

Congress of the United States
Washington, DC 20515

October 14, 2011

The Honorable Jeb Hensarling
Chairman
Joint Select Committee on Deficit Reduction
U.S. House of Representatives
129 Cannon House Office Building

The Honorable Patty Murray
Chairwoman
Joint Select Committee on Deficit Reduction
U.S. Senate
448 Russell Senate Office Building

Dear Chairman Hensarling & Chairwoman Murray:

In the current budgetary environment, the United States can no longer afford to give away billions of dollars every year to corporations earning billions of dollars in profits and costing American taxpayers twice: at the pump and through the tax code. We urge the Joint Select Committee on Deficit Reduction to consider eliminating subsidies for fossil fuels as an excellent source of deficit reducing savings. According to a coalition of organizations, eliminating subsidies to the fossil fuels industry could reduce our national debt by up to \$122 billion over ten years.¹

The United States has subsidized fossil fuels for decades. Oil and gas producers and owners have been drilling since 1859 and have been able to recover capital costs of wells through percentage depletion since 1926.² After 152 years, domestic oil drilling is a mature industry, and at current record profit levels, needs no subsidy.

The largest source of savings is in our tax code. Tax credits that should be eliminated include the tax credit for refineries, which costs the United States over \$1.3 billion over ten years and increases our dependence on tar sands oil, and broader tax subsidies, such as the “last in, first out” accounting for inventories that costs taxpayers \$52 billion over ten years with oil and gas companies receiving the bulk of that subsidy.

Elimination of these subsidies will improve the efficiency of our tax code, will not add costs for consumers, and will not damage the fossil fuels industry. According to the Treasury Department, ending the subsidies proposed by President Obama will reduce U.S. oil production less than one half of one percent, and increase exploration and production costs less than two percent. When we consider that the price of a barrel of crude has more than doubled in the last several years, the fossil fuel industry can afford that small increase without eliminating American jobs or increasing the price we pay at the pump. Because oil and gas prices are set at the international level, and the United States is only a small producer of the world’s oil, a slight increase in costs for domestic producers will not increase the price Americans pay for gas.

¹ <http://priceofoil.org/wp-content/uploads/2011/10/Letter-to-SuperCongress-re-Fossil-Fuel-Subsidies.pdf>

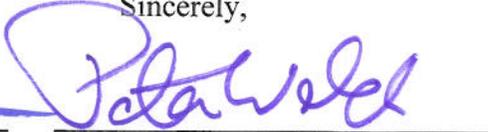
² <http://www.rff.org/RFF/Documents/RFF-IB-09-10.pdf>

By eliminating this wasteful spending, we can reduce the deficit and preserve programs that support ordinary Americans. We urge you to consider elimination of these fossil fuel subsidies.

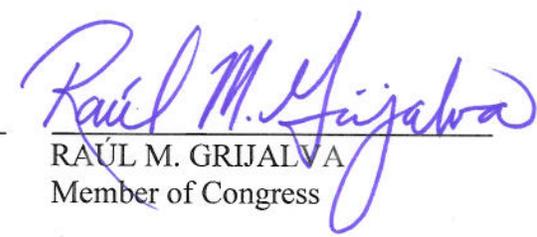
Sincerely,



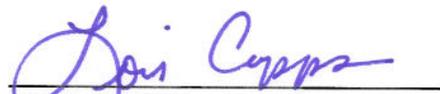
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Member of Congress



PETER WELCH
Member of Congress



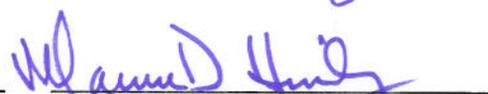
RAÚL M. GRIJALVA
Member of Congress



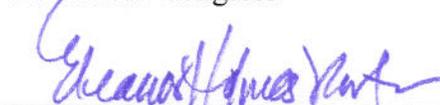
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Member of Congress



GWEN MOORE
Member of Congress



MAURICE D. HINCHEY
Member of Congress



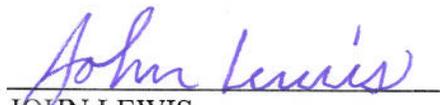
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Member of Congress



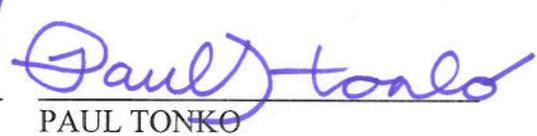
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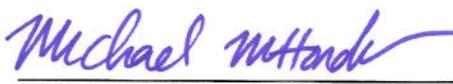
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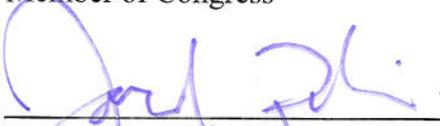
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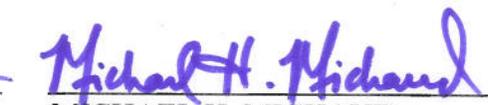
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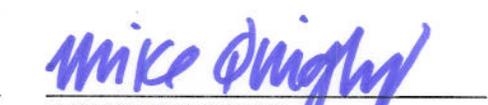
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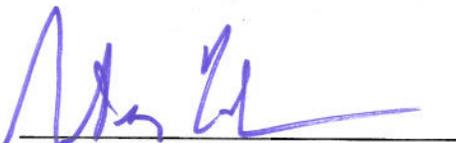
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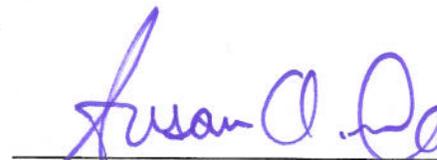


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MIKE QUIGLEY
Member of Congress

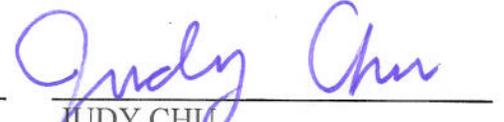

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BOB FILNER
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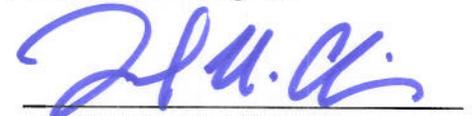

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JUDY CHU
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JAMES A. HIMES
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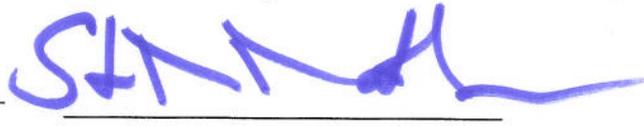

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