



Congressman Fred Upton to be applauded for reviewing fossil fuel subsidies (Viewpoint)



By [Danielle Favorite | dfavorit@mlive.com](#)

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The following is a letter to the editor that was sent to the Kalamazoo Gazette.

BY DOUG KOPLAW AND GABE ELSNER

As a researcher, and as co-director of watchdog group that have both worked to draw attention to the significant subsidies and tax breaks that are lavished on the fossil fuel industry, we are eager to see elected officials take notice of this waste of taxpayer money, especially as the President and Congress work to address the fiscal cliff disaster.

That is why we are pleased that a member of Congress with an important platform has recently

joined us in this conversation to review fossil fuels' role in distorting the free market for energy. Recently, [Fred Upton](#) (R-St. Joseph), chairman of the House Energy and Commerce Committee stated, "I'm for putting all of these [energy sources] on an even footing. Let's look at the oil and gas subsidies; let's take them away. Let's let them compete just like everyone else at the same level."

We agree. All energy sources should compete on a level playing field. We support Upton's request for the U.S. Government Accountability Office, our nonpartisan, federal auditing agency, to conduct a true and complete accounting of federal energy subsidies to all sources. With the additions that Reps. Ed Markey, (D-MA) and Rush Holt (D-NJ) made to the request, we believe the final report should provide an accurate look at this issue.

In the past, similar Congressional-led analyses have gamed the research scope to under-count subsidies to fossil fuels and nuclear. Special corporate structures, exempt from corporate income taxes but dominated by oil and gas firms, were ignored. Deductions to industry were extended to include the value of extracted oil and gas as manufacturing. Costs to stockpile oil against supply disruptions were not counted either. In other countries, these costs are routinely paid by oil companies or oil consumers, rather than funded by taxpayers. Large subsidies to move bulk oil and coal were disregarded as well, as were large giveaways of federally-owned fossil reserves.



U.S. Rep. Fred Upton, R-St. Joseph

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According to research completed at Earth Track, an honest accounting of annual subsidies for fossil fuels runs \$50 billion or more. Shortfalls in motor fuel tax collections – the main funding source for the highways on which most petroleum demand relies — is another roughly \$70 billion per year. And these figures don't even count the environmental or health damage associated with some fossil fuels.

The pending fiscal cliff has focused the country's attention on the government's spending priorities. There is now bi-partisan support for reducing government spending, making this an especially appropriate time to look at spending on subsidies to the fossil fuel industry.

We should use an accurate GAO analysis of what taxpayers spend subsidizing energy to determine what spending is best for cutting. Through a structured approach, we can first target these large subsidies that distort the free market and give mature industries an unfair advantage over emerging technologies.

Doug Koplou of Earth Track, in Cambridge, Mass. has analyzed energy subsidies for more than 20 years. Gabe Elsner of the Checks and Balances Project, is a public interest advocate based in Washington, D.C.

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