



# AMERICANS *for* TAX REFORM

Grover G. Norquist  
President

September 10, 2008

Dear Senator,

**On behalf of Americans for Tax Reform (ATR), I strongly urge you to oppose the compromise energy plan agreed to by the “Gang of Ten” on August 1, 2008.**

We commend the Senate’s bi-partisan attempt to solve the current energy crisis. However, the compromise plan proposed by the original “Gang of Ten” Senators contains several fatally flawed provisions. **The most glaring of which is the repeal of IRS Sec. 199 which will raise taxes on American energy production by \$30 billion, and which by itself is a Taxpayer Protection Pledge violation.**

Make no mistake – this compromise will increase the cost of energy!

The proposed plan merely provides four states the discretion to begin oil leasing off their shores. By barring any drilling within 50 miles of the coast, the compromise plan leaves the most productive OCS areas off limits. Even worse, the compromise plan maintains heavy federal regulation on offshore drilling and continues the ban on oil shale leasing and on drilling in the Arctic National Wildlife Refuge (ANWR). How will this increase supply sufficiently to lower prices?

Besides containing inadequate provisions to increase the supply of domestic energy, the compromise plan decreases incentives for companies to explore and produce new energy. By repealing Section 199 tax credits, energy companies will have less capital to make investments that would decrease the price of consumers at the pump.

Other new taxes targeted at the U.S. oil and gas companies will disadvantage that industry in competing against foreign energy companies. These taxes will further diminish our nation’s energy security by increasing the cost of domestic production, thus making foreign imports relatively cheaper.

**In this time of increased oil prices and an ever-growing demand for natural resources, the Senate should consider solutions that actually increase our nation’s energy supply and lower Americans’ overall tax burden, instead of paying lip service to exploration while actually raising taxes on energy companies and individual citizens.** Once again we urge you and your colleagues to defeat this ill-conceived and ineffective compromise energy proposal.

Onward,

Grover G. Norquist

*For more information, contact energy policy analyst Brian M Johnson at [bjohnson@atr.org](mailto:bjohnson@atr.org)*

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

[www.atr.org](http://www.atr.org)