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Robert Greenstein
Executive Director

May 15, 2009

Iris J. Lav
Deputy Director

The Honorable Chairman Waxman and Sub-Committee Chairman Markey
Committee on Energy and Commerce
United States House of Representatives
Washington, DC 20510

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Dear Chairman Waxman and Chairman Markey:

As you know, one of the top priorities of the Center on Budget and Policy Priorities in climate change legislation is that there be provisions to protect low-income households from the effects that policies that restrict greenhouse gas emissions would have on their budgets due to higher energy prices. We are pleased to see in the summary released today that 15 percent of the total value of emissions allowances would be set aside for low-income relief through the tax code and the electronic benefit transfer system used by states to deliver various forms of low-income assistance.

While the Congressional Budget Office estimate will ultimately be determinative, our estimate is that setting aside 15 percent of the allowance value for refunds and tax credits for consumers, together with other provisions in the bill setting aside free allowances that the companies receiving them must use for consumer relief, would ensure that the average household in the bottom 20 percent of the population would not experience any reduction in the purchasing power of its budget. We strongly commend you for including this protection for low-income households in your legislation, which we hope the Energy and Commerce Committee will approve. As the legislation moves forward, we'd like to work with you to further strengthen the low-income consumer protection by, for example, including some supplemental funding for the Low-Income Home Energy Assistance Program to provide further help to those low-income households that face significantly higher-than-average cost effects.

Thank you for the opportunity to work with you on this critical aspect of the climate change legislation.

Sincerely,

Robert Greenstein
Executive Director

John Kramer
Founding Chair
1937-2006