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State-by-State Analysis of Waxman-Markey Cap and Trade Legislation Paints Dour Picture for Nation's Economy

NAM-ACCF Study Concludes Bill Will Cost 2.4 Million Jobs

WASHINGTON, D.C. (August 12, 2009) – The National Association of Manufacturers (NAM) and the American Council for Capital Formation (ACCF) today unveiled a comprehensive study on the impact of The American Clean Energy and Security Act of 2009, also known as the Waxman-Markey Bill (HR 2454). The bill aims to reduce greenhouse gas emissions and to cap the amount of carbon that is emitted by U.S. industry. The legislation does so by mandating a cap and trade program and other provisions governing fuel choices available to businesses and consumers. This bill passed the House of Representatives by a slim margin (219-212) earlier this summer. The Senate is expected to release its version of climate legislation in September.

The study, which was commissioned by the NAM and ACCF and conducted by Science Applications International Corporation (SAIC) using NAM and ACCF input assumptions, assesses the impact of the Waxman-Markey Bill on manufacturing, jobs, energy prices and our overall economy. The NAM and ACCF released national data as well as the analysis for 15 industrial states that would be impacted greatly if this or similar legislation is signed into law. The full report, including the data covering the remaining 35 states will be released in the coming weeks.

Jay Timmons, executive vice president of the NAM said, "Climate change is a very complex issue and I hope Senators will look closely at this study as they consider climate change legislation this fall. At a time when our country is struggling to come out of our longest and deepest economic downturn since the Great Depression, lawmakers should be focused on policies that provide incentives for businesses so they can create jobs and grow. Unfortunately, this study confirms that the Waxman-Markey Bill is an 'anti-jobs, anti-growth' piece of legislation. Further, leaders of countries such as China and India have made it clear they have no intention of reducing their own emissions. Waxman-Markey would give an edge to overseas competitors, discouraging domestic investment and the creation of American jobs."

The NAM/ACCF study accounts for all federal energy laws and regulations currently in effect. It accounts for increased access to oil and natural gas supplies, new and extended tax credits for renewable generation technologies, increased World Oil Price (WOP) profile, as well as permit allocations for industry and international offsets. Additionally, the provisions of the stimulus package passed in February are included in this study. Key findings include:

- Cumulative Loss in Gross Domestic Product (GDP) up to \$3.1 trillion (2012-2030)
- Employment losses up to 2.4 million jobs in 2030
- Residential electricity price increases up to 50 percent by 2030
- Gasoline price increases (per gallon) up 26 percent by 2030

Dr. Margo Thorning, senior vice president and chief economist for ACCF, highlighted the importance of reviewing economic findings while debating the climate change legislation. "This data shows that we cannot divorce the environmental impacts from potential economic damages. Policymakers may have the best of intentions when it comes to the environment, but it's crucial that we compare the economic cost to the legislation's actual impact on global GHG reductions. Considering that developing countries such as China and India have publicly stated that they will not undertake similar emissions policies, there would be almost no global environmental benefits from the bill. Ultimately, this study shows that Waxman-Markey, would significantly decrease employment and increase energy prices at a time when we can least afford it."

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Further, this study shows industrial states would be disproportionately impacted by high energy prices, loss of jobs and income. The 15 states analyzed in the initial study include:

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| 1. Arkansas | 6. Michigan | 11. Pennsylvania |
| 2. Illinois | 7. Minnesota | 12. Tennessee |
| 3. Indiana | 8. Missouri | 13. Virginia |
| 4. Iowa | 9. North Carolina | 14. West Virginia |
| 5. Kentucky | 10. Ohio | 15. Wisconsin |

SAIC used a modified version of the National Energy Modeling System, NEMS/ACCF-NAM 2, and the NAM and ACCF input assumptions, to quantify the impact of the Waxman-Markey bill.

“Policymakers and the public must have a clear understanding of the potential impact of climate change legislation to assess whether it will cause more economic harm than environmental good,” concluded Timmons.

The national and 15 state-by-state economic impacts can be found by visiting:
<http://www.accf.org/publications/126/accf-nam-study>

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About the NAM

The National Association of Manufacturers (www.nam.org) is the nation’s largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Headquartered in Washington, D.C., NAM has 11 additional offices across the country.

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.