



NEWS

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ATR Supports Stripping “Pork Pipeline” from Energy Tax Incentives Bill

Provisions in S. 597 are designed to benefit Alaska special interests

WASHINGTON—Today in a letter to Sen. Pete Domenici (R-N.M.) and Rep. Billy Tauzin (R-La.), Americans for Tax Reform (ATR) President Grover Norquist urged lawmakers to strip wasteful provisions from an energy tax bill under consideration in conference committee. ATR is concerned specifically about a tax break for natural gas producers in S. 597, the Energy Tax Incentive Bill, as well as a mandate for an unnecessarily long pipeline route and guaranteed price supports.

The tax credit would be provided to all Alaskan natural gas entering a pipeline tie-in point north of the 64th parallel and guarantees gas producers a wellhead price of at least \$0.52 per 1 million Btu (MMBtu) for North Slope gas. It would be available beginning in 2010, run for 15 years, and be adjusted annually for inflation.

“This provision is a special-interest tax break that benefits a few producers of natural gas from Alaska’s North Slope. I support Chairman Bill Thomas [R-Calif.] in his efforts to strip this and any other proposals that provide special treatment for North Slope gas producers,” said Norquist.

According to a study performed for Canada’s Northwest Territories, the tax credit would cost American taxpayers as much as \$44 billion over the next 15 years, by creating a “floor price” of \$3.25 per MMBtu for Alaskan natural gas produced north of the 64th parallel.

Private-sector interests in the United States and Canada are already moving forward with a plan that will bring North Slope gas to the lower-48 states quickly and cheaply with no subsidies. But in order to block construction of the shorter and more economical pipeline (known as the Northern Route), Alaskan members of Congress have succeeded in securing provisions in the Senate and House energy bills prohibiting the transportation of Alaskan natural gas by way of any route other than the Southern Route.

“All these provisions amount to a pork pipeline to Alaskan special interests. We’ve got to start getting spending under control. I urge members conferees to support Chairman Thomas and strip away from this bill any special economic advantages to producers of Alaskan natural gas from the North Slope or subsidies for the construction of a natural gas pipeline,” said Norquist.

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at jcollegio@atr.org.