



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

October 29, 2003
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 139 – Climate Stewardship Act of 2003 (Senator Lieberman (D-CT) and 8 co-sponsors)

The Administration strongly opposes Senate passage of S. 139, and the substitute amendment that will be in order, which would establish the first mandatory regulations to limit emissions of greenhouse gases from all sectors of the U.S. economy. The bill and the substitute amendment are similar to what would be required to implement the Kyoto Protocol, an international climate change agreement inconsistent with the views of the U.S. Senate as expressed in the unanimous 95-0 vote supporting S. Res. 98, in July 1997. Further, the bill and the substitute amendment are inconsistent with the President's comprehensive, long-term strategy to address the challenge of global climate change.

S. 139 and the substitute amendment would require deep and immediate cuts in fossil fuel use, with significant negative economic impacts, in order to meet an arbitrary greenhouse gas emissions target. According to an analysis by the independent, non-partisan Energy Information Administration (EIA), S. 139, as introduced, would increase household energy bills by \$444 per year when it is fully phased in. Under S. 139, motor gasoline prices are expected to increase by 40 cents per gallon in 2025, and electricity and natural gas prices would increase by nearly 50 percent. These increases in energy prices would effectively operate as a tax on American consumers and would have a severe negative impact on job creation (reaching 600,000 jobs lost in 2012), increase the federal deficit (a projected \$100 billion increase by 2025), and inhibit economic growth.

The additional fuel-switching to natural gas that is likely to result if S. 139 is enacted would threaten the domestic viability of particular manufacturing and chemical industries heavily dependent on natural gas as a feedstock input and as a fuel. As a result, a large share of American production and jobs would simply migrate to countries that do not mandate emissions reductions, thereby negating any intended global environmental benefits.

The Administration is acting aggressively to address the issue of global climate change, and does not believe further legislation is necessary. The President has committed the United States to an ambitious goal to reduce the greenhouse gas intensity of the American economy by 18 percent by 2012. The President directed a broad range of domestic and international actions, including new initiatives for scientific research, advanced energy and carbon sequestration technologies, international climate cooperation, and programs for voluntary actions to reduce and report greenhouse gas emissions. Specific examples include the President's FreedomCAR and Hydrogen Fuel Initiatives and the FutureGen zero-emissions coal-based electric power plant. The Administration's policies recognize that continued economic growth makes possible the

investments in energy and carbon sequestration technologies needed to reduce the projected, long-term growth in global greenhouse gas emissions.

The Administration also objects to provisions that purport to require Executive branch officials to submit appropriations requests and other legislative recommendations to Congress. These requirements would be inconsistent with the President's constitutional authority to supervise the unitary Executive branch and to recommend for the consideration of the Congress such measures as the President judges necessary and expedient.

The Administration strongly urges the Senate to reject S. 139 and the proposed substitute amendment.

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