

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
MINORITY (202) 225-5074
<https://oversight.house.gov>

Chairman Ro Khanna

Opening Statement

Subcommittee on the Environment Earth Day Hearing: “The Role of Fossil Fuel Subsidies in Preventing Action on the Climate Crisis.”

April 22, 2021

Good morning, everyone. Welcome to the first hearing of the 117th Congress of the Environment Subcommittee. I want to recognize our Ranking Member, Ralph Norman, and our Vice Chair, Rashid Tlaib, and thank all of the members and witnesses for participating.

This is a historic hearing. This is the first time that the United States Congress is examining an elimination of fossil fuel subsidies. These subsidies have been on our books for over 100 years. They have been giveaways to the fossil fuel industry embedded in our tax code. Now in 2009, the United States committed with other G7 countries to eliminate these fossil fuel subsidies. We actually had self-review, peer review, where we submitted a report in 2016 acknowledging that these fossil fuel subsidies exist.

So, the argument that the fossil fuel subsidies don't exist is simply factually false. It's a lie. It's a misrepresentation. It's a contradiction of what our own United States government has represented to the world. We need to be very specific about what these fossil fuel subsidies are. And today's hearing will make it clear that many in the environmental movement and in Congress stand absolutely committed, that these subsidies must be eliminated in the next infrastructure package. And there are five specific ones that we will detail that must be eliminated. And we want to hear from our experts about why that's the case and what else can be done.

Now, let's just get some basic facts on the table. In 2020, the fossil fuel industry spent over \$250 million in political contributions and federal lobbying. In return, the fossil fuel companies received over \$30 billion in federal subsidies and direct pandemic relief in 2020. And guess what? They received this relief and they were still laying off workers. So, the subsidies, the relief, are not going to actual fossil fuel workers. We stand with the workers. We stand with those who are job creators.

What we don't want is people making 500, 600 thousand dollars to lobby. What we don't want is people making millions of dollars on taxpayer subsidies. And that's what is being eliminated. This is not going to hurt in any way the jobs, what it's going to do is stop having taxpayer subsidies go to pay lobbyists and rich executives.

The industry, of course, oppose the Waxman-Markey climate bill. They have denied the simple fact that fossil fuels are the largest contributor to climate change. Despite the ad campaign, everyone knows that fossil fuels create greenhouse gas emissions and these fossil fuel subsidies are outdated and need to go. Oil Change International found this expenditure cost \$2.3 billion annually for the just the tax deduction on intangible drilling costs. The tax deduction for the percentage depletion, which started in 1926, cost \$1.3 billion annually. We need to make sure we start to eliminate these.

We will hear testimony from Tara Houska and Jill Hunkler, both really inspirational people, about how fossil fuel production pollution has affected their communities. And that's the impact that it's having on real people. Vice Chair Tlaib always makes it personal. I mean, this is actually leading to excessive pollution in communities and they will testify about the impact it's having on them and their neighbors and their families.

We will also hear testimony from Greta Thunberg, the world famous climate activist, about how ending fossil fuel subsidies are absolutely essential to the leadership in the world, that it matters that we have these fossil fuel subsidies eliminated in our infrastructure plan, not just for the United States, but Ms. Thunberg will tell us why it matters for the world.

And we will hear testimony from Dr. Joe Aldy and Peter Erickson about fossil fuel subsidies, not supporting energy independence or jobs and other ways that actually can support energy independence and jobs.

The largest subsidies that must be eliminated include deduction for intangible drilling costs, the percentage depletion, the MLPs, corporate tax exemption for fuel master limited partnerships, the last in last out accounting, and the dual capacity taxpayer credit. These are the five things we insist must be ended in this infrastructure bill.

And of course, I'm also proud to co-sponsor the End Pollution Polluter Welfare Act, with Senator Sanders and Representative Omar, that's even more comprehensive about all the fossil fuel subsidies. We're focused on the top five, but there are many more. And that's why I'm proud to be on that legislation.

Bottom line, this hearing will expose what the fossil fuel subsidies are in our tax code, expose that they're out of date, make it clear that they must end, and make it clear that the environmental movement in the United States is absolutely committed to ending these in this infrastructure bill.

###

Contact: Aryele Bradford, Communications Director, (202) 226-5181

