



December 8, 2009

The Honorable Charles Rangel  
2345 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Rangel,

Liquid coal is a dirty fuel that is destructive to the environment, requires huge amounts of water and energy, and causes health problems. The federal government should not be promoting this dirty and dangerous fuel through subsidies and that is why we urge you to not reauthorize the Alternative Fuel Tax Credit (26 U.S.C. § 6426(d)) and the Alternative Fuel Mixture Tax Credit (26 U.S.C. § 6426(e)). The tax credits were created in the Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005 and were extended in the Emergency Economic Stabilization Act of 2008.

Since liquid coal has twice the life cycle greenhouse gases as conventional gasoline, if we begin to produce liquid coal in the U.S. it will be impossible for us to achieve the emissions reductions necessary to avoid the worst effects of catastrophic climate change. According to DOE, liquid coal also requires at least four gallons of water for every gallon of fuel produced, which would deplete already scarce water supplies in the west. Liquid coal facilities produce massive amounts of air pollutants, like mercury, sulfur oxides, nitrogen oxides, particulates, and carbon monoxide, and would create toxic hotspots in some of our most at risk communities. Additionally, using liquid coal would require increased coal mining and likely lead to increased mountaintop removal, which destroys communities and puts workers at risk.

The Alternative Fuel Tax Credit and the Alternative Fuel Mixture Tax Credit expire on December 31, 2009. The Alternative Fuel Tax Credit subsidizes each gallon of liquid coal produced that is either sold or used by the producer. The Alternative Fuel Mixture Tax Credit subsidizes each gallon of liquid coal that is combined with other fuels to create a fuel mixture. Any gallon of liquid coal produced would qualify for one of these two credits.

None of the fuels covered by this tax credit are long-term solutions. Each produces greenhouse gas emissions and would put off necessary action to avert catastrophic climate change. These tax credits are also in opposition to President Obama's call to end all fossil subsidies. In addition to liquid coal, they cover liquefied petroleum gas, P Series Fuels, compressed or liquefied natural gas, liquefied hydrogen, and liquid fuel from biomass.

Dirty fuels, and especially liquid coal, should not be subsidized by the American taxpayer. We recommend that you do not extend these credits.

Sincerely,

Erich Pica  
President, Friends of the Earth