

Statement of Senator Max Baucus
Energy Tax Incentives Act
March 11, 2003

MR. PRESIDENT, I am pleased to join Chairman Grassley in introducing the Energy Tax Incentives Act of 2003. The Chairman and the Ranking Member of the Energy and Natural Resources Committee, Senators Domenici and Bingaman, are also original sponsors of this legislation.

This legislation is very similar to the Energy Tax Incentives Bill that won overwhelming support on the Senate floor last April and provides a strong starting point for the Senate Finance Committee towards a mark-up of an energy tax bill.

The urgency for this legislation at this point in time is particularly critical. Gasoline prices in the U.S. are at record levels. Low inventories, high crude oil prices, recent cold weather and continuing industry concern about a possible war with Iraq have raised gas prices close to the highest price ever recorded. This situation is not expected to improve in the near future.

To help alleviate this situation, this bill proposes a balanced package of alternative energy, traditional energy production and energy efficiency incentives. This legislation begins from the premise that we may accomplish energy policy goals by targeting market incentives—in the form of tax deductions and credits—at certain investments. The bill would accomplish this in three ways. First, we create incentives for new production, especially production from important renewable sources. Second, we create incentives for the development of new technology. Third, we create incentives for energy conservation.

Through targeted market incentives we hope to encourage the development of alternative sources of production and technologies, thereby boosting our overall energy resources. This will help promote energy independence in the United States, which will contribute to both greater economic growth and national security. At the same time, by encouraging development of sources of renewable energy and energy efficiency, we will also encourage pollution reduction and improve human health and the environment.

I look forward to working with my colleagues on this important piece of legislation.