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# How Nebraska Would Be Affected by the Lieberman–Warner Climate Change Legislation

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Workers and families in the state of Nebraska may be wondering how climate change legislation before Congress would affect their income, their jobs, and the cost of energy. Members of Congress are considering a number of bills designed to address climate change. Chief among them is S. 2191, America's Climate Security Act of 2007, introduced by Senators Joseph Lieberman (I–CT) and John Warner (R–VA). [1]

The Lieberman–Warner legislation promises extraordinary perils for the American economy, should it become law, all for very little change in global temperature—perhaps even smaller than the .07 of a degree Celsius drop in temperature that many scientists expected from worldwide compliance with the Kyoto climate change accords. S. 2191 imposes strict upper limits on the emission of six greenhouse gases with the primary emphasis on carbon dioxide ($CO_2$). The mechanism for capping these emissions requires emitters to acquire federally created permits (called allowances) for each ton emitted.

Arbitrary restrictions predicated on multiple untested and undeveloped technologies will lead to severe restrictions on energy use and large increases in energy costs. In addition to the direct impact on consumers' budgets, these higher energy costs would spread through the economy, injecting unnecessary inefficiencies at virtually every stage of production and consumption.

Implementing S. 2191 would be costly in Nebraska, even given the most generous assumptions. Notable costs are listed in Table 1.

## Estimated Economic Impact of S. 2191 in Nebraska

| Year | Gross State Product Loss ($millions) | Non-Farm Employment Loss | Manufacturing Jobs Lost | Personal Income Lost ($millions) |
|---|---|---|---|---|
| 2012 | 199.77 | –952 | –86 | –115.41 |
| 2020 | –406.45 | –396 | –3,197 | –226.15 |
| 2025 | –740.94 | –3,898 | –7,717 | –561.19 |
| 2030 | –639.61 | –2,522 | –12,973 | –707.85 |

Table 1 • WM 1930–NE heritage.org

Consumers would be hard hit. Table 2 shows the expected increases in retail energy prices (adjusted to 2006 dollars to eliminate the impact of inflation) in 2025 for Nebraska. Between 2012, when the restrictions first apply, and 2025, the prices of electricity, natural gas, and gasoline could rise by nearly 20 percent nationally when compared to prices in a world without S. 2191.

This paper, in its entirety, can be found at:
*www.heritage.org/Research/EnergyandEnvironment/wm1930-NE.cfm*

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## Changes in Household Energy Prices in Nebraska Due to S. 2191

| | Current Cost | 2025 with Current Law in Place | 2025 with Lieberman–Warner in Place | Dollar Difference |
|---|---|---|---|---|
| Electricity | $879.83 | $1,252 | $1,550 | $297 |
| Natural Gas | $812.06 | $1,144 | $1,268 | $124 |
| Gasoline | $1,774 | $1,750 | $2,103 | $353 |

**Note:** The current annual cost of natural gas is based on consumption and prices as of 2006, the most recent data available. The annual cost of gasoline is based on the average price of regular unleaded in each state on May 20, 2008.

Table 2 • WM 1930-NE heritage.org

In addition to taking a bite out of consumers' pocketbooks, the high energy prices throw a monkey wrench into the production side of the economy. Contrary to the claims of an economic boost from "green" investment and "green-collar" job creation, S. 2191 reduces economic growth, gross domestic product (GDP), and employment.

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1. To learn more about the economic effects of the Lieberman–Warner legislation, see "The Economic Costs of the Lieberman–Warner Climate Change Legislation." *CDA Report* published on May 12, 2008, and available at *www.heritage.org/Research/EnergyandEnvironment/cda08-02.cfm*. The authors gratefully acknowledge the work of Dr. Shanea Watkins in preparing the maps used in this briefing memo.



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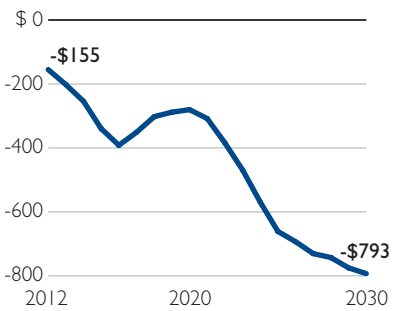
# How Lieberman-Warner Would Affect Nebraska

**Change in Personal Income**

*Statewide per household, adjusted for inflation, 2012-2030*

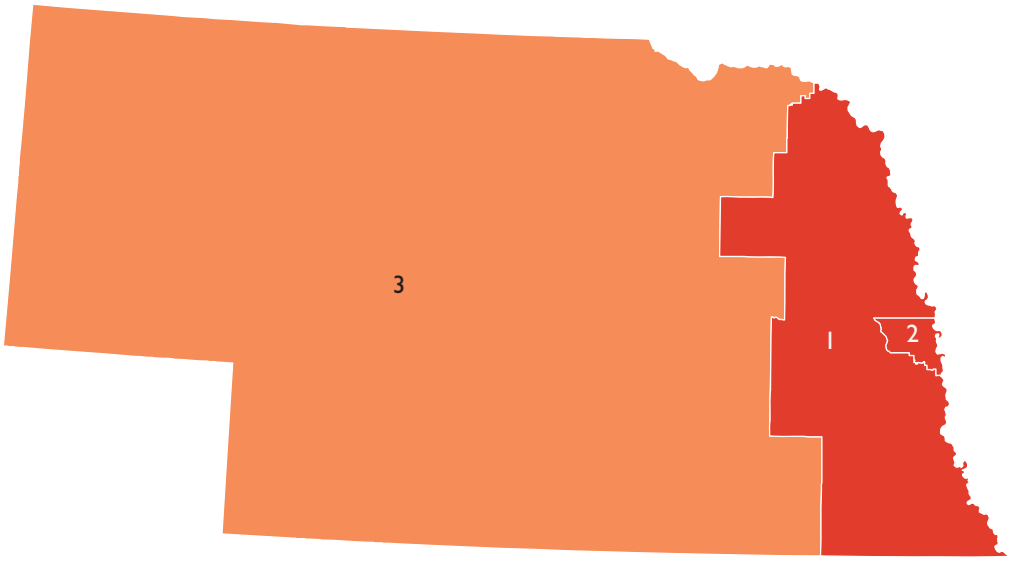



By Congressional District

**Non-Farm Jobs Lost in 2025**

- 570-1,099
- 1,100-1,199
- 1,200-1,274
- 1,275-1,374
- 1,375-1,884

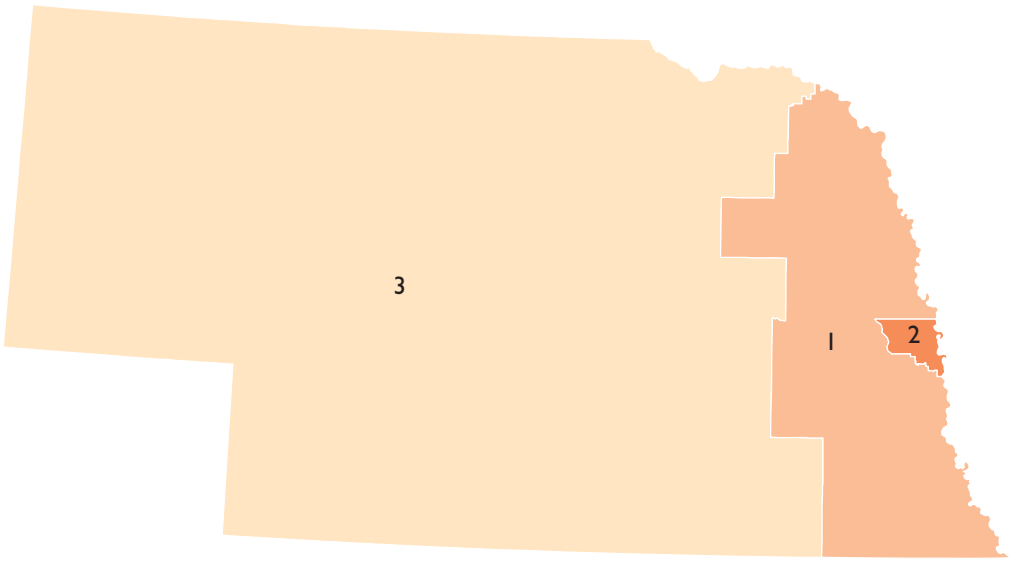
State Total: 3,898




**Gross State Product Lost in 2025 (in Millions)**

- $130-$219
- $220-$259
- $260-$294
- $295-$354
- $355-$756

State Total: $740.9 million




**Source:** Heritage Foundation calculations using Global Insight's U.S. Macro Model.

Map 1 • WM 1930-NE heritage.org