What Obama Electricity Tax?

By Juliet Eilperin

KANSAS CITY, Mo. -- The few campaign watchers who aren't transfixed by the images of Britney Spears and Paris Hilton in Sen. John McCain's (R-Ariz.) new attack ad aimed at Sen. Barack Obama (D-Ill.), might be asking themselves right now, "What's this about an Obama electricity tax?"

Short answer: there isn't one.

Long answer: both McCain and Obama would make electricity derived from fossil fuels more expensive, since they're both committed to setting mandatory limits on greenhouse gas emissions through a cap and trade system. In fact, they would raise energy costs by the same amount over the next 12 years, since they have identical short-term emissions goals.

McCain's campaign based their "electricity tax" charge -- which senior adviser Steve Schmidt repeated today during a conference call with reporters -- on an interview Obama gave the San Antonio Express-News in mid-February. During that Q and A, which focused largely on education, the reporter asked Obama whether he would consider taxing energy to help fund education:

Q. Have you considered other funding sources, say taxing emerging energy forms, for example, say a penny per kilowatt hour on wind energy?

A: Well, that's clean energy, and we want to drive down the cost of that, not raise it. We need to give them subsidies so they can start developing that. What we ought to tax is dirty energy, like coal and, to a lesser extent, natural gas.

According to Obama spokesman Tommy Vietor, the presumptive Democratic nominee was "talking about cap and trade, which McCain supports." Obama has consistently rejected the idea of a carbon tax, an approach backed by many economists, but has spoken at length about how capping carbon will lead to higher energy costs in the short term until the market produces cleaner technology.

Joseph E. Aldy, a fellow at Resources for the Future, wrote in an e-mail that McCain's allegations don't hold up in light of the fact that both candidates "call for the same near-term target of returning U.S. greenhouse gas emissions to their 1990 level by 2020. I would expect very similar impacts on energy prices with the same near-term goal."

While Obama has a more ambitious long-term reduction goal -- he calls for reducing emissions 80 percent by 2050, compared to McCain's 60 percent cut by mid-century -- Aldy said those sort of distinctions are unlikely to translate into different energy costs, even in the long term.

"Both are ambitious goals that will signal the need for more innovation and deployment of low-carbon technologies," Aldy wrote. "I find the two proposals to be nearly indistinguishable in terms of their ambition and economic impacts in light of the broad spectrum of positions on climate policy in Washington."

Staff researcher Julie Tate contributed to this report.