



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

December 13, 2007
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.R. 6 – Energy Independence and Security Act of 2007 (Reid Amendment)

(Rep. Rahall (D) WV and 198 cosponsors)

The Administration opposes the Reid substitute amendment, which fails to correct many of the highly objectionable provisions identified in previously-issued Statements of Administration Policy on H.R. 6. If H.R. 6 were presented to the President as modified by the Reid substitute amendment, his senior advisors would recommend that he veto the bill.

The Administration strongly opposes the amendment's tax title, which would raise taxes in several ways that will increase energy costs facing consumers. More specifically, the Administration strongly opposes using the Federal tax code to single out specific industries for punitive treatment. Furthermore, the tax increases included in the Reid substitute amendment vastly exceed the amount necessary to offset the estimated revenue reductions arising from the bill's fuel economy provisions. The Administration compliments the Senate for giving the Department of Transportation (DOT) the authority to establish a new CAFE standard, which would both improve fuel economy and reduce tailpipe greenhouse gas emissions. The bill should clarify, however, that DOT should establish this single national regulatory standard, in consultation with the Environmental Protection Agency, and that neither agency should add additional layers of regulation. The Administration also supports an ambitious alternative fuel standard, which should include an effective safety valve, should be technology neutral, and should rely on market innovation instead of statutory prescription. The proposed legislation, however, is excessively prescriptive and fails these tests, picking and choosing among fuel types, and failing to include an adequate safety valve. The Administration also retains several additional concerns previously outlined in the Statements of Administration Policy on the underlying bill. Congress should seize the current opportunity to enact bipartisan legislation to enhance American energy security and to achieve vital goals of the President's "Twenty in Ten" initiative proposed more than ten months ago. The Administration urges Congress to put political considerations aside, to repair the repeatedly noted problems with the energy bill, and to send the President legislation that he can sign.

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