

October 4, 2011

To: Representative Jeb Hensarling & Senator Patty Murray, Co-Chairs
United States Congress Joint Select Committee on Deficit Reduction
Washington, DC 20515

Dear Representative Hensarling & Senator Murray:

On behalf of our millions of members across the United States we write to urge the Joint Select Committee on Deficit Reduction to end subsidies for the fossil fuels industry as part of a balanced budget plan. Eliminating subsidies to the fossil fuels industry could reduce our national debt by \$122 billion over ten years while bettering the environment and public health.

Wealthy fossil fuel corporations simply do not need handouts from the federal government in order to produce energy because these businesses are incredibly lucrative. Over the last decade, the top five oil and gas companies alone reported over \$1 trillion in profits and another \$71 billion in profits in just the first half of this year. So-called independent oil producers are also doing quite well – the average CEO salary among the 66 largest independents in the U.S. was \$4.8 million last year. Coal companies, which have been receiving government aid for nearly a century, have also seen their profits skyrocket in 2011.

The Committee should start by eliminating all the subsidies in the federal tax code totaling over \$47 billion for fossil fuel companies that the President has targeted for elimination: \$43.5 billion of which goes to oil and gas companies and another \$2.5 billion of which goes to coal companies. There are billions of additional tax credits for fossil fuel companies that should also be considered for elimination. One particularly relevant example is the tax credit for refineries, which are encouraged to make modifications in order to take dirty tar sands oil. Eliminating this provision would save \$1.3 billion over 10 years and decrease our country's reliance on dirty tar sands oil.

Another massive subsidy for fossil fuels is royalty-free leases. There is no excuse for our country to be giving away public resources for free, especially when private companies are making billions of dollars of profits on them. Ending royalty-free oil and gas leases would save taxpayers \$9.5 billion over ten years.

In addition to tax credits that go explicitly to fossil fuel companies, these companies also benefit from several broader tax breaks that should be eliminated. Ending "last in, first out" accounting for inventories would reduce the national debt by over \$52 billion over ten years with much of the savings coming from oil and gas companies. The dual capacity tax credit largely benefits oil and gas companies and fixing this provision could save taxpayers an additional \$10.5 billion over 10 years.

As you know, Americans of all political orientations strongly favor ending these subsidies to the oil, gas and coal industries. You are also likely aware that most Americans feel that Members of Congress are more responsive to their campaign donors than to their constituents. Working to remove subsidies from the fossil fuels industry is one of the clearest ways you can help restore your constituents' faith in the ability of Congress to represent them.

With our country facing massive cuts on programs like education and health care, we cannot afford to waste tens of billions of dollars each year in giveaways to fossil fuel companies. By eliminating these handouts we take an important step towards putting our house in fiscal order and helping the environment at the same time.

Sincerely,

May Boeve
Executive Director
350.org

Willa Mays
Executive Director
Appalachian Voices

Roger Kim
Executive Director
Asian Pacific Environmental Network

Kieran Suckling
Executive Director
Center for Biological Diversity

Karen Scharff
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Citizen Action New York

Robert Kraig
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Citizen Action of Wisconsin

Bob Wendelgass
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Clean Water Action

Donald Mathis
President & CEO
Community Action Partnership

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Kathleen Rogers
President
Earth Day Network

Jennifer Krill
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Jakada Imani
Executive Director
Ella Baker Center for Human Rights

Leda Huta
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Margie Alt
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Bill Newton
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Florida Consumer Action Network

Erich Pica
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Georgia Rural Urban Summit

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Gary Zuckett
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The Wilderness Society

Cc:

Sen. Max Baucus
Rep. Xavier Becerra
Rep. Dave Camp
Rep. James Clyburn
Sen. John Kerry
Sen. Jon Kyl
Sen. Rob Portman
Sen. Pat Toomey
Rep. Fred Upton
Rep. Chris Van Hollen