

June 3, 2024

Dear Representative:

Since a House companion to the PROVE IT Act ([S.1863](#)) may be introduced soon, the undersigned organizations want to express our strong opposition to this pro-tax, anti-energy legislation that will lead to both a carbon tax on imports and a domestic carbon tax.

The PROVE IT Act requires the Department of Energy to collect, analyze, and regularly update data on the carbon intensity of *domestic* and foreign goods. Through the creation of this federal administrative framework, Congress would be removing one of the biggest obstacles to the [imposition of](#) carbon taxes on both imported and domestically produced goods.

It is clear that this information would then be used to impose new “climate” taxes, similar to what Democrats in Congress did during the summer of 2022. In the [Inflation Reduction Act](#) (IRA), which no Republicans supported in either the House or the Senate, Congress took information collected under the EPA’s greenhouse gas reporting [program](#) and imposed the first-ever federal methane tax. The Senate passed the IRA on a 51-50 party-line vote with Vice President Kamala Harris casting the tiebreaker.

Many PROVE IT Act supporters [have shown](#) they seek a replay of the methane tax maneuver. In the Senate Environment and Public Works Committee markup of the bill, all Committee Democrats voted to kill an [amendment](#) that would have helped block the future use of reconciliation to use PROVE IT Act information to impose carbon taxes on either imported or domestically produced goods. Chairman Tom Carper (D-DE) [opposed](#) the amendment precisely because it “prohibits any revenue measure based on the greenhouse gas emissions associated with commodities or products.”

Many of the bill supporters expressly [admit](#) that the legislation would be used to develop carbon taxes of some kind. Senator Chris Coons (D-DE), a lead sponsor and a past [sponsor](#) of [domestic](#) carbon tax legislation has [said](#) the PROVE IT Act will inform the “process for imposing tariffs on countries that don’t have any transparency around their emissions” as “part of any border carbon adjustment mechanism.” The European Union (EU) has [created](#) the first and only carbon border adjustment mechanism and it includes both a carbon tax on imports and a domestic carbon pricing scheme.

Once a carbon tax on imported goods is created, the U.S. would inevitably impose a domestic carbon tax. This is due both to trade law obligations and because environmental groups and others would not stay silent as domestic industries fail to meet similar greenhouse gas reduction commitments. Also, most domestic manufacturers would oppose a domestic carbon tax absent a corresponding tax on imports to “level the playing field.” Enacting the corresponding tax on imports would therefore weaken industry opposition to a domestic carbon tax.

The U.S. House recently passed a bipartisan resolution opposing and explaining the many harmful effects of domestic carbon taxes ([H.Con.Res.86](#)). The PROVE IT Act would help to make those harms a reality.

We find it very concerning that legislators would support a bill that would lead to:

Massive New Taxes. It's not just a domestic carbon tax that would inflict financial pain on Americans. The [burden](#) of a carbon tax on imports would [primarily](#) be [borne](#) by American businesses and consumers. It acts as a domestic consumption tax.

Punishing Energy Use. Since [more than 80 percent](#) of the world's energy comes from coal, natural gas, and oil, which produce carbon dioxide emissions, carbon taxes are taxes on the energy that make modern life possible. Put more simply, a carbon tax is a tax on modern life.

Hurting the Poor. All Americans would suffer through higher prices due to these taxes. This would always be harmful, but it's especially harmful now as the United States suffers through years of inflation. Higher prices due to carbon taxes, especially to meet basic needs, would have a disproportionate impact on low-income households.

Embracing EU's Extreme Climate Policy. Instead of fighting and rejecting the EU's disastrous climate policy, the PROVE IT Act embraces what the EU [is doing](#). Many supporters advocate for a carbon border adjustment mechanism and seek to [create](#) a "carbon club" of countries that join together to impose carbon taxes in some fashion.

Americans want affordable and reliable energy, not federal tax schemes that treat energy use as a sin. This bill though would lead to such taxes and is one of the biggest threats to energy and economic prosperity in recent memory.

Therefore, we strongly urge legislators to oppose the PROVE IT Act and ensure that it is not included, in any form, within other legislation.

Sincerely,

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