

Congress of the United States
Washington, DC 20515

September 22, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
H-107, The Capitol
Washington, D.C. 20515

Dear Speaker Pelosi and Leader Hoyer:

As leaders in the Congressional Progressive Caucus, we urge you to include the repeal of domestic fossil fuel subsidies in the Build Back Better Act. As you know, President Biden called for eliminating “billions of dollars in subsidies, loopholes, and special foreign tax credits for the fossil fuel industry” in his American Jobs Plan.¹ We were dismayed to see that the current version of the Build Back Better Act in the House is missing most of the domestic fossil fuel subsidies repeal passed by the Senate Finance Committee earlier this year.

There is no reason that the fossil fuel industry deserves special privileges over other businesses. The American Petroleum Institute even admitted earlier this year, “If you want to take the entire tax code and treat the oil and gas industry as every other industry, we’re happy to do that.”²

Fossil fuel subsidies should be repealed because, instead of creating jobs, they widen the profit margins of fossil fuel companies, with “over 96% of subsidies going directly to profits over and above the minimum investment hurdle rates.”³

¹ White House, *Fact Sheet: The American Jobs Plan* (Mar. 31, 2021) (online at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>); Department of the Treasury, *General Explanations of the Administration’s Fiscal Year 2022 Revenue Proposals* (May 2021) (online at <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>).

² Subcommittee on Environment, Committee on Oversight and Reform, *Hearing on The Role of Fossil Fuel Subsidies in Preventing Action on the Climate Crisis* (Apr 22, 2021) (online at <https://oversight.house.gov/legislation/hearings/on-the-role-of-fossil-fuel-subsidies-in-preventing-action-on-the-climate-crisis>).

³ Ploy Achakulwisut, Peter Erickson, and Doug Koplow, *Effect of subsidies and regulatory exemptions on 2020-2030 oil and gas production and profits in the United States*, Environmental Research Letters (Jul. 29, 2021) (online at <https://iopscience.iop.org/article/10.1088/1748-9326/ac0a10>).

In particular, the following subsidies must be repealed:

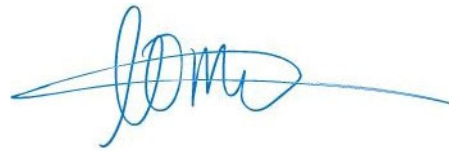
1. Deduction for Intangible Drilling Costs
2. Percentage Depletion for Oil and Gas Wells
3. Last-In, First-Out (LIFO) Accounting for Fossil Fuel Companies
4. Tar Sands Tax Loophole

Amid an unprecedented and deadly climate emergency, we agree with Speaker Pelosi that, “[i]t’s long past time to turn off the spigot of public funds flowing to Big Oil.”⁴ We implore you to do just that and, in the process, fund the President’s agenda to create jobs, expand economic opportunity, and tackle the climate crisis.

Sincerely,



Representative Pramila Jayapal
Chair
Congressional Progressive Caucus



Representative Ilhan Omar
Whip
Congressional Progressive Caucus



Representative Ro Khanna
Deputy Whip
Congressional Progressive Caucus



Representative Earl Blumenauer
Member
Congressional Progressive Caucus



Representative Barbara Lee
Chair Emeritus
Congressional Progressive Caucus



Representative Marie Newman
Member
Congressional Progressive Caucus

Cc: James McGovern, Chairman
House of Representatives Committee on Rules

⁴ Office of Nancy Pelosi, Speaker of the House, *Pelosi Floor Speech Calling for the End of Taxpayer Subsidies of Big Oil* (May 5, 2011) (online at <https://www.speaker.gov/newsroom/pelosi-floor-speech-calling-end-taxpayer-subsidies-big-oil>).