

**Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. M18-0756.01 Thomas Morris x4218

**SJM18-002**

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**SENATE SPONSORSHIP**

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**Foote,**

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**Senate Committees**

Agriculture, Natural Resources, & Energy

**House Committees**

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**SENATE JOINT MEMORIAL 18-002**

101 **MEMORIALIZING CONGRESS TO ELIMINATE SUBSIDIES FOR ENERGY**  
102 **INDUSTRIES.**

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1           WHEREAS, The federal government provides subsidies to the oil  
2 and gas industry, the coal industry, and the renewable energy (solar and  
3 wind) industry for the purposes of incentivizing the production of fossil  
4 fuels and renewable energy by lowering the costs of production, raising  
5 prices received by producers, and lowering prices for consumers; and

6           WHEREAS, Subsidies include tax exemptions, refunds, or credits;  
7 loans; direct funding; and trade restrictions; and

8           WHEREAS, Most tax subsidies for fossil fuels are permanent  
9 provisions of the United States tax code, but most tax subsidies for  
10 renewable energy are temporary and will continue only if extended by

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

1 Congress; and

2 WHEREAS, Subsidies in the United States tax code for the oil and  
3 gas industry include:

- 4 ! Deductions for drilling and development costs for oil and  
5 gas wells (26 U.S.C. sec. 263);
- 6 ! Deductions for domestic manufacturing in the oil and gas  
7 industry (26 U.S.C. sec. 199);
- 8 ! Deductions for the depletion of oil and gas deposits (26  
9 U.S.C. sec. 613A);
- 10 ! Deductions for the depletion of oil shale deposits (26  
11 U.S.C. sec. 613);
- 12 ! Deductions for the costs of tertiary injectants, which are  
13 chemicals, fluids, and gases pumped into oil and gas wells  
14 as part of the extraction process (26 U.S.C. sec. 193);
- 15 ! Exception to passive loss limitation for working interests in  
16 oil and natural gas properties, which allows oil and gas  
17 companies and investors to use losses from fossil fuel  
18 investments to shelter other income (26 U.S.C. sec. 469);  
19 and
- 20 ! Tax credits for marginal or inefficient wells (26 U.S.C. sec.  
21 45I); and

22 WHEREAS, Subsidies in the United States tax code for the coal  
23 industry include:

- 24 ! Deductions for the costs of mining exploration and  
25 development (26 U.S.C. sec. 617);
- 26 ! Deductions for the depletion of coal mines (26 U.S.C. sec.  
27 613); and
- 28 ! Capital gains treatment for royalties, which allows coal  
29 companies to claim income as capital gain instead of  
30 regular income, which could be taxed at a higher rate (26  
31 U.S.C. sec. 631); and

32 WHEREAS, Subsidies in the United States tax code for renewable  
33 energy include:

- 34 ! The production tax credit (PTC) for renewable electricity  
35 production, which gradually steps down the value of the  
36 credit until it expires on December 31, 2019 (26 U.S.C.  
37 sec. 45); and
- 38 ! The investment tax credit (ITC) for business energy  
39 investment, which gradually steps down the value of the

1 tax credit through December 31, 2022, for solar  
2 technologies and PTC-eligible wind for existing facilities  
3 (26 U.S.C. sec. 48); and

4 WHEREAS, In a 2015 study, Oil Change International estimated  
5 that G20 governments – that is, the governments of nations representing  
6 the world's top 20 economies – provided a combined \$452 billion of  
7 fossil fuel subsidies in 2013 and 2014; and

8 WHEREAS, Oil Change International estimated that, as of July  
9 2014, the United States government provides \$37.5 billion annually in  
10 subsidies to support the fossil fuel industry; and

11 WHEREAS, In its 2016 World Energy Outlook report, the  
12 International Energy Agency estimates that, in 2015, fossil-fuel subsidies  
13 worldwide amounted to \$325 billion and renewable-energy subsidies  
14 worldwide amounted to \$150 billion; and

15 WHEREAS, In November 2015, the Congressional Budget Office  
16 estimated that tax preferences in 2015 for fossil fuels, nuclear power, and  
17 renewable energy totaled \$15.8 billion, with \$7.8 billion for renewable  
18 energy and \$4.8 billion for fossil fuels; and

19 WHEREAS, While subsidies by the federal government for  
20 renewable energy have increased over the last several years, federal  
21 subsidies have historically favored fossil fuels: In 2011, DBL Investors  
22 estimated that in the United States, the amount of subsidies for the oil and  
23 gas industries amounted to \$446.96 billion from 1918 to 2009, and the  
24 amount of subsidies for the renewable energy industry amounted to \$5.93  
25 billion from 1994 to 2009; and

26 WHEREAS, In May 2016, the leaders of the G7 nations, which  
27 includes the United States, the United Kingdom, Canada, France,  
28 Germany, Italy, and Japan, issued a declaration that stated in part: "Given  
29 the fact that energy production and use account for around two-thirds of  
30 global GHG [greenhouse gas] emissions, we recognize the crucial role  
31 that the energy sector has to play in combatting climate change. We  
32 remain committed to the elimination of inefficient fossil fuel subsidies  
33 and encourage all countries to do so by 2025."; now, therefore,

34 *Be It Resolved by the Senate of the Seventy-first General Assembly*  
35 *of the State of Colorado, the House of Representatives concurring herein:*

1           That we, the General Assembly of the state of Colorado:

2           (1) Acknowledge that the oil and gas, coal, and renewable energy  
3 industries have received billions of dollars in subsidies from the federal  
4 government; and

5           (2) Ask Congress to phase out over five years the value of tax  
6 subsidies for the oil and gas and coal industries, so that these subsidies  
7 will dwindle at a rate commensurate with the phasing out or gradual  
8 stepping down of tax subsidies for renewable energy.

9           *Be It Further Resolved*, That copies of this Joint Memorial be sent  
10 to Governor John Hickenlooper and to each member of Colorado's  
11 congressional delegation.