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Wrong Policies at the Wrong Time

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Debate continues across the country on our nation's energy future. The competing visions, however, are not just philosophical arguments. There are real differences between these two visions and their outcomes on our economy, on consumers, and on our way of life.

On one hand, we have the energy reality that the U.S. can lead the world in production of oil and natural gas and consumers enjoy almost unprecedented energy security. As recent as 2019 gasoline prices averaged \$2.60 per gallon. This pro-energy vision means energy from all sources, including oil and natural gas, generate economic growth and reduce carbon emissions.

On the other hand, extreme environmental activists work to obstruct energy development and infrastructure projects, reducing our energy options under a false belief that oil and natural gas production and use are incompatible with environmental progress. Their vision is one of constrained energy choices, with less certainty and reliability, less assurance on affordable power and higher energy costs.

In mid-August, President Biden signed the budget reconciliation bill – *Inflation Reduction Act* – into law. The measure included punitive new taxes and regulatory red tape that undermines the oil and gas industry's ability to promote energy security for the American consumer.

While the *Inflation Reduction Act* would in some cases expand domestic oil and gas production, including provisions that help offshore energy production, the overall impact of the measure will harm the ability of America's oil and natural gas producers to successfully operate to their potential. In addition to a methane tax that singles out the oil and natural gas industry,

the measure creates disincentives for oil and natural gas production at a time when our country needs more energy, not less. The *Inflation Reduction Act* adds costs and regulations to producers when the federal government should be taking actions to support increased American energy production.

According to an independent study from the Penn Wharton School Budget Model, the *Inflation Reduction Act* won't reduce inflation at all. This measure will exacerbate supply concerns at a time of high oil and gasoline prices. It will not bring greater stability nor help Americans with inflation.

Also, when the climate measures of the *Inflation Reduction Act* are evaluated under the UN's climate model, the temperature reduction attributable to the measure is 0.0009°F to 0.028°F in 2100. Why is there no discussion about how little \$369 billion will achieve?

Furthermore, we all heard President Biden tell American voters that there would be no tax increases for those earning less than \$400,000 under his leadership. Well, that is not correct. A study by the Joint Committee on Taxation is projecting taxes to go up for almost every tax bracket.

The *Inflation Reduction Act* is nothing more than a newer version of the Build Back Better blunder. This measure will increase taxes at a time when families and companies are recovering from post-Covid woes and rising inflation.

The bottom line is the *Inflation Reduction Act* is a deceptive and misleading measure flawed in numerous ways. Climate benefits from the Act are unnoticeable even by the year 2100 and the taxes will get passed along to families in their monthly energy bills and at the pumps.

The most pressing risks facing U.S. companies in the foreseeable future are unlikely to be those arising from climate change or an energy transition. Rather, the factors to watch are more apt to be inflation, rising energy costs, and national security threats. The Biden Administration is too focused on climate change to anticipate or deter these significant real threats.

President Biden and all federal and state policymakers should prioritize advancing American energy leadership with policies that encourage development of responsibly produced energy here at home. These policies should recognize the volatile world we live in and the long-term impacts of returning to the days of foreign energy dependency.

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