**AMERICAN CLEAN ENERGY SECURITY ACT OF 2009**
**H.R. 2454**
**POSITION PAPER**

After numerous studies and considerable debate, it has become clear that H.R. 2454, the American Clean Energy Security Act of 2009 also known as Cap and Trade, in its current form is not favorable for Louisiana. Reports suggest that over $646 billion dollars in carbon taxes will be collected between 2012 and 2019. This federal legislation would place an artificial increased cost, in the form of a tax on fossil fuels, and transfer most of these dollars collected from these taxes to private hands and other entities.

The Obama administration has clearly stated that it intends for more than 80 percent of these dollars to be placed into the hands of low and middle class Americans to help offset the cost of higher fuel and utilities. The artificial modification of the cost of energy and the transfer of these tax dollars to select individuals or groups in order to change private and corporate behavior is not good public policy.

## Effect on Agriculture

In theory, using the cap and trade approach, generators of excess greenhouse gases (GHG) (those above the cap) will be able to buy credits (trade) from sectors that sequester these gases. Many farmers will be subject to caps because of the nature of their crops and the limits set by the federal government. For example, methane emissions from enteric fermentation contributed 112 metric tons of CO2-equivelant emissions in 2005 which represents about 20 percent of total agricultural emissions. Large beef and dairy operations generate the bulk of these emissions. One proposed approach to reducing these emissions is to alter the animals' diets and give credits for the diet induced reductions.

This would imply that some farmers will be able to sell credits to heavily emitting industries for a profit and ultimately less greenhouse gases will be released into the atmosphere in order to slow down and or control global warming. In reality, this creates an environment where many entities are vying for the opportunity to sell credits, thus lowering the overall pool of funds available to farmers that were promised the opportunity to offset costs.

Several studies have clearly indicated that input costs to produce crops (fuel, fertilizer, etc.), will rise dramatically over the next 20 to 30 years and collectively will potentially lower overall profitability of our nation's farms. We do know that the cost of the tax, wherever it occurs, either at the refiners or import points or the end users of the fossil fuels, will ultimately be passed down to the consumer. Farmers and ranchers do not have the ability to transfer these costs when selling their products, which will ultimately result in a competitive disadvantage on the global scale and in international markets.

## Voluntary, Incentive-Based Approach

We support a voluntary approach whereby producers could moderate GHG emissions through incentive-based carbon sequestration in soils, methane and fertilizer management, and voluntary carbon markets. Programs such as the Louisiana Master Farmer Program have been very successful in promoting the implementation of scientifically-based Best Management Practices such as conservation tillage. Any legislation must not

adversely affect agriculture's ability to provide an abundant and safe food and fiber supply and our trading partners must adopt similar reduction emission strategies.

Any effective policy must include the development of renewable fuel sources. Louisiana agriculture can make a signification contribution to GHG reductions through biofuels and renewable fuels production. Louisiana has a comparative advantage in that our extended growing season allows for the possibility of producing a variety of potential feedstock crops.

The Louisiana sugarcane industry, as well as the forestry industry, has begun to make advancements toward the production of biomass feedstock. Our rice industry also has great potential in the use of rice hulls as a conversion material. Additionally, Louisiana has existing facilities in place that are capable of converting biomass materials into power through co-generation, and we foresee other commodities taking advantage of renewable fuels development. It is imperative that we explore and create opportunities for our nation's farms, forests, ranches and other working lands for the production of renewable energy sources, thus decreasing our reliance on fossil fuels.

In conclusion, I believe that this legislation represents a net increased cost to the agricultural sector and places US agriculture in an unfair disadvantage from a global trading standpoint. We need to be very prudent when considering this measure as it potentially will have a marked effect on the economy and the future of Louisiana's oil and gas industry, chemical manufacturing industry, and already fragile agriculture and forestry industry. Louisiana supports a sensible and voluntary, incentive-based, carbon-trading system whereby agriculture and forestry can offer the range of carbon sequestration and reduction practices to the carbon markets.

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