



Grover G. Norquist

President

August 13, 2007

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear President Bush:

On behalf of Americans for Tax Reform (ATR) and the American taxpayer, I am writing to ask you to veto H.R. 3221, the so-called, “New Direction for Energy Independence, National Security, and Consumer Protection Act”, and H.R. 6, the “CLEAN Energy Act of 2007”. These measures as passed by the House are a tax increase on the American people and do nothing to promulgate our nation’s energy independence.

Mr. President, we are asking that you ‘veto H.R. 3221 & H.R. 6.

Following thirteen years without a tax increase on the federal level (1993) and \$2.28 trillion in net tax cuts, the Democrat-controlled House forced a vote in its first fifteen days to raise taxes on domestic energy production by passing H.R. 6 and now H.R. 3221, subsequently lowering the value of millions of Americans’ retirement funds – we are trusting that your administration will take the appropriate action.

Historically, the last time such “Carter-esc” tax policies were imposed was in the form of “windfall profits” tax in the early 1980s. As a result, domestic oil production plummeted by as much as 1.26 billion barrels, while simultaneous oil imports increased by almost 15%.

Furthermore, additional tax changes offered in the Act would harm domestic oil industries by exposing them to double taxation on foreign earnings – further sinking the U.S. into an energy slump.

Specifically, by denying the manufacturing deduction for major oil and gas companies, (IRS Section 199), H.R. 3221 will raise taxes \$11.4 billion over a 10 year period. This deduction was created to stimulate the economy, boost production, and create U.S. jobs.

In addition, the Renewable Portfolio Standards (RPS) mandate will knowingly mandate unrealistic standards that states simply cannot meet. This measure requires every utility in each state to have 15 percent of its electricity come from a narrowly defined list of renewable energy sources, regardless if the state possesses the resources or not. Simply put, **RPS is nothing more than a massive excise tax on rate paying consumers in states that cannot meet this standard.**

According to a study done by Global Energy Decisions (GED), they reveal that twenty-seven states will not meet the RPS requirements.¹ If a state cannot meet this requirement, the utility company will be forced to purchase credits from other states or the federal government. GED estimates that **the total national cost of these fees will be \$175 billion by 2030.**

This irresponsible legislation will lead to forced excise taxation on rate paying consumers in more than half the states. This amendment, by forcing states into regulation and dictating utility policy, is limiting consumer choice and violating the economy at the expense of the American taxpayer.

Mr. President, if United States is serious about reducing their dependence on foreign oil we must look domestically. The solution does not lie within irrational, fiscally unsound energy policies such as H.R. 3221 and H.R. 6.

Mr. President, as even stated by Robert Shapiro, former Under Secretary of Commerce for President Clinton, **“One such unintended consequence is that much of the cost of any new tax on the profits of oil and gas companies will be borne by everyone with a retirement or pension account, because their accounts now hold some 41 percent of the shares of U.S. oil and gas companies.”**² You have responsibility to the American investor to act within your power by preventing H.R. 3221 and H.R. 6 from becoming law.

Once again, Mr. President, it is of grave importance to the American Taxpayer that you ‘VETO’ H.R. 3221, the “New Direction for Energy Independence, National Security, and Consumer Protection Act,” and H.R. 6, the “CLEAN Energy Policy Act of 2007”. These measures will only cause increased energy costs for all consumers and diluted retirements for America’s taxpayers. I urge you to vehemently oppose these bills and take the necessary action in doing so.

Onward,



Grover G. Norquist

cc: All Members of the U.S. Congress

¹ Global Energy Decisions. “Setting Renewable Targets is Easy, Getting Results is Not.” 2007.
www.globalenergy.com

² Robert J. Shapiro and Nam D. Pham, “The Economic Impact of a Windfall Profits Tax on Federal, State and Local Public Employee Pension Funds,” Investors Action Foundation, February 2006, p. 16.