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Congress of the United States

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May 19, 2009

Dr. Douglas Elmendorf
Director
Congressional Budget Office
Ford House Office Building, 4th Floor
Second and D Streets, SW
Washington, DC 20515-6925

Dear Dr. Elmendorf,

The American Clean Energy and Security Act of 2009 (H.R. 2454), currently under consideration by the Energy and Commerce Committee, implements a number of mandates that will have a tremendous cost impact on state and local governments and the private sector. The distribution of emissions allowances, as well the mandates, also will have an impact on the federal budget.

Using the carbon prices estimated by the Environmental Protection Agency's estimate of the draft legislation, the value of allowances distributed to industry interests amounts to some two trillion dollars, which appears to be the largest corporate give away by the federal government on record. These large sums and related other funding and mandates in the Act require close attention by the Committee. At this point, we have no detailed Congressional Budget Office (CBO) analysis of the impact of these mandates, the allowance impacts, options for allowances or auctions, and other matters that have a material impact on the budgetary impacts of this legislation.

We write CBO, which will be scoring the reported bill, to request analysis of the legislative proposals we are presently considering, rather than the reported bill. We would be particularly interested in preliminary estimates of the carbon price points for the first five years of the program CBO has developed in preparation to score this bill, analysis of the mandate costs in each title of the Chairman's Amendment in the Nature of a Substitute (AINS), and analysis if possible of the cost impacts of the distribution of allowances under the percentages and formulae outlined in the AINS. Further, we would be interested in CBO's elaboration, pursuant to its May

Letter to Mr. Douglas Elmendorf
Page 2

15, 2009, letter to the Committee concerning fiscal treatment of allowances, as to the particular treatment of allowances in this legislation. Please have you staff consult with Minority staff about the details of what you can provide.

Thank you for your prompt attention.

Sincerely,



Joe Barton
Ranking Member

cc: The Honorable Henry A. Waxman
Chairman, Committee on Energy and Commerce