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STATEMENT OF ROBERT GREENSTEIN ON TAX CUTS IN THE 2006 ENERGY BILL

The energy bill that the President is signing today continues the trend of not only enacting new tax cuts that add to the deficit but employing budget gimmicks to mask the true cost of these tax breaks. The Joint Committee on Taxation and Congressional Budget Office estimate that the energy bill will reduce revenues in net by $12.3 billion over the next ten years, 2006-2015. But about half of the nearly three dozen tax-cut provisions in the energy bill are slated to expire before the end of this ten-year period, so only the first few years of their cost are reflected in the official estimate. If, as is likely, future Congresses extend most of these provisions over the entire ten-year period, the price tag of the provisions contained in this legislation would likely double. Given our bleak fiscal outlook, with the imminent retirement of the baby boom generation, the nation can ill-afford these new tax cuts that add to the deficit and debt.