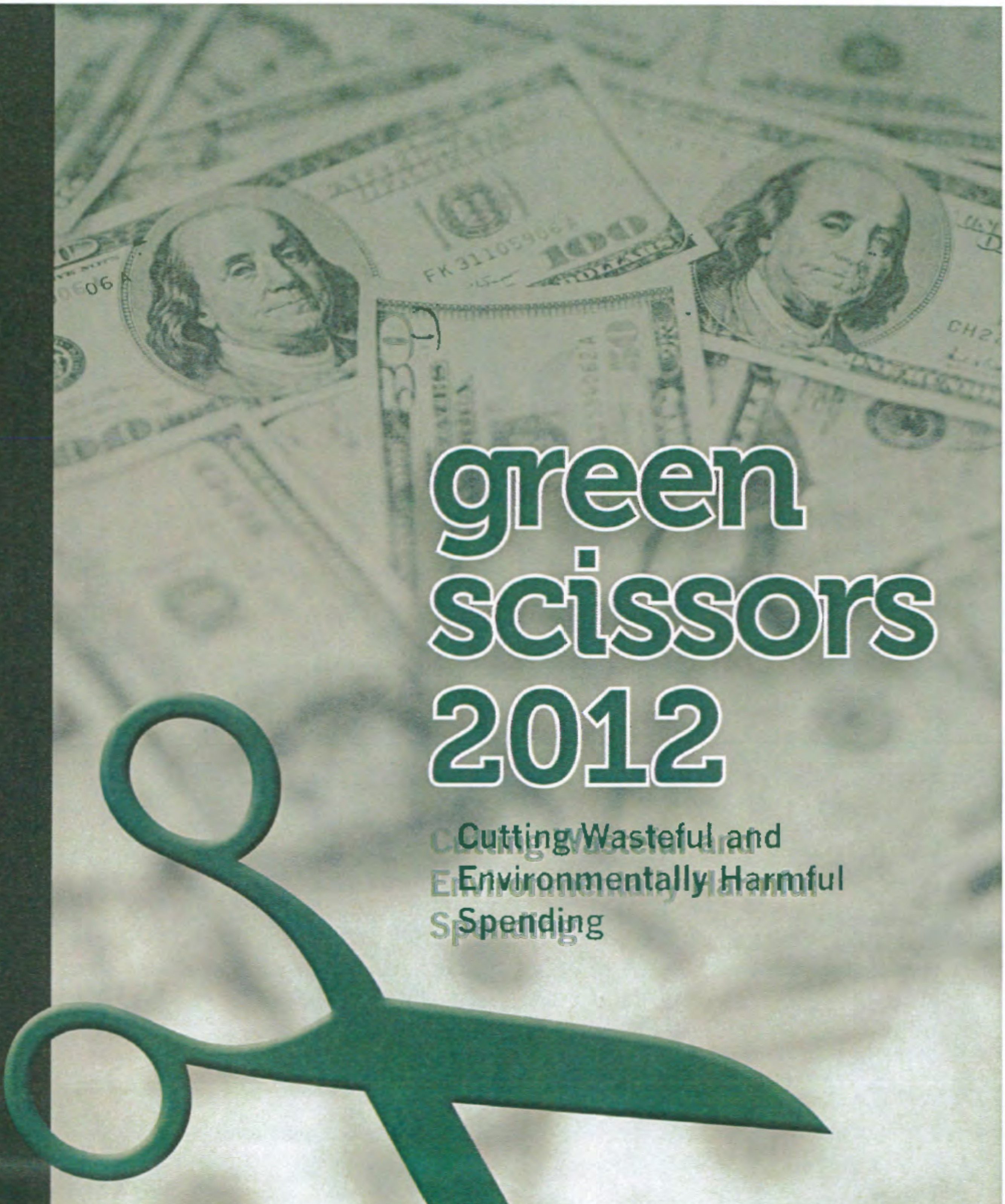


green scissors 2012

Cutting Wasteful and Environmentally Harmful Spending

Friends of the Earth

Taxpayers for Common Sense
Making Government Work

R Street
Free markets. Real solutions.

TABLE *of* CONTENTS

INTRODUCTION

Friends of the Earth

For more than 40 years, Friends of the Earth's mission has been to ensure a more healthy and just world. Dealing with large societal problems like global warming requires coordination and resource mobilization only governments can bring to bear, making government intervention essential if we are to succeed in protecting the environment and public health. Government regulation is one necessary tool to tackle today's most pressing environmental problems, and laws like the Clean Air Act and the Clean Water Act have been hugely successful. In addition, properly-targeted, well-designed government investments can help us move towards a clean, sustainable energy future by spurring the development of technologies to transition us away from dirty energy.

However, while the government is necessary for environmental protection, not every government action is good for the environment. Too often government is captured by the wealthiest and most established industries, which are oftentimes the dirtiest. When this happens, government actions which should promote public health end up harming it. But the solution cannot be a knee-jerk denunciation of all government that leaves profit-driven corporations as the protectors of the public good. Instead, we need to separate the good from the bad, keeping government programs that help us build a more healthy and just world and eliminating programs that do the opposite.

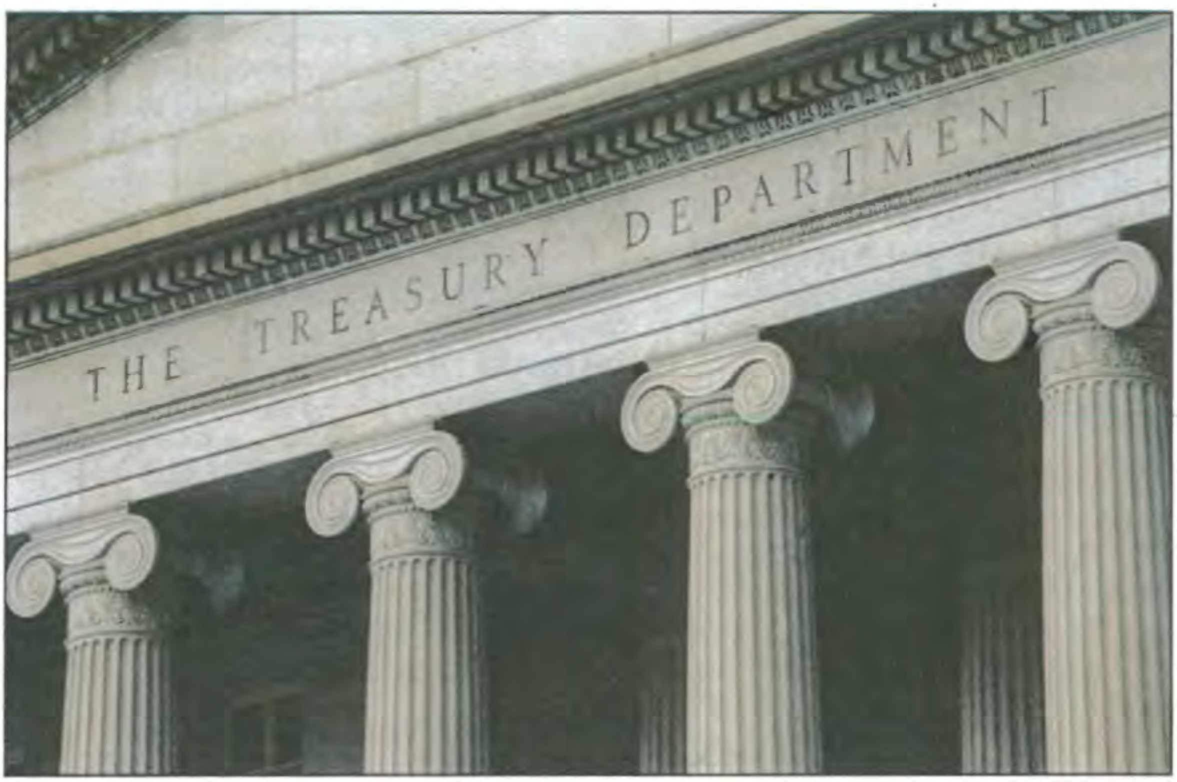
Friends of the Earth co-founded the Green Scissors project back in 1994 because we believe that respectfully working with those concerned about the budget to end subsidies for activities contributing to environmental destruction is an important first step in protecting the environment and public health. Over 18 years later, Green Scissors remains an important opportunity to make real change. We are proud to work with groups espousing different views in order to advance our agenda of protecting people and the environment. While we may disagree with our Green Scissors partners on many things, we can agree that the programs in this report are both wasteful and environmentally harmful. By working together, we have a better chance of getting them eliminated. If groups as different as those in the Green Scissors coalition can agree these programs should end, then we feel it must make sense.

TAXPAYERS FOR COMMON SENSE
MAKING GOVERNMENT WORK

Since 1995, Taxpayers for Common Sense (TCS) has been a leader of the Green Scissors Coalition. A cornerstone of our natural resource work, Green Scissors targets federal spending, tax expenditures, and other subsidies that cost taxpayers both upfront and over the long-term with their environmental liabilities.

TCS is a non-partisan budget watchdog dedicated to cutting wasteful spending and subsidies in order to achieve a responsible and efficient government that operates within its means. TCS believes the federal budget is about more than just dollars; it is about what we want to accomplish as a country.

Our 17 years of energy, transportation, water, public lands, and farm policy expertise leads us to approach subsidies included in the Green Scissors report from a fiscal perspective. Subsidies are federal expenditures that shift the costs of business from industry to the taxpayer and take different forms: preferential treatment to one industry over another in the tax code; direct payments from the government; market-distorting public financing; limitations of liability that shift corporate risks to the taxpayer; and giving away taxpayer assets below market value.



REPORT METHODOLOGY

The numbers in *Green Scissors 2012* represent the potential cost to taxpayers, not necessarily the expected cost to taxpayers, over a ten-year period. This distinction is especially important in the case of loan guarantees because the potential risk to taxpayers can be significantly higher than the cost estimate the Congressional Budget Office (CBO) allocates against the budget. The one place where the potential risk is not used is for insurance guarantees. We do not use potential taxpayer risk there because the insurance liability on a massive project like a nuclear reactor is almost impossible to calculate and almost infinite. We have used different methodologies for different insurance programs depending on the available sources, all of which are explained below.

Whenever possible *Green Scissors 2012* relies on the most recent government sources available, primarily the Joint Committee on Taxation (JCT), the Government Accountability Office (GAO), and the Office of Management and Budget (OMB) for the value of subsidies. In a very few instances where no governmental numbers are available, we have used peer-reviewed academic publications. These instances are all footnoted in the report.

In the past, Green Scissors has used five-year projections because five-year totals are standard for the Joint Committee on Taxation. However, the ongoing debate about the budget and spending priorities has focused on ten-year numbers. In response, instead of using the five-year estimates we have traditionally used, this year's Green Scissors report calculated the potential savings for a ten-year window or over the life of a project if that is less than ten years. To get ten year numbers, we averaged the numbers available and used the average for years without data. This sacrifices a level of accuracy, but the numbers remain illustrative of the savings that could be achieved.

Obviously, it is impossible to know what the government will do ten years into the future and so several assumptions have to be made.

ENERGY

For more than a century, the federal government has been subsidizing the energy sector. Fossil fuels like coal, oil, and natural gas were the recipients of these initial subsidies and these industries remain on the federal dole. Every part of the nuclear fuel chain has been heavily subsidized for more than 60 years. More recently, alternative fuels are being subsidized in the quest for an amorphous goal of "energy security" or for their reported environmental benefits. Unfortunately, many of these technologies are damaging to the environment—some even more so than conventional energy sources. The energy section of the report details billions of dollars in potential cuts to three major energy sectors: fossil fuels, nuclear, and alternative fuels. Energy subsidies now cost taxpayers tens of billions of dollars each and every year.

Subsidies for energy take many forms including funding for research and development, tax preferences, direct subsidies, foregone revenue, loan guarantees, and more. Years of political wrangling have resulted in a large, intricate web of energy subsidies. Digging into this complicated system, Green Scissors identifies billions of taxpayer dollars that could be saved by cutting subsidies both environmentally harmful and fiscally wasteful.

This year's Green Scissors report offers more than $275 billion in total energy cuts over ten years.

LOAN GUARANTEES

The latest scandal over energy subsidies has centered on the Department of Energy's Title 17 Loan Guarantee Program. Created in the Energy Policy Act of 2005, Title 17 was billed as a way to get a small number of innovative, low-emission technologies off the ground but in reality the program has always been little more than a taxpayer handout for mature and environmentally harmful technologies that cannot compete on the open market. Well before the first loan guarantee failed, the Green Scissors coalition warned about the dangers this program posed and called for Congress to eliminate it. Currently, Congress has given DOE the authority to put taxpayers on the hook for roughly $37 billion in new loan guarantees: $18.5 billion for nuclear reactors, $4 billion for uranium enrichment, $6 billion for carbon capture and sequestration (mostly for coal fired power projects), $2 billion for advanced coal, $4.5 billion for renewable energy, efficiency and transmission, and $2 billion that can be used at DOE's discretion. Congress should stop DOE from risking taxpayer money on this flawed program.

DEPARTMENT OF ENERGY'S TITLE 17 LOAN GUARANTEE PROGRAM	CURRENT AUTHORITY (in millions)
Nuclear Power Facilities	$18,500
Carbon Capture and Sequestration	$6,000
Renewable Energy, Efficiency, and Transmission	$4,500
Uranium Enrichment	$4,000
Advanced Coal Gasification	$2,000
Unallocated	$2,000
TOTAL	$37,000

FOSSIL FUELS

With gas prices hitting pocketbooks hard, massive budget deficits, and oil company revenues reaching new highs, subsidies provided to the fossil fuel industry are again attracting enormous attention. As pressure mounts for fundamental reform of the tax code, the time is ripe to eliminate subsidies for fossil fuels. To achieve this, the nation will need to get beyond partisan rancor. Unfortunately, virtually all we have seen up to this point is a flurry of intense political rhetoric; partisan votes on subsidy reform have deepened the divide between the parties. Despite the increased focus on cutting subsidies, these often century-old giveaways remain on the books.

The detailed chart estimates the ten-year price tag for many of the subsidies the fossil fuel sector receives. It includes cuts to subsidies for the traditional oil, gas, and coal industries, which are major polluters.

NUCLEAR

The environmentally risky nuclear industry receives enormous federal subsidies. Since the 1950s it has benefited from federal supports for insurance, research and development, production tax credits, and borrowing. These subsidies and others remain on the books.

The latest attempt to give new subsidies for nuclear power is President Obama's proposal to spend $452 million of taxpayer money over five years to pay for the design and licensing costs of the country's first two small modular reactors. This would put taxpayers on the hook for roughly half the cost of designing and licensing these environmentally and financially risky investments. Congress has already appropriated $67 million for this initiative and the Department of Energy has already moved forward with a Funding Opportunity Announcement. These are costs that should be borne by industry, not taxpayers.

Today, perhaps the largest and most egregious subsidy for the nuclear industry is federally-backed loan guarantees. Provided through the Department of Energy, the loan guarantee program currently has $18.5 billion in congressionally directed budget authority for nuclear reactors and another $2 billion for uranium enrichment facilities. In addition, DOE has stated it intends to give $2 billion more for uranium enrichment. Two conditional loan guarantee commitments have been issued for nuclear projects: Southern Company's Vogtle reactor in Georgia and Areva's Eagle Rock Uranium Enrichment Facility; several other applicants are pending.

Most of these applicants or pending commitments are blatantly bad investments for taxpayers. One project that continues to remain on the DOE loan guarantee docket is the United States Enrichment Corporation's Advanced Centrifuge Project in Piketon, Ohio. For years the project has received tens of millions of dollars in federal support and kept its place in line for a loan guarantee, despite a dire financial outlook for the company. As of June 13, stock prices were trading at $.94 per share and the NYSE had threatened to delist the company altogether. In order to prop the company up the House included a $150 million authorization in the National Defense Authorization Act in May 2012. Taxpayer money should not be funneled into this flawed private company.

The chart summarizes current nuclear industry subsidies.

NUCLEAR	TOTAL 2013–2022 (millions)
Loan Guarantees for Nuclear and Uranium Enrichment	$22,500
Nuclear Waste Fund Liability Payments[1]	$17,200
Price-Anderson Act[2]	$8,000
Mixed Oxide — Fissile Materials Dispositions — Construction	$6,854
Inertial Confinement Fusion Ignition and High Yield Campaign	$4,748
Non-Defense Environmental Cleanup	$2,353
Stand-by Support	$2,000
Fuel Cycle R&D	$1,863
Reactor Concepts Research and Development	$1,149
Credit for Production of Advanced Nuclear	$930
Modification to Special Rules for Nuclear Decommissioning Costs	$900
Nuclear Energy Enabling Technologies	$747
Small Modular Reactor Program	$452
Treatment of Certain Income of Electric Cooperatives	$391
TOTAL	$70,086

1 This number is the Blue Ribbon Commission's estimate of liabilities that the federal government will owe if nuclear waste is not accepted in the next ten years.

2 For Price-Anderson we used the low end of the range of $800 million to billions per year that Doug Koplow found in *Nuclear Power: Still Not Viable without Subsidies*.

AGRICULTURE

Washington wastes billions of taxpayer dollars annually on misguided agricultural policies. Instead of providing a safety net for America's family farmers—the reason many political leaders say they support the programs—federal agricultural policy increasingly showers subsidies on favored crops and large-scale agricultural business that can thrive without governmental support, while everyone else is left picking up the scraps.

As Congress and the president scour the budget for savings, federal agricultural policy must be sustainable and ensure taxpayer dollars are providing an appropriate safety net, rather than distorting the market to the benefit of favored and powerful interest groups.

AGRICULTURE	TOTAL 2013–2022 (millions)
Major Commodity Crops	
Corn	$22,179
Wheat and Wheat Products	$11,134
Soybeans	$7,617
Upland Cotton	$6,843
Rice	$4,336
Crop Insurance Disaster Aid	$89,816
CAFOs — Environmental Quality Incentives Program	$16,046
Biological and Environmental Research — Biological Systems Science	$3,115
Open Loop Biomass	$2,669
Market Access Program	$2,100
Biomass Crop Assistance Program	$1,960
Foreign Market Development Program	$345
Re-Powering Assistance	$341
Biomass Research and Development	$328
Municipal Solid Waste	$200
Forest Biomass for Energy Program	$150
Community Wood Energy Program	$50
TOTAL	$169,229

COMMODITY CROPS

From direct payments based on a farm's past production, disaster payments, ethanol mandates, marketing assistance, and on and on, billions of tax dollars are spent every year supporting American agriculture. Little of what is seen in the produce aisle, however, benefits from federal agriculture subsidies. The bulk of these, nearly 90 percent, are given to only a handful of producers growing corn, cotton, wheat, rice, and soybeans. The vast majority of these commodity crops create pesticide and fertilizer pollution that can harm our water resources and ecosystems. And these taxpayer dollars often simply pad the profits of already successful producers. Perhaps the most egregious are for direct commodity payments. The program was created in 1996 as a temporary measure that has since not been allowed to expire. It pays owners of land that historically grew certain commodities, whether or not that crop is still grown. Direct payments have helped lead to quickly escalating farmland prices that make it difficult for younger farmers to gain a hold. Other commodity supports distort the business decisions of farmers and provide an incentive for producers to grow crops on marginal and highly erodible land. Eliminating select commodity supports, including direct payments, would save taxpayers more than $52 billion.

TRANSPORTATION

The nation's transportation system is at a crossroads. The nation's airports, highways, and rail lines suffer from wasteful and environmentally harmful projects, ineffective programs, a growing list of maintenance needs, and lack of sustainable funding.

HIGHWAY TRUST FUND

By 2013, the Highway Trust Fund, the nation's road and transit account, will be insolvent as the federal gasoline taxes supporting it no longer provide enough revenue to cover current spending levels. Meanwhile, increasingly scarce transportation dollars continue to fund wasteful pet projects, many of which promote sprawl and damage the environment, instead of fixing crumbling bridges and worn-out roads. Unfortunately, recent proposals from Congress and the president are little more than budget gimmicks that would backfill the Highway Trust Fund with unrelated funding mechanisms and deficit spending. Most of these proposals would take years to generate funds or amount to little more than transfers from the Treasury, and they undermine the user-pays principal requiring drivers to pay for the transportation system's costs.

Though the nation's air system has fared better than surface transportation, it is not without its problems. The recent adoption of a four-year reauthorization continues to pour taxpayer dollars into little-used general aviation airports and wasteful, environmentally harmful air subsidy programs. Furthermore, the Federal Aviation Administration continues to receive general funds for operations, unfairly subsidizing air travelers at the expense of all taxpayers.

With the national debt growing by the minute, we should eliminate wasteful and environmentally harmful spending while prioritizing scarce federal spending on the projects and programs that matter most.

TRANSPORTATION	TOTAL 2013–2022 (millions)
General Revenue Transfers to Highway Trust Fund	$125,800
General Revenue Transfers to the Airway and Airport Trust Fund	$50,000
Airport Improvement Program Grants to General Aviation-Dominated Airports	$22,000
DesertXpress Project (NV)	$6,500
I–73 Project (SC)	$2,400
Essential Air Service Program (excludes Alaska)	$1,650
Knik Arm Crossing (AK)	$1,500
Outer Bridge Portion of Ohio River Bridges Project (IN & KY)	$1,300
Columbia River Crossing	$1,180
St. Croix River Crossing Project/Stillwater Bridge (MN & WI)	$650
Juneau Access Road (AK)	$500
Gravina Island Access (AK)	$300
Charlottesville Bypass (VA)	$244
TOTAL	$214,024

INSURANCE

The federal government maintains a host of insurance programs that harm the environment by subsidizing dangerous and destructive behavior. These programs are mentioned throughout the report and summarized in the chart below. In addition to their environmental impacts, the insurance programs listed in this section cost taxpayers billions of dollars and displace productive private industries. These programs provide incentives for insured parties (quite often large, profit-making businesses) to behave less carefully than they otherwise would by saving businesses from paying the true cost of their risk. Broadly, the insurance programs can be divided into three categories: flood insurance, crop insurance, and energy insurance.

FLOOD INSURANCE

The National Flood Insurance Program (NFIP), a federally managed program run through the Federal Emergency Management Agency, almost certainly has the highest public profile of the federally run insurance programs. Created in 1968 and modified to something resembling its current form in 1973, NFIP involves the federal government taking on almost all liability for flooding in the United States. The program is intended to promote conservation and break even for taxpayers but, in the end, does neither.

On the surface, NFIP seems to include strong protections for the environment. In order to participate in flood insurance, a community has to adopt building and zoning codes that, in theory, discourage construction in the most flood-prone areas and protect wetlands. Communities can receive discounted flood insurance rates for adopting more stringent zoning codes and making themselves safer against flood. Despite these apparent safeguards, the program has, on balance, encouraged at least as much construction in flood-prone areas as it has discouraged. In large part because FEMA has never done high quality flood maps of the entire nation (an effort to do so is ongoing), many areas identified as reasonably "safe" are anything but. As a result, construction takes place in flood-sensitive areas anyway. Likewise, the program has made little progress in encouraging people to move out of the most flood-prone areas.

The program has also failed to meet its creators' promises to break even in the long run. In fact, the program is a model of mismanagement. On one hand, it pays large fees to agents and insurers for "servicing" policies under the "Write Your Own" program which lets these private interests collect commissions and fees from the program without taking on any real insurance risk for flooding. On the other, it has run up significant debts—more than $17 billion as of the spring of 2012—and has no practical way to ever pay them back. These debts, which Congress eventually will have to forgive, mean flood insurance costs taxpayers roughly $400 million a year.[1]

CROP INSURANCE

In recent years, taxpayer-subsidized crop insurance has become the largest single federal support for agriculture. In 2011 alone, it cost taxpayers more than $11 billion. In reality, the program functions as more of a payment program to farmers than "insurance," and it damages the environment and provides significant assistance to many who do not need it.

Although it has some things in common with conventional insurance, and indeed is sold through 15 competing insurers (all of which charge the same federally set price for the same coverage), crop insurance does far more than protect farmers against things like wind and hail. In fact, most of the payments made under the program reimburse farmers for unexpected market fluctuations in the price of their crops rather than actual losses of them. And, on average, taxpayers pick up more than 60 percent of farmers' monthly premiums while simultaneously reimbursing the program for its catastrophic losses.

All of this harms the environment. Just four crops—cotton, corn, wheat, and soybeans—receive 80 percent of the subsidies. More importantly, since

1 The number is derived by dividing the total (unpayable) debt that NFIP has run up by the number of years it has been in existence. For information about the NFIP's current indebtedness see, e.g.: Federal Emergency Management Agency, "Rethinking the NFIP," November, 2011, http://www.fema.gov/business/nfip/nfip_reform.shtm

PUBLIC LANDS & WATER

Our nation's waterways and publicly owned lands provide valuable resources for the nation to enjoy. But billions of dollars in revenue is lost to undervalued, publicly owned resources, and profitable extractive industries benefit from outdated and unnecessary subsidies.

PUBLIC LANDS & WATER	TOTAL 2013-2022 *(millions)*
Special Tax Treatment for Timber Gain	$4,500
Forest Products	$3,355
Expensing of Timber Growing Costs	$2,400
Amortization & Expensing of Reforestation Expenditures	$2,200
Upper Mississippi River Navigation Locks Project	$2,095
Increased Inland Waterway Subsidy (over 5 years)	$2,000
1872 Mining Law Reform	$1,529
Inner Harbor Navigation Canal Project (Industrial Canal) Lock Replacement (LA)	$1,300
Percentage Depletion, Non-Fuel Minerals	$800
Stop Federal Beach Replenishment	$700
Livestock Protection Program	$620
Expensing and Exploration, Non-Fuel Minerals	$600
Money Losing Timber Sales	$565
Dallas Floodway Extension, Trinity River Project	$459
Grand Prairie Area Demonstration Project (AR)	$450
Fort Worth Central City Project	$435
Special Rules for Mining Reclamation Reserves	$400
Delaware River Deepening Project (PA, NJ, DE)	$334
Forest Service Salvage Fund	$210
Fair Value Grazing Fees	$191
St. Johns Bayou Basin/New Madrid Floodway Project (MO)	$159
BLM Public Domain Forestry	$97
Timber Purchaser Election Road Construction	$10
Eliminate the Inland Waterways Users Board	$8
TOTAL	**$25,317**

TIMBER SUBSIDIES

One particularly egregious program is money-losing timber sales. Every year the federal government conducts timber sales where it actually pays more money for the costs associated with preparing the area for loggers than it receives in receipts from the sale of the timber. This practice has been going on for decades. A series of reports from the Government Accountability Office highlights the shortcomings of Forest Service accounting practices, finding they are inadequate to allow forest managers to properly manage their properties or to even know which timber sales are losing money. Despite these reports the Forest Service has not changed its practices. Given our current fiscal crisis, now is the perfect time to stop paying companies to take valuable timber off our federal lands.

DELAWARE RIVER DEEPENING: $335 MILLION

The Delaware River Deepening project is an economic and environmental boondoggle. Costing nearly $350 million, the project's justification depends entirely on speculative cost savings from importing cheaper goods. The purported imports have shifted over the years, from oil to fresh produce. Despite major criticism from the GAO and other independent analysts, including analysis that the project will only return ten cents for every taxpayer dollar, the Corps continues to pursue this project that threatens major ecological harm to the Delaware River and Bay.

ST. JOHNS BAYOU/NEW MADRID FLOODWAY: $159 MILLION

Despite the Corps operation of the St. Johns/New Madrid Floodway in June 2011 to reduce flood heights and protect Cairo, Illinois, agricultural interests are pursuing this project to cut off the floodway from the Mississippi River. Closing one of the last remaining natural floodways will increase flooding risks and cost taxpayers millions more in damages when the floodway is once again operated.

FORT WORTH CENTRAL CITY PROJECT: $435 MILLION

The Fort Worth-Central City project is just one portion of a larger project known as the Trinity River Vision, the total cost of which has increased to nearly $1 billion. The project is a Corps flood control effort to reroute the Trinity River in Fort Worth, Texas through construction of a new dam, a 1.5 mile-long bypass channel, and numerous flood gates in order to create an urban waterfront community to the tune of $435 million—a wastefully speculative development. The Corps should better utilize its flood control dollars.

DALLAS FLOODWAY EXTENSION, TRINITY RIVER PROJECT: $422 MILLION

Neighboring the Fort-Worth Central City project, the Dallas Floodway Extension, Trinity River Project is another Corps flood control project on the Trinity River. Under this project, the Corps seeks to extend existing levees while cutting a 600-foot wide swath (swale) through the Great Trinity Forest. The project's principal economic justification is increased flood control for downtown Dallas. Yet, most of these benefits could be obtained for a fraction of the project cost by simply raising one of the existing Dallas levees and conducting a voluntary buyout in flood-prone neighborhoods. This would provide the most effective flood protection for the area, with dramatically less impact on the floodplain.

FEDERAL BEACH REPLENISHMENT: $700 MILLION

Beach replenishment projects are one of the most egregious examples of public dollars subsidizing private benefits. Beach nourishment is intended to address the problem of beach erosion and protect property from storms. However, many experts con-

BUREAU OF RECLAMATION

The U.S. Bureau of Reclamation (BuRec), within the Department of the Interior, is primarily a dam-building agency. It was established to encourage development and irrigated agriculture in the seventeen western states of the continental U.S., and has been used by western members of Congress to bring money to their home districts for the last century. The BuRec now constructs water resource projects that supply water for irrigation and urban use and generate hydropower. Its largest projects include the Hoover Dam on the Colorado River in Nevada and the Grand Coulee Dam on the Columbia River in Washington. It also constructed the Teton Dam in Idaho, which suffered a catastrophic failure in 1976. As a result of BuRec and Army Corps projects, today most of the major U.S. rivers are dammed, impacting fish resources and degrading river ecosystems.

Most of the BuRec dam projects have been justified solely to provide water for irrigation and provide substantial indirect subsidies to the irrigated agricultural community. They often serve little to no national interest, are not economically justified, have serious negative environmental impacts and are based more on political power than national priority.

There is no current economic justification for the depth and array of subsidies the BuRec program provides to irrigated agriculture. The recipients of irrigation water from most BuRec projects compete with neighboring irrigators who receive none of the federal subsidy supplied by the BuRec. In some cases, BuRec water is so cheap it leads to irrational choices like growing alfalfa in arid areas to supply food for dairy cattle.

The key subsidy incorporated into the BuRec program is the nominal repayment of project construction costs over 50 years at zero interest, meaning irrigators pay only a small fraction of the cost to construct the projects supplying their water. Reclamation law goes further, however, and provides an additional subsidy based on the BuRec's one-time calculation of the irrigators' "ability-to-pay" for each project. Project costs exceeding the "ability-to-pay" are cross-subsidized, largely by hydroelectric power purchasers, effectively spreading the irrigators' costs across regional residents. A July 1996 GAO study revealed that irrigators were scheduled to repay less than half of the total project costs allocated to irrigation, while the rest would be cross-subsidized by other project beneficiaries.[1]

The BuRec has built more than 600 dams over the last century and a recent BuRec study suggested nearly one hundred potential sites for new surface storage.[2] Too often BuRec projects are both economically and environmentally wasteful. While there are many questionable BuRec projects, a few new proposals deserve special attention. These projects are not the product of a system designed to identify the greatest national needs but instead political calculations by irrigators and Congress. Now is the time to end the BuRec's involvement in projects economically unjustified and environmentally harmful.

COLUMBIA BASIN IRRIGATION PROJECT: $1 – $4.6 BILLION

Located in central Washington State, the Columbia Basin Irrigation Project (CBIP) is the largest all-federal irrigation project managed by the BuRec.[3] At Grand Coulee Dam, water is pumped uphill, and then through canals and reservoirs for use by agricultural interests. Water diverted from the Columbia River is thus made unavailable to generate hydropower, and support threatened salmon runs. In the 1980s independent economists and the GAO scrutinized the BuRec's proposals to expand the CBIP, found that taxpayers and ratepayers (not irrigators) would pay most of the costs, and prompted the BuRec to withdraw expansion proposals for a while.[4]

1 *United States Government Accountability Office.* "Information on Allocation of Repayment of Costs of Constructing Water Projects." July 3, 1996. http://www.gao.gov/products/RCED-96-109

2 U.S. House of Representatives Committee on Natural Resources. "Water Storage Vital to Rural Communities, Job Creation, Economic Growth." February 7, 2012. http://naturalresources.house.gov/News/DocumentSingle.aspx?DocumentID=278395

3 *Northwest Power and Conservation Council.* "Columbia Basin Project." http://www.nwcouncil.org/history/columbiabasinproject.asp

4 *United States Government Accountability Office.* "Issues Concerning Expanded Irrigation in the Columbia Basin Project." January 31, 1986. http://www.gao.gov/products/RCED-86-82BR; Norman K. Whittlesey, Walter R. Butcher, and Marion E. Marts. "Water Project

RECENT VICTORIES

Green Scissors is intended to serve as a resource for citizens and policymakers seeking to implement these cuts so that we can better protect our environment and do right by taxpayers. Since we started producing Green Scissors, many of the wasteful and environmentally harmful programs we have highlighted have been cut or allowed to expire. Looking back at the past 18 years, we are proud to have helped save U.S. taxpayers billions of dollars by directing attention to possible cuts groups across the political spectrum can agree on. We have also seen several Green Scissors victories in the past year and we look forward to many more. Our work is far from done, but with each small victory we continue the momentum towards creating an environmentally and fiscally healthy budget.

In recent years, despite deep divisions between the political parties, Congress has continued to cut programs and subsidies recommended for elimination by the Green Scissors report. At the end of 2009, Congress allowed tax subsidies for several environmentally harmful energy sources to expire and stopped funding the Yucca Mountain high-level radioactive waste repository, which had already cost taxpayers more than $10 billion. The Obama Administration also halted the domestic portion of the Global Nuclear Energy Partnership, which some estimates have put at $500 billion. Several wasteful and environmentally harmful programs have also been cut in the past year since the 2011 Green Scissors report was released.

DIRTY ENERGY TAX CREDITS ELIMINATED IN THE PAST YEAR

Tax credits for refined coal and liquid coal production were allowed to expire on December 31, 2011. Ending support for liquid coal, which has twice the life cycle greenhouse gas emissions of conventional gasoline as well as all of the environmental impacts of mining and burning coal, was a significant victory. Unfortunately, some in Congress are already looking for ways to reinstate these credits. This year Senator Stabenow (D-MI) included an extension of both these credits in an amendment to the transportation bill that also extended renewable energy tax incentives.

CORN ETHANOL TAX CREDIT

Congress allowed the Volumetric Ethanol Excise Tax Credit, which had been costing taxpayers $6 billion per year, to expire on December 31, 2011. This lavish gift rewarded the oil industry for using corn ethanol, an environmentally harmful biofuel that increases global warming, soil erosion, air and water pollution, and global food prices.