

# Ohio Taxpayers Report

A publication of the Ohio Taxpayers Association Foundation

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## **ECONOMIC IMPACT OF ENERGY PROPOSALS MUST BE CONSIDERED**

*By Scott Pullins, Chairman*

As members of Congress and the Bush administration wrestle through a lengthy debate on meeting America's energy demands and the formulation of a national energy policy, the challenges facing our nation's energy markets continue to mount.

Matters of energy security and our reliance on foreign oil again have taken center stage, as oil prices continue to rise, Iraq halts oil exports and ongoing activity in the Middle East threatens to disrupt energy supplies. This instability is felt by all Ohioans, directly through rising prices at the gas pump and indirectly through increased costs for goods and services from Ohio companies that use oil and related fuels for production processes.

To further complicate the energy picture, according to the U.S. Energy Information Administration (EIA), natural gas prices for April 2002 rose sharply. This increase is spurred by concerns about the overall economic recovery, rising oil prices and uncertainties about whether there will be enough gas available to meet both power generation needs this summer and heating demands next winter.

In response to this ongoing volatility in our energy markets, varying approaches from federal policy makers have been proposed. Although different in specific recommendations, these proposals are unified in their goal to craft a national energy policy that secures greater independence for the U.S. from foreign energy interests.

By focusing on domestic energy resources, the U.S. can not only promote energy security, but can also ensure continued energy affordability. Any focus on domestic energy must include thorough consideration of the use of America's most abundant energy resource: coal. With a 250 year supply nationwide, and an estimated 400 year supply here in Ohio, coal can play a key role in providing Ohio – and the nation – with affordable electricity for years to come.

In Ohio, 87 percent of the electricity we consume comes from coal. The availability of low-cost electricity strengthens our state's economy and provides a competitive advantage for businesses in Ohio. That helps all Ohioans, by ensuring a steady job market and a robust economic base to stimulate growth.

A March 2002 study by a team of economists from Penn State University underscores the important role that access to affordable electricity generated using coal plays in Ohio's economy. The study shows that access to affordable electricity generated using coal will be responsible for as much as \$16.2 billion in increased household income, \$48 billion in economic output and 465,000 jobs in Ohio by the year 2010.

Ohio's economic advantage could be put at risk if environmental regulations aimed at reducing the use of coal for producing electricity are enacted. Those same job and income increases that can be realized with the use of coal could result in a corresponding loss of jobs, personal income and economic output.

Proponents of dramatically restricting the use of coal to generate electricity suggest that Americans cannot have both clean air and affordable electricity from coal. But thanks to a \$50 billion investment by America's coal-based electric utilities and ongoing development of clean-coal technologies, there have been significant improvements to our air quality.

A February 2002 report from the Ohio EPA confirms that Ohio's air quality continues to improve, with levels of most monitored air pollutants decreasing significantly during the past 20 years. The U.S. EPA's own data support the Ohio statistics, showing that despite the fact that our use of coal for electricity has tripled over the past 30 years, emissions of pollutants defined as harmful to human health have decreased by about one-third nationally – and by almost 40 percent in Ohio – during the same time period.

Clearly, Ohio and the U.S. can rely on affordable electricity from coal while continuing environmental protections. That is important both to our economic growth and our quality of life. Efforts to reduce coal's use to meet our increasing energy needs will hurt Ohio families and businesses; resulting in higher energy bills for consumers and threatening Ohio's economic competitiveness.

Members of Congress and the Bush administration have a critical opportunity before them to make energy policy decisions that will benefit our citizens, our economy and our environment. Now is the time to pass responsible legislation that incorporates the best available analyses of the economic, national security and environmental implications of energy proposals.

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**The Ohio Taxpayers Report is a column written by the Ohio Taxpayers Association Foundation on important Ohio issues. It is published as needed and distributed to Ohio newspapers and opinion leaders as a public service.**

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**Editors Note:For a picture of Scott A. Pullins please call 614-224-2785 or go to our website.**