

TESTIMONY OF REPRESENTATIVE JOHN LOWERY

ARKANSAS HOUSE DISTRICT 6

BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Chairman Boxer, Ranking Member Inhofe and Members of the Committee, my name is John Lowery. I am a Democrat, serving my third term as Representative of Arkansas House District 6. The population of my district is approximately 27,734. I serve as Chair of Revenue and Tax Committee. I also serve on Agriculture, Forestry, Economic Development, and Natural Resource Committee and Joint Energy Committee. I am also testifying in my role as Chairman of the Committee of Concerned Citizens Against Cap-and-Trade. The Committee was formed in direct response to the threat that the Waxman-Markey bill will be to my district and to the State of Arkansas.

My district has a diverse assortment of companies that employ our citizens. These include oil refiners, oil and gas related entities, timber industries, chemical companies, service industries, financial institutions, retailers and agriculturally related businesses that are primarily small family farms.

Today's hearing title presumes that the Waxman-Markey bill will generate economic growth and help local communities. And that might very well be the case for the West coast and the Northeast. Unfortunately, this bill will devastate my region. It will kill jobs, harm our school system, throw back our economic progress gained the last few years, and imposes a disproportionate burden on Arkansans.

We should work constructively to improve the environment but we have to do it in a way that accounts for regional differences and is honest about what this type of legislation could mean for every day working men and women. During the debate, Congress seemed focused only on ways to lessen the appearance of increased electricity rates. That's important since no one wants to see higher prices, especially during an economic downturn. However, I never hear people in Washington talk about the real issues – which is how a bill like Waxman-Markey will change our way of life. People that live in cities and along the coasts probably welcome those changes since they don't have far to travel, have different types of jobs, and lifestyles than Southerners and Arkansans, in particular. These are not partisan issues, but common sense ones shared by our Congressman Mike Ross. As a proud Democrat, I suspect he probably would have liked to support his committee chairman, Speaker of the House, and President. However, after all the press releases, sound bites, and prejudged studies from politically connected interests he had to ask himself a simple question: is this bill good or bad for Arkansas? Based on the facts and of what is rather than what might be based on “what ifs” Mr. Ross concluded it was bad for his constituents. I reached the same conclusion and intend to explain why El Dorado Mayor Dumas, Union County, and a growing number of constituents oppose the Waxman-Markey bill.

First, proponents argue that the bill could possibly spur the creation of new “green” jobs. I hope they're right, but hope doesn't put our food on the table. What I do know is that the bill will destroy existing and high paying jobs that are here today and serve as the backbone of our community. Last month, Steve Cousins of Lion Oil

Company testified before the House Energy and Commerce Subcommittee on Energy and Environment. I ask that his testimony be made a part of the record. Steve stated that the Waxman-Markey would force the shuttering of their unionized refinery and the destruction of 1,200 direct jobs and approximately “3,600 other individuals that depend directly on Lion’s plant for their livelihoods.” This might seem to be a sensational statement. Yet, the burdens placed on our local companies are sensational.

At a conservative \$20/ton of CO₂e, the bill would require Lion Oil to pay \$180 million per year to operate, stay in business, and maintain its workforce. However, Lion’s average annual net profit over the last 23 years is only \$13 million. Waxman-Markey presents local business with the “choice” of either shutting down or going to banks to assume hundreds of millions of dollars in loans to stay in business. Is this a wise policy? Should the federal government dictate the terms of survival for local businesses and in so doing, enrich Wall Street? That would be like a federal policy telling a family upside down on their house to rely on credit cards to pay their mortgage.

Second, the Waxman-Markey bill would not only kill high paying jobs but will harm our school system. This federal government policy would force our local companies to shut down and in so doing, harm our young people. Like most rural communities, southern Arkansas’s biggest employers represent our largest tax base. The taxes they pay fund our school system. This bill would not only harm them when they’re young, it could impact their ability to go to college.

A few years ago, Murphy Oil Corporation decided to invest even more in our community by funding a scholarship program called the El Dorado Promise. The

Promise entitles any child graduating from the local high school a college education. The program's impact has been extraordinary and has received national media attention. I would like to include a document on the Promise in the record. Before the Promise in 2006, local college attendance was at 60%, which is 4 percent lower than Arkansas' and 6 percent lower than the national average. Today, college attendance for El Dorado high school students is at 95%. After decades of decline, our school enrollments are growing by 4 percent. After the Promise, students and families from 28 different states and 10 foreign countries have moved to El Dorado, Arkansas.

It might be popular for some in Washington to demonize oil and gas, fertilizer and chemical companies, and farmers but where I come from; they are an integral part of our communities. The Waxman-Markey bill would change all that. By attacking them, and shutting them down, the bill is attacking our friends and neighbors and greater community.

Third, we oppose Waxman-Markey because it places a disproportionate impact and cost on Arkansans and the South. The bill makes refiners pay for about half (45 percent) the emission reductions called for under the bill (which covers about 85 percent of all U.S. emissions) while they are only responsible for about ten percent of those emissions. This is the very scheme that jeopardizes Lion Oil's future in Arkansas. Waxman-Markey assumes that Lion Oil would simply pass those costs on to consumers. This is a faulty assumption for a host of reasons. However, let's assume that the bill's proponents are correct and all companies are the same size, that there is no domestic much less international competition among fuel providers, and that all firms are awash

with money with equal access to low-cost capital and therefore an easy pass-through to customers is realistic. In that case, Waxman-Markey would effectively require motorists to pay for about half the emission reductions under the bill. Unlike utilities, refiners receive virtually no free allowances to offset the increased costs, and since those costs are assumed to easily be passed through, then the motorist is left holding the bag.

Higher fuel costs disproportionately hurts Arkansans. According to the State Energy Office, Arkansas ranks fifth highest in fuel consumed per registered vehicle. Since motorists pay for the bill and Arkansans – by virtue of rural, lifestyle, and economy – drive more than most, we would have to pay more than most. So not only would this bill destroy our economy, communities, and way of life, it would make us pay more to do it.

Another segment that will be adversely affected is hard working farm families. Families that have passed down from generation to generation a way of life that is still valued in South Arkansas. Many are poultry farmers, cattle farmers, and tomato farmers. I have a letter from Arkansas Farm Bureau stating their opposition to changes through legislation that will jeopardize their livelihood.

The Waxman-Markey bill acknowledges that it will raise energy and commodity prices, place domestic employers at a disadvantage, and that people will lose their jobs. It includes various provisions intended to address those harmful impacts. Most Arkansans don't want to find out if these new federal programs to reengineer our local communities and way of life would be effective or not. We work hard. We hunt and fish and attend church services together. We like our values and want to pass them on to our

children and grandchildren. The Waxman-Markey bill would harm our local employers, jeopardize existing and high paying jobs, imperil our school system, and place a disproportionate impact on Arkansans.

I appreciate the opportunity to share our views with you today and would be pleased to answer any questions you may have.