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Taxpayers Cannot Afford to Go Down This Road Again *Energy Subsidies Not the Solution*

TCS president Ms. Ryan Alexander Responds to President's Speech on Climate

Washington, DC - As the President said today, carbon emissions create enormous fiscal liabilities and taxpayers will lose if this important issue is ignored. However, the speech is a mixed bag for taxpayers. Here is our reaction to a few key points raised in the President's comments.

Ending oil and gas subsidies would be a win for taxpayers but it is important we do not replace one expensive energy subsidy with another. We need to stop picking winners and losers in the marketplace with energy subsidies, and not just with oil and gas. Taxpayer subsidies supporting the false promises of "clean" coal or the efficiencies of nuclear power must end too. We've been down on this expensive road before paving the way with loan guarantees, tax credits, and more for the well-established mature coal and nuclear industries and its time they fully bear these costs. As for renewable energy—the subsidies must stop there too. Building up industries with billions in subsidies is neither a sound nor a sustainable fiscal policy. The President called for more support for advanced biofuels, you don't have to look any further than the billions of dollars wasted on lucrative tax breaks and federal mandates for corn ethanol which has created a slew of taxpayer liabilities, consumer harms, and environmental consequences along the way.

Energy development on federal lands and waters must have a comprehensive leasing process and collect a fair royalty. Federal lands and waters should be used for energy production, but taxpayers lose billions in lost and unaccounted royalties for existing resource extraction on federal lands and waters. Some offshore oil and gas leases pay no royalties at all and all hardrock mining operations on federal lands are royalty-free. Opening up more land for renewable development without ensuring the proper safeguards and royalties are in place would add insult to injury and will cost taxpayers billions more in lost revenue.

It's time to get serious. Enough of the empty promises and political posturing, it's time to put the shoulder to the wheel. To address our nation's energy problems the playing field must be leveled. For more than a century the tax code has become riddled with energy giveaways and it's time for a clean slate. Going further, any comprehensive approach to addressing climate liabilities should include a carbon tax. You tax what you want less of and you don't hear a lot of clamoring for more carbon in the atmosphere. That would let the market work it's will and reduce taxpayer and environmental liabilities.

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