



AMERICAN COUNCIL FOR CAPITAL FORMATION



FOR IMMEDIATE RELEASE

July 21, 2010

New Analysis of Kerry–Lieberman Climate Bill Shows Grim Outlook for US Economy

ACCF-SBE Council Economic Impact Study Finds Bill Could Cost 1.9 Million Jobs in 2030

WASHINGTON, D.C. (July 21, 2010) – With economy and jobs ranking as top priority for US voters looking forward to November midterm elections, the American Council for Capital Formation (ACCF) and the Small Business and Entrepreneurship Council (SBE Council) today unveiled a comprehensive study, which shows the harmful ways that a major policy initiative being debated in the Congress -- the Kerry-Lieberman cap-and-trade bill -- would hamper rather than help America's economic recovery. In 2030, compared to the ACCF/SBE Council baseline forecast, the American Power Act would trigger;

- Cumulative loss in US GDP up to \$2.1 trillion;
- As many as 1.9 million jobs lost
- Residential electricity price increases up to 42 percent and
- Gasoline price increases (per gallon) up 18 percent

The study, which was conducted by Science Applications International Corporation (SAIC) using input assumptions provided by the ACCF and the SBE Council, assesses the impact of the Kerry-Lieberman Bill on manufacturing, jobs, energy prices and the overall U.S. economy. The ACCF and SBE Council released national data and will include state-specific analyses for all 50 U.S. states in the coming days. These study results reflect a combination of the Kerry-Lieberman provisions and ACCF assumptions about future electricity generation technology availability.

Dr. Margo Thorning, senior vice president and chief economist for ACCF, said "The analysis shows strong negative impacts from the American Power Act on economic and job growth and severe impacts on manufacturing given our assumptions about the potential deployment of future generation technology. This is exactly the wrong prescription to restore the vitality of the U.S. economy."

"The report makes clear that Kerry-Lieberman would impose additional burdens and hardship on small business owners, who have suffered considerably during this recession," explains SBE Council President and CEO Karen Kerrigan. "Come November, federal lawmakers will be hard pressed to explain their support for such a costly, economically damaging plan, especially to voters who are out of work or struggling to make ends meet. Small business owners cannot create more jobs when costly policies such as Kerry-Lieberman take more of their hard-earned resources."

In Analysis of the Kerry-Lieberman Bill "The American Power Act of 2010", ACCF and SBE Council employed a project-specific version of the National Energy Modeling System (NEMS), NEMS/ACCF-SBE Council, and the ACCF-SBE Council input assumptions to assess Kerry-Lieberman's potential impact on manufacturing, jobs, energy prices and our overall economy.

Researchers accounted for all federal energy laws and regulations currently in effect, as well as increased access to oil and natural gas supplies, new and extended tax credits for renewable generation technologies, increased World Oil Price (WOP) profile, and permit allocations for industry

and international offsets. The ACCF-SBE Council input assumptions also included assumptions regarding the likely availability of domestic and international offsets - - key factors influencing analysis of the cost of limiting greenhouse gas emissions.

To view a full copy of the report and learn more go to:

<http://www.accf.org/publications/137/accf-sbe-council-study-on-kerry-lieberman-bill>

For additional information or to schedule and interview, please contact Mike Burita for ACCF at (202) 420-9361 or mburita@accf.org.

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About ACCF

The American Council for Capital Formation (www.accf.org) is a nonprofit, nonpartisan organization dedicated to the advocacy of tax and environmental policies that encourage saving and investment. The ACCF was founded in 1973 and is supported by the voluntary contributions of corporations, associations, foundations, and individuals.

About SBEC

The Small Business and Entrepreneurship Council (SBE Council) is a 501c(4) advocacy organization dedicated to protecting small business and promoting entrepreneurship. The organization works to educate elected officials, policymakers, business leaders and the public about key policies that enable business start-up and growth. Through advocacy, research, training and education, SBE Council members and staff convey the importance of entrepreneurship to job creation, innovation and economic growth.