Fossil Fuel Subsidies Cheat Taxpayers
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The International Monetary Fund (IMF) put it this way: "fossil fuel companies were subsidized globally to the tune of $5.9 trillion in 2020. That's $11 million a minute!" (https://www.imf.org/en/Publications/WP/Issues/2021/09/23/Still-Not-Getting-Energy-Prices-Right-A-Global-and-Country-Update-of-Fossil-Fuel-Subsidies-466004)

Ramesh Bhatt's opinion piece for The Colorado Sun is an eye opener. It opens with the IMF statement above. He goes on to state that 71% of Colorado's oil wells produce so little product they are exempt from severance taxes. Wells are left on the books, continue to emit methane, and the clean-up and plugging of these wells will likely end up the financial burden of taxpayers, not the companies operating and profiting from the wells. (https://coloradosun.com/2021/11/26/oil-wells-cleanup-responsibility-opinion/?mc_cid=20b5a41385&mc_eid=58018e49da)

Our Colorado legislature is supposedly addressing the issue with Senate Bill 19-181 (https://leg.colorado.gov/bills/sb19-181) but the implementation of the bill is fraught. The rules are so complex they guarantee very few operators will pay anything due to loopholes. The bonding requirements to guarantee operators clean up their own mess are nearly non-existent. "All in all, the Oil and Conservation Commission staff rules are convoluted, inadequate, ill-defined, and fail to protect public health and the interest of taxpayers. They definitely do not meet the requirements of SB19-181."

We have written before about the corporate welfare accorded oil and gas companies in the form of leases well below market value, leases at rates barely changed in the past 100 years.

Right now many of us have gone into sticker shock about our gasoline prices. But how many of us remember that in 2020 gas prices hit historic lows? "The plunge in fossil fuel prices and consumption caused by the Covid-19 pandemic this year is set to bring down global fossil fuel consumption subsidies to USD 180 billion in 2020, which would be the lowest annual figure since the IEA started tracking the data in 2007." (IEA (2020), Low fuel prices provide a historic opportunity to phase out fossil fuel consumption subsidies, IEA, Paris https://www.iea.org/articles/low-fuel-prices-provide-a-historic-opportunity-to-phase-out-fossil-fuel-consumption-subsidies) Countries such as the United States have artificially low fossil fuel prices due to consumption subsidies, "encouraging wasteful consumption among wealthier segments of the population, and pushing up emissions across economies as a whole."

The same IMF report is referenced in a E360 Digest article published by Yale in October 2021. "The report found that 47 percent of natural gas and 99 percent of coal is priced at less than half its true cost, and that just five countries — China, the United States, Russia, India, and Japan — account for two-thirds of subsidies globally." (https://e360.yale.edu/digest/fossil-fuels-received-5-9-trillion-in-subsidies-in-2020-report-finds) A Brookings Institute report from July 2021 says in relation to the preservation of production subsidies "many lobbying groups devote time and resources to promoting policies that favor fossil fuel production on behalf of large oil and gas corporations. This is especially common in Canada, Europe and the United States. Similarly, rich fossil fuel producers will often support political candidates that advance their interests, further embedding themselves in the system."

(https://www.brookings.edu/research/reforming-global-fossil-fuel-subsidies-how-the-united-states-can-restart-international-cooperation/) Brookings writes further that in the US tax subsidies to oil and gas, from 2019 to 2023, are expected to reduce federal revenue by around $11.5 billion. Those numbers come from a 2019 fact sheet by the Environmental and Energy Study Institute. (https://www.eesi.org/papers/view/fact-sheet-fossil-fuel-subsidies-a-closer-look-at-tax-breaks-and-societal-costs)

Recently the US Interior Department released a report regarding oil and gas leasing. (https://www.doi.gov/pressreleases/interior-department-report-finds-significant-shortcomings-oil-and-gas-leasing-programs) The widely divergent opinions of the far right and the far left are critical of the proposed changes, between wanting to keep the corporate welfare at status quo, or insisting on all-or-nothing immediate transition to sustainables. This quote states the positive aspects of the administration's efforts concisely: ""This report makes an incredibly compelling case both economically and ecologically for bringing the federal oil and gas leasing program into the 21st century," said Collin O'Mara, president and CEO of the National Wildlife Federation. "Enacting these overdue reforms will ensure taxpayers, communities and wildlife are no longer harmed by below-market rates, insufficient protections and poor planning."" (https://apnews.com/article/business-environment-and-nature-ee63e75fb0b4005aa3341b4dfa2a8aba)

The AP article also points out that despite politically motivated accusations, the price of gas is not a result of the Biden administration's actions, but that "Experts say economic factors, including a slow rebound from the pandemic, are tamping down U.S. oil and gas production. As the economy recovered, production lagged and prices jumped to a seven-year high in October."

A quick search of historic gasoline prices brought us a couple of interesting links. This one from GasBuddy shows that in mid-2020 the price of gas had dropped to around $1.70, a price that had not been that low for 5 years, since January 2016 during the administration of POTUS 44. By the inauguration of POTUS 46 in January 2021 it was back up to $2.38, before he officially became president. That is a more than 30% increase in the 6 months prior to Biden taking office. (https://www.gasbuddy.com/charts) Another chart showing historical gas prices adjusted for inflation can be found at this site: https://www.usinflationcalculator.com/gasoline-prices-adjusted-for-inflation/

As a nation we have been paying artificially low prices for our gasoline habit for many years. We have advocated in the past for a Carbon Dividend, which would impose fees on fossil fuel producers, who currently receive exorbitant taxpayer funded subsidies for their highly profitable, and excessively polluting, industries. That dividend would be distributed to American taxpayers, who can use the dividend at the pump, or any way they see fit.

It is time we stop the flow of funds paid to the fossil fuel industry, and direct funds to subsidize R&D in sustainables and new technologies that will benefit all American citizens.

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