

WASHINGTON, D.C. — The Heritage Foundation's Center for Data Analysis released an economic study on Tuesday regarding the impact a cap-and-trade system would have on the agriculture community. The study maintains that cap-and-trade is "an energy tax in disguise" that will cause farm income to drop dramatically because of higher operating costs. It further argues that people living on fixed incomes and struggling in tough economic times can expect higher food prices as the result of this policy.

Highlights of the study include:

- Farm income (after paying all expenses) is expected to drop \$8 billion in 2012, \$25 billion in 2024, and over \$50 billion in 2035. These are decreases of 28%, 60%, and 94%, respectively.
- The average net income lost over the 2010-2035 timeline is \$23 billion, which is a 57% decrease from the baseline.
- Construction costs of farm buildings will go up from the baseline by 5.5% in 2025 and 10% by 2034.
- By 2035, gasoline and diesel costs are expected to be 58% higher and electric rates 90% higher.

Note: The study can be accessed at <http://blog.heritage.org/2009/06/09/for-farmers-cap-and-trade-is-a-permanent-drought-season/>

The House Agriculture Committee will hold a public hearing on the legislation

Thursday afternoon. Congressman Steve King, a member of the House Agriculture Committee, made the following statement:

“As all Americans tighten their belts and cut back on spending, it is irresponsible to slap a massive new energy tax on every American family, small business owner and farmer. Yet this is exactly what this ‘cap and tax’ bill will do. A recent study looked at a similar proposal and estimated that the impact of this plan would result in \$3,128 in higher energy costs for every American household each year.

“This bill is an attempted power grab by liberals from California and Massachusetts. In Iowa, we use coal to produce electricity and this legislation will punish coal producers and users.□ □

“American companies and farmers would be put at a disadvantage in the international market by this misguided proposal. American companies would be forced to comply with costly new regulations, while companies in countries without these rules, like India and China, would not.

“On behalf of Iowa’s families, farmers and small businesses, I will oppose any ‘cap and trade’ bill introduced in this Congress.”