It is Time to Update Fossil Fuel Subsidies
By Thomas Beck, AIA, NCARB

The United States of America has not updated the rate at which private companies pay for leasing federal land since the 1920's. For this reason, in a bi-partisan measure in Congress, New Mexico Senator Tom Udall and Iowa Senator Chuck Grassley introduced the Fair Returns for Public Lands Act in February 2020 to "reform the antiquated law that governs royalties and the leasing of public land." (https://www.nytimes.com/2020/12/02/opinion/oil-gas-companies-public-land.html) Generation180 puts a conservative estimate of the total of direct subsidies by the U.S. at around $20.5 billion annually, 80 percent of which goes to oil and gas, and the balance to coal. In 2020 the change in value from a 1920's one dollar is $13. According to the NY Times piece by Udall and Grassley, the minimum bids for leasing of federal land for exploration and extraction has not increased in over 30 years. They can still lease land for $2 an acre. Wouldn't we all love to have the same mortgage payment, or rent, that we did in 1920 or 1990?

Much of the following information was obtained from https://generation180.org/the-absurd-truth-about-fossil-fuel-subsidies/. Issues include production quantity of fossil fuels, propped up by subsidies to artificially create profitability, while access to an equal playing field is denied renewables via an equivalent subsidy system. Additional subsidies for fossil fuels include subsidies to consumers for paying for heating oil and subsidies for overseas projects.

The International Monetary Fund estimates costs to U.S. government of $686 billion in 2015, including climate change, air pollution impacts, and infrastructure damage.

U.S. Military spending to protect supplies costs $81 Billion plus non-budgeted war costs (Afghanistan and Iraq) estimated at more than $5 trillion which "roughly translates to a subsidy of $100 per ton of carbon dioxide emissions just for protecting U.S. oil interests."

Subsidies enable oil fields to be profitable when oil prices are low, resulting in increased oil production by "17 billion barrels over the next few decades, or the equivalent of 6 billion tons of carbon dioxide." (subsidy + increased production = climate impact)

Coal is not profitable without subsidies. The cost of conversion to "clean coal" is huge.

Where do we go from here? Possible actions:

Completely remove subsidies and accounting loopholes, which is obviously a tall mountain to scale, politically difficult. It will take illustrating that the jobs lost in the process will be replaced and increased with ones in clean energy alternatives. Carbon Dividend proposals would increase the cost of doing business for the companies, better reflecting the true cost, and return the proceeds directly to the people. Greatly increase the cost of leasing public land as proposed by Senators Udall & Grassley in the Fair Returns for Public Lands Act (Senate bill S.3330) to reflect fair market pricing of our current era, not that of one hundred years ago. Increase monetary support of clean energy industries and the accompanying increase in well-paying green jobs. Help states think outside of the box created by fossil fuel industries clinging to the past.

It will take some time to reset the flawed policies that have been propped up in the U.S. for decades. We need astute politicians to navigate the land mines sure to be set by well-funded, yet failing fossil fuel industries, as well as those hurdles that will be set by well meaning all or nothing pro-green advocates. It is going to be important to embrace compromise, while understanding with urgency that we are living climate change right now, as seen (as just one example) by our historic wildfires in 2020. We are running out of time, and we need to take meaningful action right now.

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