OIL and GAS

- **Eliminate royalty relief, including for deep gas and deep water production**, *43 USC 1337, 42 USC 15904 and 15905* (Sec 3) - $.01 billion (CBO estimate of just the deep gas and deep water royalty relief, from analysis of S. 916 112th Congress) – this provision repeals authority for the Department of Interior to provide discretionary royalty relief, and also repeals special royalty relief for deep water drilling.
- **Ultra deep water research program repeal**, *42 USC 16371* (Sec 5) - $.100 billion (President's FY2013 budget) – repeals 2005 public-private partnership to increase offshore production of oil and gas.
- **Uncap 75 million for spill liability and 350 million for pipeline clean-up for tar sands**, *33 USC 2704* (Sec 6) – current law limits economic damages for an individual offshore oil spill to $75 million, this section would make liability unlimited so that corporations are fully responsible for the damage they cause. It would also uncap liability for spill damages, currently at $350 million, for tar sands pipeline operators.
- **Eliminate enhanced oil recovery credit**, *26 USC 43* (Sec 14) – 15 percent income tax credit for advanced oil recovery investments.
- **Eliminate marginal wells credit**, *26 USC 45 I* (Sec 14) – tax credit for production from marginal and inefficient wells.
- **Eliminate deduction for tertiary injectant** *26 USC 193* (Sec 14) - $.100 billion (President's FY2013 budget) – allows deduction for advanced oil recovery investments
- **Eliminate manufacturing deduction**, *26 USC 199(d)(9)* (Sec 14, 19) - $11.883 billion (President's FY2013 budget) – This provision, included in a 2004 law, allows oil and gas industry to claim they are 'manufacturers' and take huge tax deductions aimed at incentivizing manufacturing in America.
- **Eliminate special rule for oil, gas wells**, *26 USC 461(i)(2)* (Sec 14) – accelerates deductions for oil and gas corporations.
- **Eliminate percentage depletion**, *26 USC 613(A)* (Sec 14) - $11.465 billion (President's FY2013 budget) – allows oil and gas companies to deduct 15 percent of their sales revenues to reflect declining value of their investment, without regard to the actual decline in value of their investment.
- **Eliminate passive loss exemption**, *26 USC 469(c)(3)* (Sec 14) - $.082 billion (President's FY2013 budget)– lets oil/ gas company owners and investors use losses from fossil fuel investments to shelter other income.
- **Eliminate special depreciation for Alaska natural gas pipeline**, *26 USC 168(e)(3)* (Sec 14) – eliminates special depreciation provision allowing 7 year depreciation for Alaska natural gas pipelines, instead of standard 15 year depreciation.
- **Amortization for pollution control**, *26 USC 169* (Sec 14) - $1.6 billion (President's FY2013 budget)
- **Eliminate refinery upgrade deduction,** *26 USC 179(c)* (Sec 14) - $1.6 billion (Joint Committee Taxation for FY13, 14, 15) – eliminates option to expense 50 percent of costs to upgrade refinery.
- **Eliminate expensing of capital costs to comply with EPA rules for refineries**, *26 USC 179(B)* (Sec 14) – would eliminate special deduction for certain oil refineries related to cost of compliance with EPA low-sulfur pollution rules.
- **Eliminate environmental remediation expense deduction**, *26 USC 198* (Sec 14) – prevents oil/gas industry from taking deduction for certain environmental clean-up costs.

Key– provision, statutory or tax code reference, section of the Sanders/Ellison bill, cost savings estimate over ten year years and source, and description of provision

- **Eliminate intangible drilling oil and gas deduction**, *26 USC 263* (Sec 14) - $13.902 billion (President's FY2013 budget) – This provision allows oil and gas companies to immediately deduct the cost of things like wages and supplies, lowering their taxes, instead of normal process of deducting these costs over time.
- **Eliminate marginal wells production credit 5 year carryback** *26 USC 39(a)(3*) (Sec 14) – allows 5 year carryback for marginal wells production credit.
- **Eliminate oil and gas Arbitrage bonds exemption** *26 USC 148(b)(4)*(Sec 14) - $.086 billion (Green Scissors report 2011, with projections) -
- **Eliminate alternative fuel credit for natural gas** *26 USC 30C(c)* (Sec 15) - $.176 billion (Joint Committee Taxation) – currently natural gas qualifies as an alternative fuel eligible for a tax credit, this provision would remove the credit for natural gas.
- **7 year amortization**, *26 USC 167(h)* (Sec 16) - $1.4 billion (President's FY2013 budget) – tax break created in 2005 to allow certain oil and gas corporations to more quickly amortize incidental drilling costs, reducing taxes paid. This proposal would eliminate the current 2 year amortization and extend it to 7 years.
- **Natural gas gathering lines 15 year property**, *26 USC 168(e)(3)* (Sec 17) - $.5 billion (President's FY2013 budget) – eliminates special provision allowing for 7 year depreciation for natural gas pipelines, returning to the standard 15 year depreciation.
- **Increase Oil Spill Liability Trust Fund Financing**, *26 USC 4611(c)(2)*, and **Apply Oil Spill taxes to tar sands oil**, *26 USC 4612(a)* (Sec 24 and 25) -$.717 billion (President's FY2013 budget) – this proposal would institute a 1 penny per barrel increase in the tax that funds the oil spill liability trust fund, in response to BP oil spill in Gulf demonstrating the increased need for oil spill funding, and also would extend this tax to tar sands oils which are currently exempt from it.
- **Deny deduction for oil spill costs**, *Part IX, subchapter B chapter 1 IRC* (Sec 26) - $6.792 billion (Joint Committee Taxation score of HR 3852) – BP was able to deduct from its tax liability billions of dollars for certain costs related to remediation from the Gulf oil spill. This provision would ensure that corporations responsible for oil spill clean-up and damages do not get a tax break for paying to clean-up their mess.
- **Recover lost royalties on offshore drilling through excise tax** (Sec 27) - $10.644 billion (Joint Committee Taxation estimate from 2007, likely a conservative estimate today) – In the 1990's certain offshore leases were provided without requiring royalty payments from industry, as a means of encouraging drilling when prices were very low. These leases did not have a provision to institute royalties when prices moved higher, causing a significant loss of tens of billions to the taxpayer over the life of leases. This excise tax of 13 percent would ensure that corporations not already paying royalties pay their fair share.
- **Termination of last in, first out, accounting for fossil fuel companies**, *26 USC Section 472 and 473* (Sec 20) - $29.512 billion (President's FY2013 budget, assumes only 40% of LIFO savings comes from oil and gas companies, per statement from White House)– This provision allows oil and gas companies to minimize the value of their inventories for tax purposes
- **Dual Taxpayer Deduction**, *26 USC 901* (Sec 23) - $10.724 billion (President's FY2013 budget, U.S. Chamber of Commerce says "nearly all" dual capacity taxpayers are oil and gas corporations) – allows oil and gas companies that operate overseas to classify royalty payments to foreign governments as taxes, thereby reducing their U.S. taxes because foreign taxes, unlike royalty payments, are fully deductable.

TOTAL OIL AND GAS - $101.293 billion over ten years

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COAL

- **Eliminate mining exploration deduction**, *26 USC 617* (sec 14) - $.44 billion (President's FY2013 budget) – allows coal mining companies to deduct certain exploration and development costs.
- **Eliminate mining and solid waste costs** *26 USC 468* (Sec 14) - $.4 billion (Joint Committee Taxation) – tax deduction for certain costs related to mining and waste site reclamation and closure.
- **Eliminate credit for carbon dioxide sequestration** *26 USC 45Q* (Sec 15) – provides tax credit of between $10 and $20 per metric ton of carbon sequestered by industrial facilities such as coal plants.
- **Eliminate advanced coal credits** *26 USC 48A and 48B* (Sec 14) - $2 billion (Joint Committee Taxation based on projection of 5 year estimate) – tax credits provided for construction of advanced coal plants.
- **Repeal domestic manufacturing deduction for mining**, *26 USC 199(c)(4)* (Sec 18, 19) - $.271 billion (President's FY2013 budget)– This provision, from a 2004 law, allows coal industry to claim it is a 'manufacturer' and claim deductions aimed at incentivizing American manufacturing.
- **Termination of capital gains treatment for royalties from coal**, *26 USC 631* (Sec 22) - $.422 billion (President's FY2013 budget)– this provision was enacted in 1951, and allows coal companies to treat income from coal mines as a capital gain, taxed at 15 percent maximum, instead of regular income which could be taxed at a much higher rate.
- **Designate Powder River Basin coal-producing region** (Sec 28) – would require BLM to designate Powder River Basin a "coal-producing region" giving federal government more impetus and authority to get a fair return on leases, and not to simply provided leases based on industry needs.
- **Fair Market value study Powder River Basin** (Sec 28) – requires BLM to do a fair market value study of Powder River Basin to determine if taxpayers are getting a fair return for leases.
- **Repeal percentage depletion for coal** *26 USC 613* (Sec 21) - $1.744 billion (President's FY2013 budget)– allows coal companies to deduct 10 percent of their sales revenue to reflect declining value of their investment, regardless of actual value of their investment.
- **Eliminate DOE loan guarantees for advanced coal projects**, *42 USC 16513* (Sec 10) - $.08 billion ($8 billion in loan guarantees with risk to government calculated at .01%, but risk could be much higher)

TOTAL COAL - $5.357 billion over ten years

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Other FOSSIL FUEL SUBSIDIES

- **Eliminate nonconventional fuel credit**, *26 USC 45K* (sec 14) – provides a tax credit for nonconventional fuels including produced from coal and other fossil fuels.
- **Increase onshore public lands royalty rate to 18.75 percent**, *30 USC 207, 223, 226* (Sec 4) - $.625 billion (Bureau Land Management budget justification FY2013) – would bring onshore public lands royalty rates in line with offshore royalty rates.
- **Rescission of funds for World Bank Financing** (Sec 7) – would rescind existing funding, and impose a future prohibition, on using U.S. taxpayer funds to finance fossil fuel projects through the World Bank. In 2010 the World Bank provided $4.4 billion for coal financing.
- **Termination of DOE office of fossil energy R&D**, *42 USC 7133* (Sec 8) - $3.68 billion (based on FY2012 DOE budget, over ten years, assuming no increase) – would eliminate taxpayer-backed research and development programs for the fossil fuel industry.
- **ARPA-E no funding for fossil fuels** (Sec 9) – would eliminate taxpayer-backed research and development programs for fossil fuel industry.
- **Eliminate USDA loans or guarantees for coal, oil, or gas**, 7 USC 931 (Sec 11) – would eliminate USDA loans or loan guarantees for coal plants, as well as other fossil fuel plants or projects.
- **Rescission of funds for OPIC and Export-Import Bank** (Sec 12) – Would rescind existing funds, and impose a future prohibition, on using U.S. taxpayer funds to finance fossil fuel projects through OPIC and Export-Import Bank. In 2011 the Export-Import Bank helped to finance nearly $5 billion in oil and gas industry projects, and hundreds of millions for coal-related projects.
- **No Federal transportation funding for coal, oil, or gas rail or port projects** (Sec 13) – would prohibit federal transportation funds for rail or port projects designed to transport and/or export fossil fuels.
- **Eliminate Master Limited Partnerships for oil and gas and coal companies**, *26 USC 7704(d)(1)(E)* (Sec 14) - $2.4 billion (Joint Committee Taxation, based on projection of 5 year estimate) – would eliminate special partnership option for fossil fuel corporations and investors which is currently not available for clean energy companies.
- **Additional subsidies** (Sec 29) – requires the Treasury Department to identify any additional fossil fuel production subsidies not already eliminated in this bill, and issue a report to Congress quantifying their cost to the taxpayer.

TOTAL OTHER FOSSIL FUEL SUBSIDIES - $6.705 billion over ten years

GRAND TOTAL, ALL FOSSIL FUEL SUBSIDIES - $113.355 billion over ten years

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