



July 15, 2010

**OPPOSE WASTEFUL \$25 BILLION INCREASE FOR DOE
LOAN GUARANTEE PROGRAM**

Dear Energy and Water Development Appropriations Subcommittee Member:

Today we join together to urge you to not provide any additional loan guarantee authority to the Department of Energy (DOE) Loan Guarantee Program in the FY 2011 Energy and Water Development Appropriations Bill. With hundreds of billions in bailouts already on the shoulders of U.S. taxpayers, the country cannot afford to increase spending authority for a program that could easily become a black hole for tens of billions more.

This week, the Government Accountability Office issued a new report highlighting significant problems with the loan guarantee program. They found the program lacked goals, circumvented the required independent checks for applicants, had no systematic process for awarding applicants and could not effectively evaluate the effectiveness of the program. Yet, the Committee continues to consider adding more authority to the program!

The DOE program already has more than \$50 billion in loan guarantee authority with no time restriction on its use. Given the existing authority and the high risk to taxpayers, this increase is fiscally irresponsible.

A loan guarantee program of this size and structure puts the federal government at significant economic risk. DOE has minimal experience administering a loan guarantee program, and its one test case ended with taxpayers paying a heavy price. In the late 1970s and early 1980s, DOE offered billions in loan guarantees for the development of synthetic fuels. Due in large part to poor administration and market changes, the federal government was forced to pay billions to cover the losses. The current loan guarantees, much like the synthetic fuels loan guarantees, are slated to provide guarantees to financially risky industries, many of which have and continue to receive billions of dollars in federal subsidies.

Regardless of your opinion on the loan guarantee program or the various technologies it supports, providing any additional authority while \$50 billion in existing funding is already available is completely unnecessary. Because of the large risk this program places on taxpayers, we urge you to oppose any additional budget authority for the loan guarantee program in the Energy and Water Appropriations Bill.

Sincerely,

Ryan Alexander, President
Taxpayers for Common Sense

Henry Sokolski
Non-Proliferation Policy Education Center

Jeff Kueter, President
George Marshall Institute

Andrew Moylan, Director, Government Affairs
National Taxpayers Union