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Hatch Statement at Finance Hearing on Energy Taxation

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing on energy taxation:

Thank you, Mr. Chairman, for holding today's hearing. Discussions about our nation's energy policy are always timely.

It has always been my position that, when it comes to energy policy, we need an all-of-the-above approach. Indeed, there's no such thing as too much energy. We need to encourage energy production across the board and we need to do so in an efficient, cost-effective manner.

Sadly, this is not the approach we've seen under the current administration.

President Obama claims that he supports an all-of-the-above approach to energy policy. However, the truth is that the Obama Administration's real energy policy boils down to a belief that fossil fuels are bad, and that the federal government should enact policies to punish the production and use of fossil fuels.

Just ask the coal miners and consumers of electricity negatively affected by the Obama Administration's war on coal.

And just look at the administration's Fiscal Year 2010 Treasury Greenbook. Regarding the administration's proposal to repeal the provision in our tax code for intangible drilling costs, it states: "To the extent expensing encourages overproduction of oil and gas, it is detrimental to long-term energy security and is also inconsistent with the administration's policy of reducing carbon emissions and encouraging the use of renewable energy sources through a cap-and-trade program."

This approach, in my view, represents a backwards view of our nation's energy policy.

Instead of discouraging the domestic production of oil and gas, we should welcome the recent production increases that we've seen. Increases in the domestic production of oil and gas

reduce our dependence on foreign oil and create many high-paying jobs. That being the case, the energy boom in places like the Bakkan Shale region, as well as the Uintah Basin in Utah, is something to be supported, not punished.

President Obama's first misguided effort to transform our energy policy came in the form of cap-and-trade.

In 2008, talking about his cap and trade plan and in a refreshing moment of candor, Candidate Obama stated: "Under my plan of a cap-and-trade system, electricity prices would necessarily skyrocket."

After the 2008 elections, Speaker Pelosi rammed President Obama's wrongheaded cap-and-trade proposal through the House, and nothing further was done with it.

Proponents of a cap-and-trade approach have, for the most part, acknowledged that this proposal is dead. However, instead of admitting failure and moving on, they are repackaging cap-and-trade by calling it a carbon tax.

I'm no marketing expert, but if you couldn't sell the American people on a bad idea, adding the word tax to it is not going to make it look any more appealing.

Raising the price of electricity, natural gas, and gasoline does not sound like a good idea to most hard-working, middle-class Americans. Yet, that's precisely what a carbon tax would do.

My view on this is simple: If you really want to pursue a policy that ships jobs overseas, enact a carbon tax. If we purposefully enact policies to make energy – something every business needs – more expensive, American businesses and jobs will go to China, India, and elsewhere.

It's just that simple.

Cap-and-trade and the carbon tax aren't the only bad ideas out there.

In addition, over the last few years, we've seen the administration's continued refusal to approve no-brainer energy projects like the Keystone Pipeline. Our entire pipeline infrastructure needs to be updated and enhanced, yet the Obama Administration continues to sit on its hands.

And, in December 2014, then-Chairman Baucus put forward an energy tax proposal that he claimed was technology neutral. However, by picking carbon emissions as the standard for judging whether a technology would get federal dollars or not, the proposal is biased against fossil fuels such as coal, oil, and gas.

Now, as we all know, many of our nation's energy tax issues are addressed in the tax extenders package, which is one of the many reasons why it is so important that Congress act as soon as possible to pass that legislation.

We did our work on the extenders package here in the committee. I won't go into the particulars of what happened on the floor with that bill – if I did, we'd likely be here all day. Instead, I'll just say that we need to set partisanship and political gamesmanship aside and get the extenders package across the finish line as soon as possible.

Ultimately, when we turn to tax reform, hopefully soon, I believe we need to examine all existing tax provisions – including energy tax provisions – under President Reagan's three criteria for tax reform: fairness, simplicity, and efficiency.

Looking at the witnesses, it is clear that we have a good representation of different viewpoints about the various energy sources addressed throughout the tax code. My hope is that this hearing will contribute to our tax reform efforts.

Thank you, once again, Mr. Chairman, for holding this important hearing, and I look forward to hearing from the panel today.

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