



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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November 22, 2011

The Honorable Harry Reid
Majority Leader
U.S. Senate
522 Hart Senate Office Bldg
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

Re: S. 1863 – Oppose Consumer Tax Subsidizes for Natural Gas in Vehicles – Picks Winners (natural gas producers/distributors) and Losers (manufacturing)

Dear Majority Leader Reid and Minority Leader McConnell:

As manufacturers whose competitiveness is dependent upon the price of natural gas and natural gas fired power generation, we strongly oppose S. 1863, the New Alternative Transportation to Give Americans Solutions Act of 2011. Demand for natural gas should be driven by the markets, not Congress or consumer tax subsidies.

1. The bill does not stop exports of natural gas.

Instead, consumers will experience higher prices because of increased demand from both vehicles and exports.

2. A consumer tax subsidy is not needed to increase demand in the transportation market.

Given the high and rising price of gasoline and diesel, natural gas is already a competitive fuel without a consumer tax subsidy. CNG sells for \$2.44 per gallon equivalent and gasoline is selling for \$3.36 per gallon.

3. The bill requires consumers to pay increased taxes.

The bill creates a consumer tax subsidy. This is not the time to increase taxes on taxpayers who are struggling in an uncertain job market and economy.

4. Subsidizing demand picks winners (the natural gas industry) and losers (manufacturing).

The competitiveness of energy intensive manufacturing industries like chemical, plastics, fertilizer, paper, steel, aluminum and glass is dependent upon the price of natural gas and natural gas fired electricity. It is essential that Congress preserve America's competitiveness by refusing to artificially inflate natural gas and electricity costs.

5. Subsidizing demand increases the cost of fertilizer to farmers.

Natural gas makes up 80 percent of the production cost of anhydrous ammonia, a nitrogen fertilizer and the chemical building block for all other nitrogen fertilizer products.

6. Subsidizing demand increases prices of both natural gas and electricity.

Consumer tax subsidies will increase the price of natural gas and natural gas fired electricity to every homeowner, farmer and manufacturer.

We are not opposed to using natural gas in the transportation sector, but we are opposed to consumer tax subsidies that distort the marketplace at the expense of consumers. Manufacturing is critical to increasing U.S. jobs and this bill jeopardizes American industry's competitiveness.

Sincerely,

Paul N. Cicio
President

cc: U.S. Senate

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$700 billion in annual sales and with more than 650,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.