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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding Tax Reform and U.S. Energy Policy**  
*As prepared for delivery*

The writer Hunter S. Thompson once wrote, "Anything worth doing is worth doing right."

I couldn't agree more. Our country is at a pivotal moment in energy policy. It's important we do it right. There have never been so many worthy energy options. They're worth doing, and they're worth doing right.

Thankfully, we're already making progress diversifying our energy portfolio. We have an opportunity, through tax reform, to drive that progress even further.

When I first ran for Congress, America was reeling from an oil embargo. Gas prices had doubled. At one point in early 1974, 20 percent of American gas stations had no fuel at all.

It was clear that we could never again allow America to be so dependent on a single source of energy. Since then, we have boosted a more diverse, efficient and productive energy policy.

Advances in technology mean more domestic oil and natural gas are available than ever before. We also have more renewable, clean energy sources. But we can do more.

We are still too reliant on fossil-based energy resources. 94 percent of the energy used in the transportation sector comes from oil. Only ten percent of our electricity consumption is generated from renewable or clean energy resources. Our country needs a diverse energy sector like we have in my home state of Montana.

Montana is an energy state. We are one of a dozen states that produce more energy than they consume.

In Eastern Montana, at the edge of the Bakken formation, our oil and gas fields are going through a renaissance. Technology has unleashed the oil and gas potential and created thousands of jobs.

In Central Montana, wind turbine blades harness the power of the Chinook winds. Wind farms in Montana now power one hundred thousand homes. Three new wind farms are being built.

And in Western Montana, biomass powers sawmills and adds electricity to the grid.

Montana also produces 45 million tons of low-sulfur coal each year, and we're leading the way on carbon capture and sequestration technology.

National energy policy should replicate this mix.

If we don't develop U.S. energy policy, we will continue to be subject to the whims of foreign dictators and sudden spikes in the price of oil. We will be one hurricane or one regime change away from \$6 gasoline. That would be disastrous for our economy.

A \$1 increase in the price of gasoline costs Americans \$110 billion each year. We are all too aware of this in Montana.

Our state is a perfect example of how energy policy choices have real consequences for the economy.

The tax code is an important driver. Tax incentives provide 85 percent of the energy sector's federal support. These provisions cover almost every conceivable form of energy: nuclear; oil; gas; coal; wind; solar; and geothermal. Tax provisions also cover a wide variety of energy use: from powering common home appliances to running massive factories.

But these incentives can be improved. Currently, the type and level of tax incentives varies for different technologies. Some incentives are temporary. Others are permanent. In some cases, there are multiple incentives for the same technology. The result is inefficiency.

Provisions that don't create jobs or improve our energy policy should expire or be repealed.

Right now, we're providing direct incentives to select technologies and industries. Perhaps we should adopt a more technology-neutral approach and stop playing favorites.

That way, we can still help new energy technologies develop, but let the market decide which ones stick.

Tax reform is an opportunity for the energy sector to make real progress. It can move us further from foreign oil. It can lead us down a road to diverse, clean and secure energy resources.

So let us seize this opportunity. Let us use tax reform to ensure our country has a more secure and diverse energy supply. And as Mr. Thompson wrote, let us find the things worth doing, and let us do them right.

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