I applaud the U.S. Chamber of Commerce for running this competition to generate the "best, most viable ideas for a long-term sustainable funding source for infrastructure." As a Senator representing a coastal state, I have seen first-hand how our infrastructure is under a relentless assault from the effects of anthropogenic carbon pollution. From sea-level rise to extreme weather events, no aspect of my state's infrastructure is immune to the challenges of a warming planet.

This is not a problem unique to Rhode Island. Climate change poses serious economic risks to the U.S. economy in general, and to infrastructure in particular. Freddie Mac and others warn of a coastal property values crash due to rising sea levels, the losses from which are "likely to be greater in total than those experienced in the housing crisis and Great Recession."[1] Meanwhile, the Bank of England and others warn of the risk of a carbon bubble of stranded fossil fuel assets.[2] The bursting of such a carbon bubble could result in economic losses comparable to those stemming from the 2008 financial crisis and would hit the U.S. economy particularly hard.[3] With respect to infrastructure, the Fourth National Climate Assessment predicts billions of dollars of damages annually as a result of climate change.[4] Thankfully, there are policies that can simultaneously reduce the carbon pollution that jeopardizes our roads, bridges, tunnels, rail systems, ports, airports, and electrical grid, fund improvements to this infrastructure, and grow our economy without the risks of continued reliance of fossil fuels.

One would expect a business organization whose members can't grow or thrive in the absence of an expanding economy or reliable infrastructure to be on the front lines of this fight. Unfortunately, not only has the U.S. Chamber of Commerce not supported climate action, it has actively opposed legislative and executive efforts to reduce carbon pollution, and has fought efforts to use the court system to tackle our climate crisis.

Given the overwhelming evidence of the risks climate change poses to our economy and our infrastructure, if the Chamber is serious about supporting the "best, most viable ideas for […] long-term sustainable funding source[s] for infrastructure," it should endorse policies that would simultaneously create a long-term funding source for infrastructure while reducing carbon pollution. I suggest three:

1. **Eliminate fossil fuel subsidies**: The International Monetary Fund estimates that fossil fuels are subsidized to the tune of $700 billion annually in the U.S.[5] While most of this subsidy stems from our failure to account for the multiple harms caused by fossil fuels (costs to the environment, public health, the economy, and yes, infrastructure) in their price, the U.S. spends roughly $26 billion in direct subsidies for fossil fuels.[6] Eliminating these direct subsidies to production and extraction, such as the intangible drilling cost deduction and below market rate royalties and leasing, would provide a reliable, long-

[1] http://www.freddiemac.com/research/insight/20160426_lifes_a_beach.html
[2] https://www.bis.org/review/r151009a.pdf
[3] https://www.nature.com/articles/s41558-018-0182-1
[4] https://nca2018.globalchange.gov/
[5] https://www.imf.org/external/pubs/ft/fandd/2018/09/what-are-subsidies-basics.htm
[6] https://www.nrdc.org/experts/han-chen/g7-countries-waste-100-billion-year-coal-oil-and-gas

term, and deficit-neutral funding source for infrastructure while simultaneously reducing carbon pollution.

2. **Make the price of fossil fuels reflect their true cost**: As noted above, the price of fossil fuels does not come close to reflecting their true cost to the environment, public health, the economy, and infrastructure. This amounts to a massive indirect subsidy for their production and extraction. Making the price of fossil fuels reflect their true social cost via imposing a price on carbon would correct this textbook negative externality that even desultory students of economics would recognize. A price on carbon that reflected its true social cost would raise more than $200 billion per year,[7] providing revenue to fully compensate lower- and middle-income households for any price increases, while generating additional revenue that could be used to invest in our nation.

3. **Put a price on specific forms of carbon pollution**: Recent research has revealed that methane leaks from the oil and gas industry are 60 percent higher than previously estimated.[8] If the oil and gas industry were forced to pay for the social cost of these methane leaks, it could generate more than $18 billion a year, at least until industry took steps to end these wasteful and harmful leaks, steps that industry and the U.S. Chamber have thus far opposed.

These recommendations are common-sense policy solutions that the Chamber could support if for no other reason than to bring it in alignment with companies that fund it. As I have documented with several of my Senate colleagues, the Chamber's stance is far out-of-step with the public positions and actions of its board members.[9] For example, many of the companies on the Chamber's board, including UPS, 3M, Pfizer, and Dow Chemical publicly support action to reduce carbon pollution. And many companies that voluntarily disclose their funding of the Chamber support reducing carbon pollution, with some, such as Microsoft, JP Morgan Chase, and Morgan Stanley, going so far as to use or plan to use an internal price on carbon.[10]

In the unlikely event that the Chamber comes to its sense and chooses one of my proposals, I will request that any prize money be awarded to an organization that advances the goal of spending transparency in our political system, a goal that the notoriously opaque Chamber does so much to defeat.

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[7] https://energypolicy.columbia.edu/research/report/energy-economic-and-emissions-impacts-federal-us-carbon-tax
[8] https://www.edf.org/climate/methane-studies
[9] http://www.whitehouse.senate.gov/download/?id=7c225de8-0d47-4c02-bc4e-5a3e932cc9f1
[10] https://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/002/738/original/Putting-a-price-on-carbon-CDP-Report-2017.pdf?1508947761