



May 23, 2011

An Open Letter to the United States Congress: It's Time to Put an End to Energy Subsidies!

Dear Member of Congress:

We are writing this letter to urge you to oppose the New Alternative Transportation to Give Americans Solutions (NAT GAS) Act (H.R.1380), which creates and expands a host of tax credits to subsidize the use of vehicles that run on natural gas.

The NAT GAS Act would subsidize every aspect of the natural gas-fueled vehicle industry, from production to purchase and the infrastructure needed to fuel such vehicles. It would also extend the tax credit for natural gas used as a transportation fuel, even though natural gas is currently significantly less expensive than diesel or gasoline. Tax incentives like these allow government to decide which energy sources thrive or fail—and thereby distort the market. America's experience with a number of similar energy subsidies dating back to the 1970s has shown that businesses benefiting from these incentives become reliant on government handouts in order to stay in business, causing the price of the subsidy to rise over time and leaving taxpayers to support industries for decades.

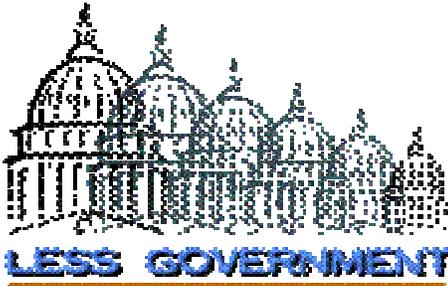
In March, twenty-nine conservative groups sent an Open Letter to Congress declaring it was time to put an end to energy subsidies. We respectfully requested that all members of the House and the Senate follow some basic guidelines when considering new energy legislation in the 112th Congress; including,

Evenly applying lower taxation across the board.

By targeting tax subsidies toward one type of transportation fuel—natural gas—the NAT GAS Act does not evenly apply lower taxation across the board. It does the exact opposite. America's tax code is already overburdened with too many carve-outs for special interests that raise compliance costs, distort economic decision making and give advantages to the politically well connected. The last thing the Congress should be doing is making the tax code more complex.

Providing subsidies for every aspect of natural gas-fueled vehicles will only lead to a bloated industry of little help to energy consumers. Washington is no match for the free market when it comes to determining the most promising energy sources.

Americans sent a strong message to Members of Congress in the 2010 mid-term elections: It's time to stop wasteful government subsidies and end the destructive nature of special interest politics. Co-sponsoring this misguided legislation is a sign that you have not heard the message and are not serious about eliminating expensive, counter-productive energy subsidies.



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