



29 January 2010

STATE OF THE UNION MYTH/FACT OBAMA'S TAXES ON ENERGY & FAMILIES

MYTH: ***"But at a time of record deficits, we will not continue tax cuts for oil companies, investment fund managers, and those making over \$250,000 a year. We just can't afford it."***

FACT: Obama's "tax cuts for oil companies" refers to International Revenue Code Section 199, the Domestic Production Activities Deduction that applies to every company in the US. The president wants to single out energy companies and repeal their income tax deduction which will raise the price of energy, passing a \$13.3 billion tax onto every American family.

MYTH: ***"...we need more production, more efficiency, more incentives. That means building a new generation of safe, clean nuclear power plants in this country."***

FACT: The President has never once endorsed any of the alternative pieces of energy legislation that address the need for additional nuclear plants in America and has never allocated any resources for their construction in his budget. He has instead, focused on raising the cost of energy.

MYTH: ***"It means making tough decisions about opening new offshore areas for oil and gas development."***

FACT: The Obama budget proposal for FY 2010 implements the first ever tax on energy produced from the Gulf of Mexico raising the cost by \$5.3 million. Currently, 25 percent of total U.S. production of oil and 15 percent of total U.S. production of natural gas comes from the Gulf of Mexico. Additionally, the executive moratorium on drilling on the Outer Continental Shelf (OCS) was lifted in July 2008. The President has continued to oppose legislation such as "The No Cost Stimulus Act of 2009" H.R. 1431, which is sitting in committee, would expedite the environmental review and lease sale process by reducing regulatory red-tape.

MYTH: ***"And yes, it means passing a comprehensive energy and climate bill with incentives that will finally make clean energy the profitable kind of energy in America."***

FACT: The President's "climate bill" will have the following effects: gasoline prices will rise 58 percent (or \$1.38/gal.), natural gas prices will rise 55 percent, heating oil prices will rise 56 percent, electricity prices will rise 90 percent, a family of four can expect its per-year energy costs to rise by \$1,241, Including taxes, a family of four will pay an additional \$4,609 per year, aggregate GDP losses will be \$9.4 trillion and job losses will be nearly 2.5 million.

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 John Kartich at (202) 785-0266 or at

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