As part of the Senate’s consideration of the FY 2016 budget, Senators Roy Blunt (R-MO) and John Thune (R-SD) will offer an amendment opposing the future leveling of a carbon tax on U.S. manufacturers and businesses. The NAM has long warned of the potential negative impacts of an ill-conceived carbon tax program, particularly as other major emitting nations do not face similar cost burdens. Unilateral regulations or additional costs to address greenhouse gas (GHG) emissions will only hurt U.S. manufacturers while accomplishing little, if anything, in the way of global emission reductions.

In 2013, the NAM released an economic study conducted by nonpartisan NERA Economic Consulting, looking at two carbon tax scenarios: one levied at $20 per ton increasing at 4 percent, and the other designed to reduce carbon dioxide (CO2) emissions by 80 percent—an emission reduction level targeted in past legislative proposals. NERA found that any revenue raised by a carbon tax would be far outweighed by the negative impacts to the overall economy.

A carbon tax designed to reduce CO2 levels by 80 percent could place tens of millions of jobs at risk and raise gasoline prices by over $10 per gallon, residential electricity prices by over 40 percent, and natural gas prices by almost 600 percent. Manufacturing output could drop by as much as 15 percent in energy-intensive sectors and 7.7 percent in non-energy-intensive sectors. The overall impact on jobs could be substantial, with a loss of worker income equivalent to as many as 1.5 million jobs in 2013 and 21 million by 2053.