SENATE TAXATION
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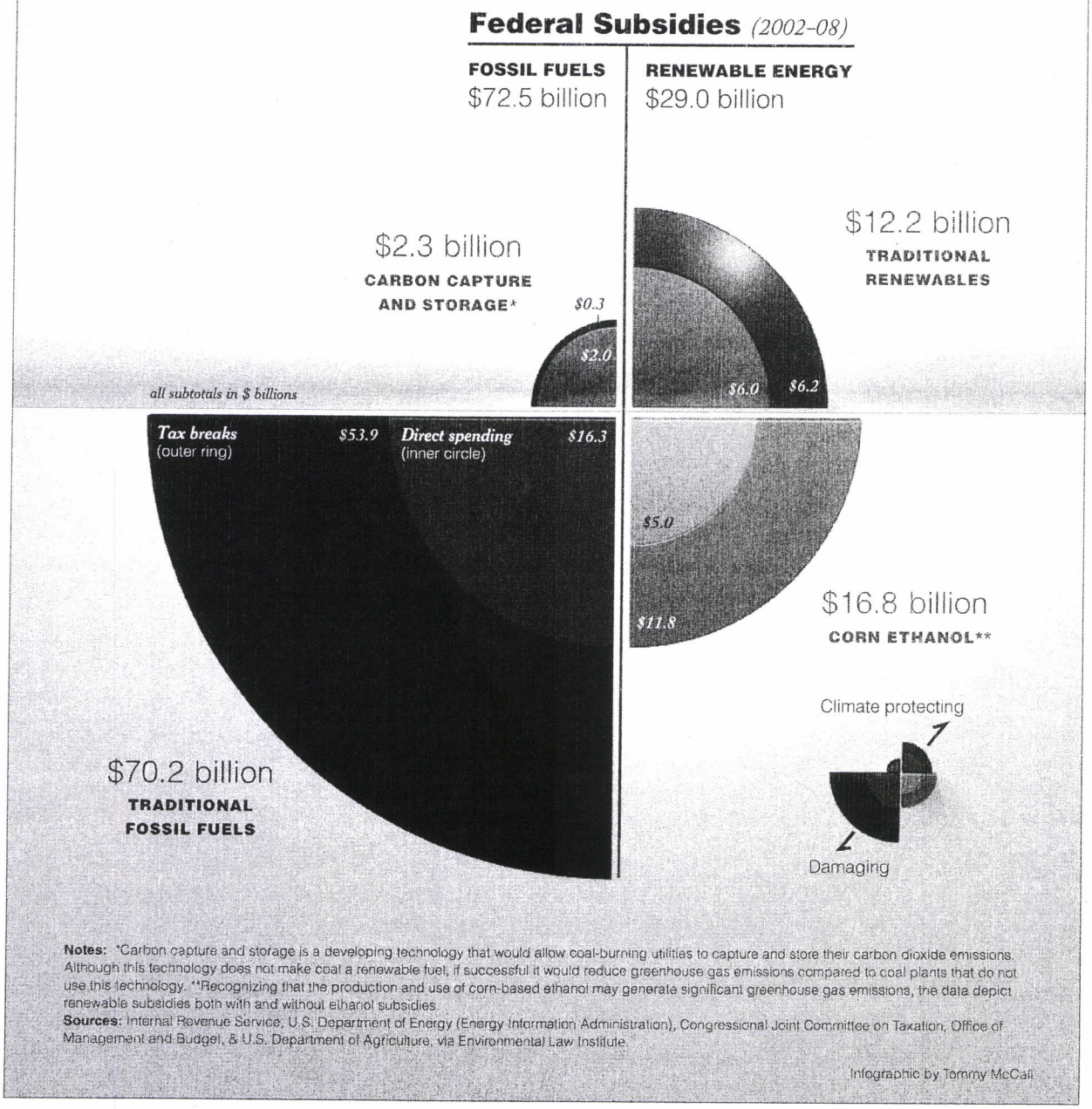
Energy Subsidies Black, Not Green

A study released by the Environmental Law Institute, a nonpartisan research and policy organization, shows that the federal government has provided substantially larger subsidies to fossil fuels than to renewables. Subsidies to fossil fuels totaled approximately $72 billion over the seven-year study period, while subsidies for renewable fuels totaled $29 billion over the same period. The vast majority of subsidies support energy sources that emit high levels of greenhouse gases when used as fuel. Moreover, just a handful of tax breaks make up the largest portion of subsidies for fossil fuels, with the most significant of these, the Foreign Tax Credit, supporting the overseas production of oil. More than half of the subsidies for renewables are attributable to corn-based ethanol, the use of which, while decreasing American reliance on foreign oil, has generated concern about climate effects. These figures raise the question of whether scarce government funds might be better allocated to move the United States towards a low-carbon economy.



Notes: *Carbon capture and storage is a developing technology that would allow coal-burning utilities to capture and store their carbon dioxide emissions. Although this technology does not make coal a renewable fuel, if successful it would reduce greenhouse gas emissions compared to coal plants that do not use this technology. **Recognizing that the production and use of corn-based ethanol may generate significant greenhouse gas emissions, the data depict renewable subsidies both with and without ethanol subsidies.

Sources: Internal Revenue Service, U.S. Department of Energy (Energy Information Administration), Congressional Joint Committee on Taxation, Office of Management and Budget, & U.S. Department of Agriculture, via Environmental Law Institute.

Infographic by Tommy McCall

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