

Energy Tax Breaks in the Senate Corporate Tax Bill: 45% of the \$15.8 Billion goes to the Oil, Gas, Coal, Power and Nuclear Industries.

Title VIII - Energy Tax Incentives

<http://finance.senate.gov/sitepages/leg/leg040504.pdf>

	cost 2004-2013
Subtitle A - Renewable Electricity Production Tax Credit	
Section 801 - Extension and expansion of credit for electricity produced from certain renewable resources. This section extends the current 1.8 cent-per-kilowatt-hour production tax credit for wind and closed-loop biomass for another 10 years, and expands	-\$4,417,000,000
total, Subtitle A	-\$4,417,000,000
Subtitle B - Alternative Motor Vehicles and Fuels Incentives	
Sections 811 & 812 - Alternative motor vehicle credit, modification of credit for qualified electric vehicles.	-\$1,806,000,000
Section 813 - Credit for installation of alternative fueling stations.	-\$5,000,000
Section 814 - Credit for retail sale of alternative fuels as motor vehicle fuel.	-\$527,000,000
Section 815 - Small ethanol producer credit.	-\$92,000,000
total, Subtitle B	-\$2,430,000,000
Subtitle C - Conservation and Energy Efficiency Provisions	
Section 821 - Credit for construction of new energy efficient homes.	-\$275,000,000
Section 822 - Credit for energy efficient appliances.	-\$152,000,000
Section 823 - Credit for residential energy efficient property.	-\$182,000,000
Section 824 - Credit for business installation of qualified fuel cells and stationary microturbine power plants.	-\$86,000,000
Section 825 - Energy efficient commercial buildings deduction.	-\$502,000,000
Section 826 - Three-year applicable recovery period for depreciation of qualified energy management devices.	-\$120,000,000
Section 827 - Three-year applicable recovery period for depreciation of qualified water submetering devices.	-\$47,000,000
Section 828 - Energy credit for combined heat and power system property.	-\$332,000,000
Section 829 - Credit for energy efficiency improvements to existing homes.	-\$157,000,000
total, Subtitle C	-\$1,853,000,000
TOTAL, ENERGY EFFICIENCY AND RENEWABLE ENERGY	-\$8,700,000,000
Subtitle D - Coal Incentives	
Section 831 - Credit for production from a qualifying clean coal technology unit.	-\$528,000,000
Section 832 - Credit for investment in qualifying advanced clean coal technology.	-\$468,000,000
Section 833 - Credit for production from a qualifying advanced clean coal technology unit.	-\$663,000,000
total, Subtitle D	-\$1,659,000,000
Subtitle E - Oil and Gas	
Section 842 - Natural gas gathering lines treated as 7-year property.	\$0

Section 843 - Expensing of capital costs incurred in complying with EPA sulfur regulations.	-\$125,000,000
Section 845 - Determination of small refiner exception to oil depletion deduction.	-\$72,000,000
Section 846 - Marginal production income limit extension.	-\$141,000,000
Section 847 - Amortization of delay rental payments.	-\$76,000,000
Section 848 - Amortization of geological and geophysical expenditures.	-\$835,000,000
Section 849 - Extension and modification of Section 29 tax credit for producing fuel from a nonconventional source.	-\$1,872,000,000
Section 850 - Natural gas distribution lines treated as 15-year property.	-\$1,137,000,000
Section 851 - Credit for Alaska natural gas.	SEE NOTE 1
Section 852 - Certain Alaska natural gas pipeline property treated as 7-year property.	-\$150,000,000
Section 853 - Extension of enhanced oil recovery credit to certain Alaska facilities.	-\$306,000,000
Section 854 - Arbitrage rules not to apply to prepayments for natural gas.	-\$43,000,000
Section 899A - Application of Enhanced Oil Recovery Tax Credits Against the Alternative Minimum Tax (hidden in Subtitle J)	-\$73,000,000
total Subtitle E	-\$4,830,000,000

Subtitle F - Electric Utility Restructuring Provisions.

Section 855 - Modifications to special rules for nuclear decommissioning costs.	-\$932,000,000
Section 857 - Sales or dispositions to implement FERC or State electric restructuring policy.	+\$316,000,000
total, Subtitle F	-\$616,000,000

TOTAL, TAX BREAKS TO OIL, GAS, COAL AND POWER CORPORATIONS **-\$7,105,000,000**

Total, all energy tax provisions	-\$15,805,000,000
Total, subsidies for renewable and energy efficiency	-\$8,700,000,000
Total, subsidies for coal, oil, gas and power corporations	-\$7,105,000,000
percent for renewable and energy efficiency	55%
percent for corporate polluter subsidies	45%

"OFFSET" provisions

Subtitle G—Volumetric Ethanol Excise Tax Credit

Sections 861 & 862 - Alcohol and biodiesel excise tax credit, extension of alcohol fuels income tax credit and biodiesel income tax credit.

(a) Credit for Alcohol Fuel and Biodiesel Mixtures.	-\$114,000,000
(b) Provide that all alcohol fuels excise tax credits are paid from the General Fund (SEE NOTE 2).	-\$4,276,000,000
(c) Repeal reduced-rate sales of gasoline for blending with alcohol and reduced-rate sales of alcohol fuel blends.	+\$204,000,000
(d) Extension of section 40 alcohol fuels income tax credit.	-\$101,000,000
total, Subtitle G	-\$4,287,000,000

Subtitle H—Fuel Fraud Prevention

Section 871 - Taxation of aviation-grade kerosene.	+\$3,863,000,000
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Section 873 - Dye injection equipment.	+\$398,000,000
Section 879 - Registration of pipeline or vessel operators required for exemption of bulk transfers to registered terminals or refineries.	+\$1,130,000,000
Section 882 - Penalties for failure to register and failure to report.	+\$19,000,000
Section 884 - Tax at point of entry where importer not registered.	+\$72,000,000
Section 890 - Modifications of tax on use of certain vehicles.	+\$1,154,000,000
Part VII - Total Accountability - taxation and reporting for blendstocks, transmix, and other products removed from terminals and refineries, including those in foreign trade zones.	+\$958,000,000
total, Subtitle H	+\$7,594,000,000
 Subtitle I—Mobile Machinery	
Section 896 - Treatment of mobile machinery.	+\$923,000,000
total, Subtitle I	+\$923,000,000
 Subtitle J—Additional Provisions	
Section 898 - Repeal of 4.3-cent motor fuel excise taxes on railroads and inland waterway transportation which remain in general fund.	-\$1,428,000,000
total, Subtitle J	-\$1,428,000,000
 Total "offsets" in Subtitles G-J	 +\$2,802,000,000
 Net Cost, Subtitles A-J	 -\$13,003,000,000

NOTE 1: This is a NEW provision that was not in the filibustered version of the energy bill (H.R. 6). This "Credit for Alaska Natural Gas" provides a huge subsidy to the companies proposing the construction of a natural gas pipeline from Alaska to the contiguous 48 states. In the case of a drop in the price of natural gas, the language herein becomes, in effect, a huge subsidy by setting the price floor at \$1.35 per thousand cubic feet. If the market price falls below that amount, the federal government will pay the difference to the private companies for a maximum benefit of 52 cents per thousand cubic feet. The credit—which would be in effect for the next 25 years—is in addition to loan guarantees and other oil & gas subsidies of up to \$18 billion. Only three companies stand to benefit: British Petroleum, ExxonMobil, and ConocoPhillips. ExxonMobil alone enjoyed \$21.5 billion in after-tax profits in 2003. So why do they need these handouts? Perhaps related is the fact that these three companies have contributed over \$2.4 million to federal candidates since 2001—with 84% of the total going to Republicans.

Note 2: The Joint Committee on Taxation claims this provision actually results in nearly \$4.3 billion in additional revenue, because the excise tax is "paid" for not by the Highway Trust Fund, but through general U.S. Treasury funds. The Public Citizen analysis concludes that if taxpayers are financing a tax break for the ethanol industry, we will score it as a tax break, no matter if taxpayers are paying for it through the Highway Trust Fund or general revenues. This provision shows that Congress appears to have learned its accounting principles from Arthur Anderson.

wiped out due to lack of AMT relief

MUCH SMALLER IN THE OUT YEARS

smaller due to no AMT relief

new revenue impact

new revenue impact