



Oppose the \$5 Billion “Energy Bill II”

The ink has hardly dried on the bloated federal energy bill, and yet lawmakers are already planning an encore performance.

On September 28, 2005, the House Energy & Commerce Committee marked up the Gasoline for America’s Security Act, better known as “Energy Bill II.” Taxpayers for Common Sense Action (TCS Action) opposes the bill for the following reasons:

It creates a new, government-funded Standby Refinery Support Account that would compensate corporations if their refinery construction is delayed by laws or litigation. This account, which is financed by Congress, is under the sole discretion of the Secretary of Energy. The Secretary can give companies money from this account to compensate for the *full cost* of:

- Delays caused by litigation;
- Reduced outputs resulting from federal or state regulations;
- Lost production during a longer than expected permitting process.

TCS Action views this account as a taxpayer-funded handout to mega-rich energy companies, and we believe that the private sector should cover these costs, which are a normal business expense.

It forces the government to sell oil at a discount to small refiners. The bill grants small refiners a discount of up to \$4.50/barrel for oil that the government received as a royalty-in-kind. According to the Congressional Budget Office (CBO), **this provision will cost \$3 billion** over the next ten years in lost revenue.

Independent gasoline refiners already make some of the best profits in the oil industry: in 2004, their profits jumped by 189%, and they’ll very likely have an even better year in 2005. Refiners don’t need any more incentives to boost capacity – record profits give them all the incentive they need. This provision is a generous government gift to refiners now reaping billions in profits, without any promise that these cost-savings will be passed along to consumers. And with refineries already running at full capacity, this handout will do nothing to lower prices at the pump.

The “Energy Bill II” contains **\$3 billion in lost revenue and at least \$2 billion in authorized spending over the next ten years**, according to a cost estimate by the CBO. This bill will cost taxpayers a bundle, but it won’t provide consumers with relief from sky-high energy prices. TCS Action urges representatives to oppose the \$5 billion “Energy Bill II” when it hits the floor of Congress this week.