September 16, 2009

Democrats' Roadblock to Energy Bill (H.R. 3534)

Edition #3: Highlighting New Tax and Fee Roadblocks to Energy Production

Today, September 16th, the House Natural Resources Committee will hold its first hearing on the CLEAR Act – a bill that throws up tax and fee roadblocks on the path to American energy production and job creation.

Read Editions #1 and #2 of the Democrats' Roadblock to Energy bill.

Roadblock #7: Increasing fees on wind and solar energy production (Sec. 503). Under this provision, wind and solar energy producers will have to **stop and pay** numerous new fees in order to produce energy on federal lands. This bill requires for the first time that solar and wind producers obtain competitive land leases. By doing so, these renewable energy producers would have to pay new royalties, rental fees, bonus bids and other payments for leases.

Get the Facts:

- While Democrats' push to enact the Waxman-Markey National Energy Tax in order to reduce carbon emissions, it is mind-boggling that Democrats would also propose legislation to make renewable wind and solar power production more expensive. How much more will the American taxpayer be asked to subsidize the wind and solar industries in order to guarantee that the new royalties required on federal lands will "*ensure a fair return to the United States*"?

- Increasing fees and making it harder to use federal lands for renewable energy production will only continue our dependence on foreign energy and send these green jobs overseas.

Roadblock #8: Imposing new fees on developing American oil and natural gas (Sec. 702). Under this provision, oil and natural gas producers would be forced to **pay tolls** throughout the development of their lease. A per acre fee would be imposed on any lease not in production.

Get the Facts:

- It often takes more than four years to begin production on a lease – assuming that there is even oil or gas there to produce. The process can take up to 10 years and includes environmental permitting, NEPA analysis, obtaining drilling permits, drilling, building infrastructure and finally producing oil or natural gas. Increasing fees while companies go through the multi-year process of developing their leases will likely lead to less energy production and fewer jobs.

- The February 2009 Department of the Interior Inspector General report found that, "both industry and bureau officials cautioned that mandating production on all federal leases or increasing lease fees would not necessarily enhance production and could, in fact, reduce industry interest in federal leases."

- Even some Democrats have recognized that setting timetables and imposing fees on producing leases is not fair:
  - "*The House Appropriations Interior Subcommittee's chairman, Rep. Norman D. Dicks (D-Wash.), broke in. 'I have to agree with my colleague. It does take time to go through the permitting process. I think it would be unfair to penalize someone starting the day they acquire the lease. You need to give them some time,' he told Salazar*" (Oil & Gas Journal, May 18, 2009)

Roadblock #9: Increasing costs to explore and develop American oil and natural gas (Sec. 304). This provision will cause American energy production to **slow** by increasing the costs of minimum bonus bids and rental fees. This means that everyone will pay more for the opportunity to lease land, explore for energy and create new jobs.

Get the Facts:

- Raising fees will only discourage the production of American energy on federal lands. By making American energy production more expensive, companies will invest less capital in the U.S. and more in foreign countries – taking American jobs with them.

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House Natural Resources Committee Republican Press Office
Contact: Emily Lawrimore or Jill Strait
202-226-2311

http://republicans.resourcescommittee.house.gov
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