lawmakers to join them in support of this resolution.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Ellender". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Philip Ellender  
President, Government & Public Affairs  
Koch Companies Public Sector, LLC