

August 10th, 2021

Dear Members of Congress:

The undersigned organizations oppose including a proposed “methane reduction fee” in the Senate’s estimated [\\$5.1 trillion budget reconciliation package](#). This policy is a methane (natural gas) tax placed on oil and gas producers. It would eliminate trillion of dollars in consumer benefits from natural gas production and use. The American economy and American families would bear the price of this regressive tax.

As advocates for American consumers, families, and businesses, we strongly oppose the imposition of a methane (natural gas) tax, which will devastate economic recovery, exacerbate energy poverty, and reduce domestic energy production, with little or no benefit to the environment. Along with the Biden administration’s efforts to limit oil and gas leasing on federal lands and waters and a slew of federal oil and gas regulations, this tax is a move in the direction of effectively prohibiting natural gas production in the United States and stunting the energy revolution enabled by hydraulic fracturing and other unconventional oil and gas techniques. According to the [U.S. Department of Energy’s estimation of a world bereft of hydraulic fracturing](#): “Compared to a world with hydraulic fracturing, in 2025, the United States economy would have 7.7 million fewer jobs, \$1.1 trillion less in gross domestic product (GDP), and \$950 billion less in labor income. A hydraulic fracturing ban would result in increases in energy costs for electricity, motor fuels, and natural gas; would burden American families, small businesses, hospitals, manufacturers; would have negative impacts on virtually all other sectors of the economy; and would inevitably stunt the post-pandemic economic recovery.”

Earlier this year, a related bill was introduced, the [Methane Emissions Reduction Act of 2021](#), by Senators Whitehouse, Booker, and Schatz. This bill proposes an eye-popping \$1,800/ton methane tax, which would apply to oil and natural gas facilities that produce, gather, process, or transmit oil or natural gas. The bill also makes clear that it would not preempt a State from requiring a similar methane (natural gas) tax accompanying the already burdensome federal proposal.

Efforts to tax methane would result in double-digit increases in consumer prices for electricity and fuel, a highly regressive burden for low-income individuals. Americans spend [over \\$1.27 trillion](#) per year on energy, and [more than 30 million American households](#) face high energy burdens with the lowest income households devoting more than 20 percent of their after-tax income on residential utilities and fuel.

Overregulation and barriers to the production, transportation, and consumption of energy would only make things more expensive for Americans while doing next to nothing to improve the environment. To point, the most recent Environmental Protection Agency [Inventory of Greenhouse Gas Emissions data from 1990 – 2019](#) highlighted the decrease in methane emissions by 16% since 1990. The United States [has led the world in reducing greenhouse gas emissions](#) in the last two decades not because of command-and-control regulation, but bottom-up, private sector innovation. These innovations include efficiency, the dramatic growth of less greenhouse-intensive

domestic energy production, and the pursuit of profit-driven technological solutions to reduce emissions, including methane, improving business outcomes and environmental quality.

Embracing the free market and unleashing our entrepreneurs to develop innovative technology has proven far more effective at protecting our environment and protecting Americans than any top-down mandate or regulation. Conversely, top-down mandates frequently harm the worst off in society and those they are meant to help.

We urge Congress to reject the proposed methane (natural gas) tax and other similar policies.

Sincerely,

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