



End Fossil Fuel Tax Breaks

As Congress considers ways to reduce the deficit many programs that support human needs and promote peace are in jeopardy. However, the threat to these programs is artificial because there are large expenditures, like fossil fuel subsidies that waste money and harm the earth.

Friends Committee on National Legislation has identified a number of tax breaks for coal, oil and gas companies that encourage carbon pollution and waste money (see chart for details). Eliminating these would save \$109 billion over five years¹. The Obama Administration has recommended ending some of the same tax breaks that are worth about half as much, \$51 billion over five years.

But tax breaks for coal, oil and gas companies is just the beginning. These companies get breaks on royalties and limits on liability for big spills like the BP spill in the Gulf of Mexico in 2010. Fossil fuel industries are not the only ones who receive subsidies for damaging the environment and over-exploiting our resources. Each year the [Green Scissors Report](#) identifies programs that harm the environment and waste taxpayer money. The report covers all energy programs including nuclear power, agriculture, transportation, mining, grazing, timber and flood insurance that waste an additional \$282 billion over a five year period.

If Congress adopted the recommendations of the Green Scissors Report 2011, we would have an extra \$391 billion for peace and human needs and we would be better stewards of the planet.

¹ Budget discussions use 10 year totals, but the 5 year totals in the Green Scissors Report cannot be simply doubled

**Comparison of Green Scissors 2011 and the Administration
Proposals to End Fossil Fuel Tax Breaks**
(values are millions of dollars)

Tax Preference	Green Scissors 5 Year	Administration 5 Year	Administration 10 year
Volumetric Ethanol Excise Tax Credit	\$38,843	n/a	n/a
Last In First Out Accounting	\$39,661	\$21,032	\$51,785
Domestic Manufacturing Tax Deduction	\$ 7,600	\$ 6,017	\$16,812
Intangible Drilling Costs	\$ 6,268	\$ 7,437	\$12,797
Percentage Depletion Allowance	\$ 5,214	\$ 4,549	\$11,606
Foreign Tax Credit	\$ 3,896	\$ 3,654	\$ 9,872
Expensing Oil Shale and Tar Sands Property	\$ 2,700	n/a	n/a
Industrial Carbon Capture and Sequestration Tax Credit	\$ 971	\$ 7,600	\$16,812
Credit for Investment in Clean Coal Facilities	\$ 900	n/a	n/a
Expansion of Amortization of Pollution Control Facilities	\$ 851	n/a	n/a
Accelerated Amortization of Geological Geophysical Expenditures	\$ 797	\$ 1,017	\$ 1,514
Natural Gas Distribution Lines	\$ 600	n/a	n/a
Capital Gains Treatment for Royalties From Coal	\$ 264	\$ 99	\$ 353
Expensing Exploration and Development for Minerals	\$ 240	\$ 171	\$ 411
Passive Loss Exemption for Oil and Gas	\$ 99	\$ 96	\$ 187
Liberalized Definition of Independent Producer	\$ 84	n/a	n/a
Exemption from Bond Arbitrage Rules	\$ 43	n/a	n/a
Expensing of Tertiary Injectants	\$ 38	\$ 37	\$ 83
Treatment of Income and Gains from Industrial Sources of CO ₂	\$ 18	n/a	n/a
TOTAL	\$109,087	\$51,709	\$111,437