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## **Hatch Statement at Finance Committee Hearing on Energy Tax Policy**

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing to examine energy tax provisions:

*I'd like to welcome everyone to this morning's hearing on energy tax policy.*

*This isn't the first hearing we've had on these issues during my time on the Finance Committee, nor is it likely to be a last. Members on both sides of the aisle have a keen interest in this area, and for good reason. The energy-related provisions in our tax code impact a variety of industries throughout our economy and affect the lives and livelihoods of the majority of all of our constituents.*

*It is, therefore, important that we continually examine these provisions to make sure we're getting things right and that resources do not go to waste.*

*I'll start today's discussion by reiterating my overall position.*

*Generally speaking, when it comes to energy policy, I have always said that we need an all-of-the-above approach. Unfortunately, not everyone shares this view.*

*For example, leaders in the current administration, including President Obama himself, have said that they are for an all-of-the-above approach. Yet, clearly, when it's time to draft policies, the administration seems far more interested in punishing the production and use of fossil fuels, even if it means higher energy costs for hardworking taxpayers.*

*We see this across the board in the administration's environmental policies, its regulatory war on coal, its refusal to allow construction of the Keystone Pipeline, and, in what is more relevant to today's discussion, tax policy proposals, which consistently include higher taxes at virtually all steps of the energy supply chain.*

*Whether it's an increased per-barrel tax on oil production or higher per-gallon taxes charged on gasoline at the pump, the Obama Administration seems intent on raising the cost of producing or*

*consuming energy from fossil fuels, even if it means increased hardships on middle-class and lower income families.*

*Most recently, the President proposed a \$10 per barrel tax on oil, an idea that virtually all economists agree would directly result in higher energy prices for families and consumers. Of course, this proposal would also be harmful to American businesses, particularly those in the manufacturing sector, that rely on fossil fuels.*

*The President and those that serve in his administration presumably know that this is the case, yet they are undeterred. And, quite frankly, these proposals are just the tip of the iceberg when it comes to the President's efforts – not to mention those of many of his supporters here in Congress – to use the tax code to further an ideological attack on American energy producers.*

*This is, of course, not a surprise.*

*After all, back when he was a candidate for President, then-Senator Obama said in so many words that the centerpiece of his energy policy – the so-called cap-and-trade proposal – would “necessarily” cause energy prices to “skyrocket.”*

*And, the President's first Energy Secretary, before he was appointed, argued on-the-record in favor of purposefully raising gas prices to European levels.*

*All of this is meant to serve an agenda focused on ideology and not on the day-to-day needs of the American people and is, quite simply, the opposite of what our country needs.*

*Instead of discouraging the domestic production of oil and gas, we should welcome it. By reducing our dependence on foreign oil, creating many high-paying jobs, and bringing down the cost of living for U.S. households, increased domestic energy production can protect our national security and provide greater economic stability.*

*The President's first major attempt to overhaul America's energy policy – the aforementioned cap-and-trade proposal – thankfully failed to pass through Congress, even when the Democrats controlled the House and had a filibuster-proof majority in the Senate.*

*Since then, proponents of this horribly misguided policy have tried to repackage cap-and-trade, instead calling it a “carbon tax.”*

*As an aside, I have to say that, when it comes to these “carbon tax” proposals, I'm a little disappointed in my friends on the other side of the aisle. Typically, when they have a proposal that they know is going to put the financial screws to the American people, they give it a more clever name.*

*The so-called Affordable Care Act comes most immediately to mind.*

*However, with the various “carbon tax” proposals, my friends are telling the American people exactly what they'll be getting: Higher taxes in the form of increased energy costs and reduced wages, relative to the cost of living.*

*In addition to increasing costs, particularly on middle class and lower income earners, the President's energy tax policy also seems hyper-focused on picking winners and losers and in handing over taxpayer resources to unproven ideas and technologies that, far too often, are completely unable to compete in the energy marketplace.*

*Don't get me wrong, I am all for promoting innovation and advancing alternative energy sources. Like I said, I want an all-of-the-above approach. However, I do not believe we should be purposefully raising the cost of existing and proven energy sources – and adding to the costs of doing business or raising a family in the U.S. – in order to make alternative energy sources more attractive.*

*In addition, I have serious concerns about the way in which the administration has overseen the use of the subsidies it designed to promote alternative energy. Most notably, as chairman I am currently investigating the administration of cash grants awarded under the Section 1603 program and energy tax credits based on evidence from the Treasury Inspector General for Tax Administration and elsewhere that suggests possible misuse. So far, \$25 billion has been awarded under the cash grant program since it was established in the so-called stimulus that passed in 2009. We need to know more about where those resources have gone.*

*Ultimately, the energy-related provisions in our tax code – like everything else – will have to be reconsidered as part of our ongoing tax reform efforts. In our attempts to make the tax code fairer, simpler, and more conducive to economic growth, I'm willing to consider any reasonable alternatives. However, that is a long-term effort that will likely not bear fruit in the immediate future. In the meantime, I think we need to work to ensure that our tax code is designed so that it does not punish the production of any viable energy source.*

*In the end, it is easy for politicians in Washington to sit in an ivory tower and say that people aren't currently paying enough for their energy and they should pay more in order to further some ideological agenda. However, I think the vast majority of American workers and families would strongly disagree with that notion.*

*As always with these energy hearings, I expect that we'll have a spirited discussion of all of these issues here today. I think we've assembled a very good panel of witnesses to represent various viewpoints, and I look forward to hearing their views on these and other matters.*

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