

Committee on the Budget
Full Committee Hearing: “Budget Resolution for Fiscal Year 2010”
Testimony of Congressman Gene Green
March 11, 2009

Chairman Spratt, Ranking Member Ryan and Members of the Committee:

I am pleased to be here today to provide views on the importance of developing a budget resolution that will help us address health care reform, global climate change, and our energy and economic security.

This is no easy task. The United States is facing one of the largest fiscal crises in a generation. The economy is faltering, unemployment is rising, and our national debt continues to skyrocket.

This committee and Congress must balance these demands to create a budget blueprint that will help us meet the challenges of our time.

HEALTH CARE PROVISIONS

In reviewing the President’s budget, I am pleased the President will be addressing our current health care crisis by setting aside a reserve fund of more than \$630 billion over 10 years that will be dedicated towards financing health reform and providing health care coverage for everyone in this country.

I am a member who represents a state that has the highest number of uninsured in the US and a medically underserved working class district where most individuals never have access to health care because they work in low wage jobs.

The Texas Medical Center is a premier medical center, but most of the folks in my district cannot access care there because they do not have health insurance.

All individuals in this country deserve health care coverage no matter where they work, which is why I fully support efforts in the budget to provide health care coverage for all Americans.

ENERGY PROVISIONS

The budget also includes several provisions aimed at America's natural gas and oil producers with the purported goals to "...end our addiction to oil, address the global climate crisis, and create new American jobs..."

Unfortunately, the proposed budget could unintentionally undermine each of these efforts and must be carefully re-evaluated to actually support our economic, environmental and energy security goals.

America's Natural Gas and Oil Producers

According the President's own budget, over 3.5 million jobs have been lost over the past year, and an additional 8.8 million Americans in part-time jobs are unable to find full time employment.

Now is not the time to weaken economic opportunities in our domestic energy industry with punitive tax hikes.

Far from the misconception of a domestic industry run by “Big Oil” companies, America’s independent producers are responsible for 90% of the wells drilled in America, and they produce 82% of American natural gas and 68% of American oil.

The average independent producer company has 12 employees – the definition of a true small business.

Almost 2 million jobs are attributed to American natural gas and oil production and its closely related industries.

Increasing costs on the energy industry and on U.S. companies operating abroad will jeopardize these small business jobs, export production overseas, and increase our reliance on foreign sources of energy.

Importance of Natural Gas to Meet Our Climate Goals

Without increasing supply from our vast North American natural gas resources, or if we make it more expensive or difficult to produce natural gas domestically, it will hinder our ability to meet any potential climate change goals while also increasing natural gas prices for American consumers and business.

Any climate change policy will inevitably rely on clean natural gas – which emits half the carbon dioxide emissions of coal – as a short-term “bridge” fuel while our economy transforms to lower-carbon energy sources.

Last year, the Natural Gas Council produced a model that predicted demand for natural gas will increase by as much as 10 trillion cubic feet per year under climate change legislation.

Natural gas is also required to make energy-efficient products, make wind turbine blades and solar panels, provide back-up power for intermittent renewable energy sources, and to run biomass facilities.

Simply put, without additional American natural gas supplies, we will fail to reduce our short-term carbon emissions and instead dramatically raise the cost of energy.

High natural gas prices over the past few years have already led to higher heating, cooling, and power bills for consumers, in addition to the loss of approximately 100,000 manufacturing jobs.

Unfortunately, the President's budget proposal includes certain provisions which unfairly target and penalize the oil and natural gas industry with tax hits totaling over \$30 billion.

This does not include the Budget's proposed new fees on so-called "non-producing" leases, royalty rate adjustments, the repeal of general accounting rules which can disproportionately impact refineries, and the cost of complying with any cap and trade program.

CLOSING

Mr. Chairman, I too share the President's goal to "...end our addiction to oil, address the global climate crisis, and create new American jobs..."

However, raising taxes on one industry will not "end our addiction to foreign oil"; in fact, it will increase our reliance on cheaper foreign imports.

It will not "address the global climate crisis", as we will fail to provide the natural gas needed to meet our short-term carbon reduction targets while providing affordable and reliable supplies of energy to American consumers and business.

And it will not "create new American jobs" as small businesses will curtail domestic production and shift operations abroad.

Mr. Chairman, I believe Congress should instead develop a climate and energy policy that maximizes greenhouse emission reductions while minimizing negative impacts to the economy.

Thank you Mr. Chairman. I look forward to any questions the committee may have.