

Knowing of your interest in agriculture, I wanted to inform you of the very detrimental impacts that "cap and trade" legislation being proposed by the House Democrat leadership and President Obama would have on our Northern California agriculture industry. Put simply, "cap and trade" is a new tax on energy consumption, which would be extremely harmful to everyone who uses energy -- from families to small businesses to family farms and ranches.

By way of brief background, a cap and trade system would require a government-mandated limit - a "cap" - on the amount of carbon dioxide that can be emitted by a certain entity -- such as a refinery, electric utility, or manufacturing facility. That entity would then have to either implement expensive emissions control technology, or purchase - "trade" - carbon permits from an offset market for emissions in order to comply with the cap. Proponents of "cap and trade" argue that it offers free market incentives, but in reality it is artificial and government-dictated that in practice would dramatically increase costs to American businesses - any entity that emits greenhouse gases. In turn, they would pass these additional compliance costs on to consumers, thus creating a substantial new national energy tax on American families.

A cap and trade scheme would be especially devastating to agriculture. Fuel, fertilizer, and other chemicals - all or most of which are petroleum based - currently make up two-thirds of the production costs of most farmers. Those costs have already increased some 40% over the past five years. It has been estimated - conservatively - that cap and trade could increase those costs by an additional 20%. In 2008 farmers across America spent \$59 billion on fuel, electricity, fertilizer, and chemicals, and a 20% increase would represent an additional \$12 billion hit to their bottom line. For many North State farmers, these cost increases could make the difference between staying in business or closing up shop.

As we cope with a third year of drought and ever-increasing regulation, please know I will be working to defeat this "national energy tax." Instead of passing additional regulations that will increase costs for our farmers and ranchers, Congress should instead be working to lessen their tax and regulatory burden, and to enact policies that will *increase* our domestic energy supplies, so that they may invest in their businesses and continue as a vibrant part of our area's economy.