



THERE IS NO FREE MARKET IN ENERGY

Annotated List of Federal Subsidies Prepared by Scott Sklar

Oil Royalties on Federal Lands (May 1998) High Bill: “Royalty In-Kind” fee rather than “World Price” fee causes US Treasury to lose \$330 million per year and \$1.65 billion over 5 years (2)

Ethanol Tax Credit (May 1998) Highway Bill: 5.4 c4nts per gallon for ethanol through 2007 where the federal highway tax trust fund waiver results in \$600 million per year which equals \$5.4 billion through 2007 (1)

\$10 Billion in Subsidies that Fuel Global Warming (November 1997) (6) Mining Reclamation deduction \$50 million/year Percentage depletion on oil, Natural gas and coal \$880 million/year Capital Gains Treatment on Coal Royalties \$19 million/year

Oil Imports, TaxPayer Subsidies and the Petroleum Industry (May 1995) (5) Independent Oil and Gas Producer Exemption from Alternative Minimum Tax (AMT) plus 58% of all federal subsidies (\$21.1 billion directly promote fossil fuels of which \$7.7 billion are tax benefits

Federal Energy Subsidies (April 1993) (4) 1989 dollars per year (low estimates) Tax Exempt Bonds for public power \$1.14 billion Tax Exclusion for electric coops \$403 million Percentage Depletion: Oil & Gas \$390 million Gas and Oil Exemption: passive loss restrictions \$135 million

Federal Energy Subsidies (November 1992) (3) Revenue Loss by Type: FY’92 Tax Deferrals: \$100 million (\$20 million for expensing Tertiary injectants and \$80 million in working Interest in oil and gas properties) Income Reducing Measures \$870 million (\$745 million in excess percentage over cost depletion exclusion and \$125 million on interest waiver on state and local bonds relating to energy)

Footnotes: (1) Gingrich Halts Plan to Kill Ethanol Subsidy. The Washington Post. (Eric Panin) May 7, 1998. Page A4. (2) How an Oil Industry favor Wound Up in a Tornado bill. The Washington post. (Juliet Eilperin) May 2, 1998 Page A6. (3) Federal Energy Subsidies: Direct and Indirect Interventions in Energy Markets. Energy Information Administration. Report # SR/EMEU/92-02. (4) Federal Energy Subsidies: Energy, Environmental and Fiscal Impacts. Alliance to Save Energy. (Douglas Koplow) April `1993. 91 pages. (5) Oil Imports, Taxpayer Subsidies and The petroleum Industry. Citizen Action (Ed Rothchild) May 1995. 20 pages. (6) Cut \$10 Billion in Subsidies that Fuel Global Warming to Fund Energy Alternatives and Economic Solutions. Friends of the Earth. November 1997. 12 pages.

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