

Infographic

Tax Reform: The Key to Energy Competition

PHILIP ROSSETTI | AUGUST 30, 2017

Today the American Action Forum released an infographic highlighting how the current tax code penalizes innovation, and how tax reform can encourage cleaner, safer, and cheaper energy alternatives.

Read the entire analysis here.

TAX REFORM:

THE KEY TO ENERGY COMPETITION

The federal government's approach to energy policy has consisted largely of subsidizing energy sources via tax credits. But this policy creates distortions in energy markets.

The time is right to move to a technology-neutral treatment of energy, encouraging clean energy growth and innovation.

THE DOWNSIDE OF TAX CREDITS



Incumbents are favored.

Innovators are discouraged.

The U.S. government should fix the current uneven tax treatment of business expenditures versus investment. A full-expensing system offers an opportunity to break free of the energy status quo, and remove the roadblocks to a future of cleaner, safer, and cheaper energy alternatives.

Eliminating tax subsidies alone won't solve problem.



Even if all of existing energy subsidies were eliminated, the tax code would still be biased. Capital costs should be treated the same as any other cost.



Expensing of business investments should be reformed so investment is treated the same as wages, cost of goods, etc.

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Tax system becomes technology neutral for energy.



Capital intensive energy will no longer be at a disadvantage to competitors with deductible fuel and operation costs.

