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Fossil fuel subsidies should be repealed because, instead of creating jobs, they widen the profit margins of fossil fuel companies, with “over 96% of subsidies going directly to profits over and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

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In particular, the following subsidies must be repealed: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.”

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    Representative Ilhan Omar
Chair        Whip
Congressional Progressive Caucus   Congressional Progressive Caucus

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Representative Ro Khanna
Deputy Whip
Congressional Progressive Caucus

____________________________
Representative Earl Blumenauer
Member
Congressional Progressive Caucus

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Representative Barbara Lee    Representative Marie Newman
Chair Emeritus    Member
Congressional Progressive Caucus   Congressional Progressive Caucus

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