Senate And House Dems Push Super Committee To Repeal Oil Industry Tax Breaks

By: Caren Turner

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38 House Democrats and 14 Senate Democrats are pressuring the Deficit Super Committee to include in its ultimate deficit-reduction proposal a repeal of billions of dollars in oil and gas industry tax breaks.

The House letter claims that eliminating fossil fuel industry subsidies could reduce the debt by up to $122 billion over a decade:

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.

The Senate letter, spearheaded by Senator Robert Menendez (D-NJ), stated similar sentiments:

We are writing to urge you to eliminate $21 billion in oil subsidies for the five largest, most profitable private oil companies in the world as part of the Joint Select Committee on Deficit Reduction's work to lower the federal debt. Everyone needs to do their part to set us on the path toward a balanced budget, even the most wealthy and powerful among us.

The "five largest, most profitable oil companies" referred to in the letter are Exxon, Shell, BP, ConocoPhillips and Chevron.

Republicans who oppose tax increases and oil-state Democrats will certainly resist the proposed elimination of oil and gas industry tax breaks, largely due to their belief that they will hinder domestic oil exploration.

John Watson, CEO of Chevron Corp., will be part of an energy policy discussion today at the Peterson Institute for International Economics, where he will undoubtedly express his views on the proposal to eliminate tax breaks that would affect his company: at a Washington event in September he suggested that the Super Committee should expand U.S. oil-and-gas leasing so as to boost oil production.

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