

The NAT GAS Act Would Do More Harm Than Good

By [REDACTED]

If ever there was a case of misguided thinking and unintended consequences, it is HR 1380, legislation now being considered by the U.S. Congress. Commonly known as the NAT GAS Act, this legislation would provide \$5 billion in taxpayer-funded subsidies to the manufacturers of natural gas vehicles (NGVs) and their suppliers, and the consumers who buy them.

Those subsidies would come in the form of federal tax credits of up to \$4,000 per vehicle to NGV manufacturers; \$7,500 per vehicle to consumers who purchase light-duty cars; \$64,000 per vehicle for those who buy heavy trucks; \$2,000 for consumers who install home refueling units; \$100,000 for businesses that install commercial fueling stations; 50-cents per gallon for natural gas transportation fuel; and large block grants for the development of new NGVs and natural gas engines.

The sponsors of the NAT GAS Act claim this legislation will be a catalyst for new NGV technologies and encourage Americans to buy the new vehicles. That is flawed reasoning.

First, by artificially propping up one segment of the energy industry, this massive federal subsidy program would distort the free market, thwart competition and squash innovation. Picking a winner in the race to develop alternative energy sources is not the business of the federal government, and it is not the path to energy independence. This bill would hobble American ingenuity, giving foreign companies a competitive edge in this developing field.

Second, the NAT GAS Act is rife with far-reaching, unintended negative consequences. Historically, subsidies have driven up the prices of consumer goods. Economists say the Great Recession is over, but tell that to Americans who are still unemployed or under-employed, and those who have long been living in poverty. Higher energy prices would disproportionately affect the chronically poor, who are already struggling to survive; women, many of whom have been forced into head-of-household roles in extremely low-paying jobs; and African-Americans, among whom the unemployment rate is still 16.2 percent. Higher natural gas prices would not only drive up these economically disadvantaged Americans' home energy costs, but also the cost of every consumer good they buy, from groceries, to clothing, to gas for their cars.

These people are not going to be buying new natural gas vehicles, nor will they be installing new home refueling units. Not only would they be passed over by the \$5 billion in tax credits inherent in the NAT GAS Act, the higher natural gas prices it would cause might well force them to choose between eating or heating their homes, between self-sufficiency or being forced to rely on government aid. In their world, there is a very real and daunting edge, and the effects of this bill might well push many of them over it.

Finally, these subsidies – funded with taxpayers' hard-earned dollars – would add \$5 billion to our already ballooning national deficit. The 80 so-called conservative members of Congress who have joined about 100 liberal Democrats in sponsoring the NAT GAS Act were elected to Congress on platforms of fiscal austerity. Those elections may have occurred nearly a year ago, but recent polling shows, now more than ever, that voters view the deficit as the single most critical issue our nation faces.

In my experience, it often takes tenacity, a trained eye and a dose of sheer luck to identify flaws buried deep in federal legislation. Not so with this pork barrel fiasco. The NAT GAS Act is stunning in its audacity, imprudence and disregard for the will of the electorate. It would accomplish none of its objectives. In fact, it would do far more harm than good.