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June 14, 2010

The Honorable Max Baucus
United States Senator
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baucus:

The Consumer Energy Alliance (CEA) is writing regarding the American Jobs and Closing Tax Loopholes Act of 2010 (the "Tax Extenders bill"), which will be taken up by both the House and Senate in the near future. CEA broadly supports efforts to encourage energy efficiency and the development of alternative and renewable energy through targeted tax incentives such as those provided in this legislation. We are concerned, however, that provisions in the legislation will amount to a massive tax increase on the truckers, airlines, farmers, motorists and energy consumers of America.

CEA is a nonprofit, nonpartisan organization made up of 145 affiliate members and more than 280,000 grassroots supporters who support the thoughtful utilization of energy resources in order to help ensure improved domestic and global energy security and stable prices for consumers.

As an organization that is devoted to the development of all energy resources – including alternative, renewable and conventional – CEA enthusiastically applauds the inclusion of provisions extending tax credits for the production of biodiesel, renewable diesel, biomass-based electricity and alternative fuels or alternative fuel mixtures in the Tax Extenders package. The use of targeted tax credits such as these will foster efforts to develop alternative and renewable fuels and reduce energy consumption, which will help reduce our dependence on imported energy and reduce energy-related pollution.

However, CEA is deeply concerned regarding the provisions of this legislation that would increase the taxes that fund the Oil Spill Liability Trust Fund. The Joint Tax Committee has estimated that raising these taxes from 8 cents per barrel to 32 cents per barrel would amount to a \$10.8 billion tax increase on American energy production.

Raising taxes on oil production will have a disproportionate impact on small and independent producers, which will decrease investment in oil production and result in higher crude prices. These higher oil prices will lead directly to higher home heating oil, gasoline and diesel prices – costs which will be borne by energy consumers, as we learned during the energy price spikes of 2008. During the run-up, historically high gasoline, diesel and jet fuel prices led to the closure of over

4,200 trucking companies, as well as forcing more than a dozen airlines out of business and eliminating the jobs of 360,000 workers.

The Consumer Energy Alliance respectfully requests your support for amending the Revenue Offsets provisions raising the Oil Spill Liability Trust Fund in the Tax Extenders bill to ensure that the language provides appropriate targeted tax incentives to promote renewable and alternative energy development and energy efficiency without enacting a \$10.8 billion transportation fuels tax increase that would harm American consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Holt", with a stylized flourish at the end.

David E. Holt
President
Consumer Energy Alliance