



AMERICANS for TAX REFORM

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ENERGY TAXES MCCAIN VS. OBAMA

| ISSUE AREA | CURRENT LAW | MCCAIN | OBAMA |
|---|-----------------------------------|--|---|
| <i>Windfall Profits Tax</i> | None | None | \$15 Billion ¹ |
| <i>Cap and Trade</i> ² | None | 60% below 1990 levels | 80% below 1990 levels |
| <i>Gas Tax Holiday</i> | None | 18.4¢ per gallon tax break | None |
| <i>Manufacturer's deduction for domestic energy production</i> ³ | Domestic production tax deduction | Domestic production tax deduction | (Repealed) \$13.5 Billion tax increase |
| <i>Energy Stock Dividend Rate</i> | 15% | 15% | 39.6% |
| <i>Energy Corporate Income Tax</i> | 35% | 25% | 35% |
| <i>Ethanol Tax Credit</i> | 51¢ per gallon | 0¢ (Repealed) | 51¢ per gallon |
| <i>Taxes on Foreign Subsidiaries</i> ⁴ | None | None | 35% |
| <i>Ethanol Tariff Tax Rate</i> | 54¢ per gallon | 0¢ (Repealed) | 54¢ per gallon |
| <i>New Energy Tax Credits</i> | Yes | Yes | Yes |
| <i>Development of Nuclear Energy</i> | No Plan ⁵ | 45 Nuclear Plants by 2030, 100 total goal | No Plan |

¹ The windfall profits tax would cost oil companies \$15 billion a year based upon their 2007 profit levels.

² A cap and trade system is an excise tax on emissions. Like other excise taxes, cap and trade will pass on the negative effects to consumers through higher energy prices.

³ Section 199 provides a production tax deduction to all domestic manufacturers. The Energy Independence and Security Act of 2007 called to repeal this deduction for domestic oil companies, increasing their taxes by \$13.5 billion over ten years.

⁴ Currently, businesses can defer taxes on overseas earnings until they are repatriated back to the United States at the corporate income tax rate of 35%. Repealing this ability to defer earnings will increase taxes on the overseas operations of every U.S. energy company. Consumers will feel the tax increase through higher energy prices. Click [here](#) for more information on the effect of taxes on foreign subsidiaries.

⁵ No nuclear power plant has been built in the U.S. in more than 30 years. The U.S. gets 20% of our electricity from 104 working commercial reactors, many nearing the end of their operating license time-period.

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