

Gina McCarthy
National Climate Advisor
White House Office of Domestic Climate Policy

August 3, 2021

Dear Ms. McCarthy:

We fully support President Biden's FY22 Budget proposal to eliminate many of the subsidies currently enjoyed by the fossil fuel industry. As you know, this is a critical issue for public health, environment, and fiscal responsibility. We ask that the Administration advocate to Congress the importance of eliminating fossil fuel subsidies in any final reconciliation package. We would like to meet with you to further discuss strategies for eliminating fossil fuel subsidies.

As you are aware, oil, gas, and coal companies receive billions of dollars in federal giveaways each year. It is critical that the President's proposed budget succeed in eliminating the \$121 billion in subsidies that incentivize the development and extraction of oil and gas deposits across the country and abroad. These giveaways help to prop up an industry linked to an estimated 350,000 deaths due to particulate pollution and trillions in damage each year due to climate change in the United States – burdens that are disproportionately borne by Black, Brown, and Indigenous communities.

A study released just last month by the Stockholm Environment Institute, an independent research think tank, showed that just three domestic subsidies alone boosted the expected profitability of oil and gas projects by up to \$45 billion dollars in some years over the past two decades, a time period over which we've seen a decline in fossil fuel sector jobs. These large profits encouraged additional fossil fuel investment and allowed fossil fuel companies much greater access to financed capital to invest in new projects, increase executive pay and dividend payouts, or even hire lobbyists to secure more public handouts.

A recent bombshell video of ExxonMobil's top lobbyists describing the company's strategy to work through intermediaries like the American Petroleum Institute to delay and derail necessary climate policies and preserve this favorable tax treatment underscores the need to take action this year, as record heat waves, droughts, wildfires, and extreme weather sweep the country.

We thank the President and his Administration for advocating for the elimination of subsidies in the U.S. tax code. Specifically, we appreciate the proposals to level the playing field by ending \$84 billion in preferential tax benefits to oil companies that extract oil and gas abroad, and to eliminate provisions that allow the fossil fuel industry to deduct billions each year in drilling and exploration costs.

Eliminating these special tax giveaways is essential to a strong federal agenda to combat climate change. The International Energy Association has acknowledged that achieving a 1.5-degree Celsius warming target requires that the world end new oil and gas development. Ending fossil fuel subsidies worldwide could reduce CO₂ emissions by 500 million to two billion metric tons per year by 2030 — roughly one-quarter of all existing emission reduction pledges by countries under the Paris Agreement. The United

States as part of the G20 and G7 has committed for more than a decade to end fossil fuel subsidies — now is our opportunity to make that commitment a reality and lead the global transition.

Recognizing the importance of eliminating fossil fuel subsidies to efforts to combat climate change protect public health, and support a more equitable tax system, more than 500 environmental, public health, development, fiscal justice, labor, youth, and faith organizations recently wrote to Speaker Nancy Pelosi and Leader Chuck Schumer expressing support for the President's proposal and asking their help in ensuring that an end to subsidies is enacted this year.

Thank you again for your work on this critical issue to date and we hope to be able to meet with you soon.

Sincerely,

Mitch Bernard, Natural Resources Defense Council
Michael Brune, Sierra Club
Annie Leonard, Greenpeace USA
Elizabeth Blast, Oil Change International
Erich Pica, Friends of the Earth
Abby Maxman, Oxfam America
Carroll Muffett, Center for International Environmental Law
Varshini Prakash, Sunrise Movement
Faye Park, U.S. PIRG
Wendy Wendlandt, Environment America
Jamal Raad, Evergreen Action
Kierán Suckling, Center for Biological Diversity
Janis Searles Jones, Ocean Conservancy
Gene Karpinski, League of Conservation Voters
Abigail Dillen, Earthjustice
Jamie Williams, The Wilderness Society
Jacqueline Savitz, Oceana
Theresa Pierno, National Parks Conservation Association