

THE ROLE OF FOSSIL FUEL
SUBSIDIES IN PREVENTING ACTION
ON THE CLIMATE CRISIS

HEARING

BEFORE THE
SUBCOMMITTEE ON ENVIRONMENT
OF THE
COMMITTEE ON OVERSIGHT AND
REFORM
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS
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THE ROLE OF FOSSIL FUEL SUBSIDIES IN PREVENTING ACTION ON THE CLIMATE CRISIS

Thursday, April 22, 2021

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON ENVIRONMENT,
COMMITTEE ON OVERSIGHT AND REFORM
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:17 a.m., via Webex, Hon. Ro Khanna (chairman of the subcommittee) presiding. Present: Representatives Khanna, Ocasio-Cortez, Tlaib, Gomez, Krishnamoorthi, Bush, Maloney (ex officio), Norman, Fallon, and Herrell.

Mr. KHANNA. All right. The committee will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time. I now recognize myself for an opening statement.

Good morning, everyone. Welcome to the first hearing of the 117th Congress of the Environment Subcommittee. I want to recognize our ranking member, Ralph Northam, and our vice chair, Rashida Tlaib, and thank all of the members and witnesses for participating.

This is a historic hearing. This is the first time that the U.S. Congress is examining a elimination of fossil fuel subsidies. These subsidies have been on our books for over a hundred years. They have been giveaways to the fossil fuel industry embedded in our Tax Code.

Now, in 2009, the United States committed, with other G7 countries, to eliminate those fossil fuel subsidies. We actually had self-review, peer review, where we submitted a report in 2016, acknowledging that these fossil fuel subsidies exist.

So the argument that the fossil fuel subsidies don't exist is simply factually false. It's a lie. It's a misrepresentation. It's a contradiction of what our own U.S. Government has represented to the world.

We need to be very specific about what these fossil fuel subsidies are, and today's hearing will make it clear that many in the environmental movement and in Congress stand absolutely committed that these subsidies must be eliminated in the next infrastructure package.

And there are five specific ones that we will detail that must be eliminated, and we want to hear from our experts about why that's the case and what else can be done.

Now, let's just get some basic facts on the table. In 2020, the fossil fuel industry spent over \$250 million in political contributions and Federal lobbying. In return, the fossil fuel companies received over \$30 billion in Federal subsidies in direct pandemic relief in 2020.

And guess what? They received this relief, and they were still laying off workers. So the subsidies, the relief, are not going to actual fossil fuel workers. We stand with the workers. We stand with those who are job creators.

What we don't want is people making \$500-, \$600,000, to lobby. What we don't is people making millions of dollars on taxpayer subsidies, and that's what is being eliminated. This is not going to hurt in any way the jobs. What it's going to do is stop letting taxpayer subsidies go to pay lobbyists and rich executives.

The industry, of course, opposed the Waxman-Markey climate bill. They have denied the simple fact that fossil fuels are the largest contributor to climate change. Despite the ad campaign, everyone knows that fossil fuels create greenhouse gas emissions, and these fossil fuel subsidies are outdated and need to go.

Oil Change International found this expenditure cost \$2.3 billion annually for just the tax deduction on intangible drilling costs. The tax deduction for the percentage depletion, which started in 1926, cost \$1.3 billion annually. We need to make sure we start to eliminate these.

We will hear testimony from Tara Houska and Jill Hunkler, both really inspirational people, about how fossil fuel production pollution has affected their communities, and that's the impact that it's having on real people. You know, Vice Chair Tlaib always makes it personal. I mean, this is actually leading to excessive pollution in communities, and they will testify about the impact it's having on them and their neighbors and their families.

We will also hear testimony from Greta Thunberg, the world-famous climate activist, about how ending fossil fuel subsidies are absolutely essential to the leadership in the world, that it matters that we have these fossil fuel subsidies eliminated in our infrastructure plan, not just for the United States, but Ms. Thunberg will tell us why it matters for the world.

And we will hear testimony from Dr. Joe Aldy and Peter Erickson about fossil fuel subsidies not supporting energy independence or jobs in other ways that actually can support energy independence and jobs.

The largest subsidies that must be eliminated include deduction for intangible drilling costs, the percentage depletion, the MLPs, corporate tax exemption for FuelMaster limited partnerships, the last-in/last-out accounting, and the dual capacity taxpayer credit. These are the five things we insist must be ended in this infrastructure bill.

And, of course, I'm also proud to cosponsor the End Polluter Welfare Act with Senator Sanders and Representative Omar, that's even more comprehensive about all the fossil fuel subsidies. We're focused on the top five, but there are many more, and that's why I'm proud to be on that legislation.

The bottom line, this hearing will expose what the fossil fuel subsidies are in our Tax Code, expose that they're out of date, make

it clear that they must end, and make it clear that the environmental movement in the United States is absolutely committed to ending these in this infrastructure bill.

With that, I want to now recognize our distinguished ranking member, Member Northam, for his opening statement.

Mr. NORMAN. Thank you, Chairman Ro Khanna. It's Norman. I've been confused with Ralph Northam—

Mr. KHANNA. I apologize for that, sir.

Mr. NORMAN. That's fine. No, Chairman Ro Khanna, I appreciate you having this meeting, this committee hearing, and I want to thank the witnesses for taking the time to appear before the subcommittee.

I'd like to begin by acknowledging the amazing progress that the United States has made on climate change. We are leading the world in reducing emissions, having reduced more than the next 12 emissions-reducing countries combined. Because these reductions have come via innovation and market forces, energy costs have decreased nationwide.

While it really wasn't reported by the media, the Trump administration made substantial progress to protect the environment. Combined air pollution emissions fell more than seven percent, while simultaneously growing the economy, particularly before the COVID-19 pandemic.

My colleagues on the left have regrettably resorted to fear tactics to scare people into action regarding climate change. This is not healthy, nor is it productive.

One survey of 30,000 people worldwide found that nearly all of the people surveyed believe climate change would make humanity extinct. Children have also been greatly impacted by the fear of climate change as well.

The American Psychological Association stated that they were aware of reports that children are increasingly suffering from eco anxiety. I hope eventually that our committee can move past doomsday scenarios and headlines and focus on the energy policy steps we should be taking and what the cost and impacts are.

Rejoining the Paris climate accords is not one of these policies, folks. Not only does this agreement fail to hold countries like China, which uses over 50 percent of the coal, it does not hold them accountable for the emissions output. It only exacerbates a double standard despite our contribution to the global economy and to the nationwide GDP.

Unless China stops its continuing growth of emissions, any actions we take would be offset several times over by China. This does not sound like a good deal for American workers or American energy independence and puts our country at a distinct disadvantage with our global competitors. Nor has it seemed like there's any repercussions for them doing what they're doing to this Nation as well as the world.

This week Democrats in Congress reintroduced the Green New Deal. It should actually be called the "radical new doom" because it is not really about climate change. Only six percent of it really goes toward any type of climate—6 to 9 percent—any type of change in the climate.

It's an effort by the far left to remake our economy and do away with affordable energy while destroying millions of jobs. Make no mistake, the Green New Deal is not an infrastructure plan.

The Republican Study Committee has found that the Green New Deal could potentially result in a 286-percent increase in energy bills per household, and about 50 percent of the entire American economy would be under government control.

As a former small business owner, those numbers are terrifying, they're staggering, and it goes against America's great tradition of a free-market system.

As Republicans, we will continue to support responsible policies that work to solve our problems by promoting innovation, investing in clean and clear energy infrastructure.

However, I do fear that a premature move away from fossil fuels, particularly for poor areas, means that they will continue to have little access to the type of cheap, reliable energy that enables economic growth and allows for the provisions of clean water and sanitation, widespread vaccination, and preventative child health services.

I look forward to hearing from the Republican witness today from the American Petroleum Institute about the impact on jobs in his industry if the Green New Deal were to become a reality.

I also look forward to learning about the impact proposals by Democrats that will have on the oil and gas industry if it is treated differently under the United States Tax Code.

The United States is fortunate to have a copious clean energy natural resources. We must use those resources to advance American interests by continuing to lead the world in emission reductions, not back policies that increase our dependence on foreign countries who are hostile to American interests.

Inexpensive, accessible energy has led to technological, medical, and other advances that have driven the American economy and increased the U.S. life expectancy.

Thank you, again, Mr. Chairman, and thank you for today's witnesses. I yield back.

Mr. KHANNA. Thank you, Ranking Member Norman, and appreciate your being a partner in areas where we can collaborate and appreciate your participation.

I now want to introduce our witnesses. Our first witness today is Dr. Joseph Aldy, who is a professor of the practice of public policy at the Harvard Kennedy School.

Next, we will hear from Peter Erickson, who is the climate policy program director for the Stockholm Environment Initiative.

Then we will hear from Tara Houska. Tara is the founder of the Giniw Collective.

We will also hear from Jill Hunkler, who is a seventh-generation resident of the Ohio River Valley.

And then we will hear from Greta Thunberg, who is a world-renowned climate activist.

Finally, we will hear from Frank Macchiarola, who serves as a senior vice president of policy, economics, and regulatory affairs at the American Petroleum Institute.

The witnesses will be unmuted so we can swear them in.

Please raise your right hands. Do you swear or affirm that the testimony you're about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Let the record show that the witnesses all answered in the affirmative. Thank you.

Without objection, your written statements will be made part of our official record. With that, Dr. Aldy, you are now recognized for your testimony.

STATEMENT OF JOSEPH ALDY, PROFESSOR, HARVARD UNIVERSITY

Mr. ALDY. Good morning, Chairman Khanna, Ranking Member Norman, and members of the Subcommittee on Environment. My name is Joe Aldy, and I'm a professor of the practice of public policy at the Harvard Kennedy School.

I've worked on the issue of fossil fuel subsidies and climate policy more generally, as a former government official, in my research, and in my teaching. I'm grateful for the opportunity to share my insights today, especially as we have new leadership in the White House and new voices in Congress prepared to combat the climate crisis with the urgency that this challenge demands.

The U.S. Government continues to subsidize the production of oil, gas, and coal through tax policy and energy policy. To enable an evaluation of these subsidies, I presented in my written testimony five policy principles that can inform our understanding of what constitutes good and effective energy and climate policy, and distinguish it from poor and ineffective policy. Let me briefly review these now.

First, energy and climate policy should correct market failures. Well-functioning markets do not need government interventions. The markets that produce too much pollution, too little innovation, or too little competition merit policy intervention.

Second, energy and climate policy should promote cost-effectiveness. Cost-effective design ensures that the American taxpayer gets the biggest possible social return, such as improved public health from cleaner air, and fewer threats from a changing climate, for a given tax expenditure or policy cost.

Third, energy and climate policy should contribute to fairness and justice. Fair policy should create a level playing field. A just policy should recognize the disproportionate historic burden of environmental pollution and infrastructure siting borne by low-income households and communities of color and should reduce such disparities.

Fourth, energy and climate policy should enhance our international leadership. Over the past four years, the U.S. Government abdicated its leadership globally on many fronts, including on climate change.

Actions the U.S. Government takes to combat climate change have the potential to amplify actions in other countries and thereby multiply the benefits of our own domestic policy.

Finally, we should design an act-learn-act approach to energy and climate policy. We should design our policy to enable learning, to identify the priority risks to target, to assess what works and what does not, and to examine what experiences have important

implications for broadening and deepening our climate change and energy policy program.

We need to act quickly, but we also need to be smart about our actions. And integrating learning and flexibility in our policy increases the effectiveness of our response to climate change. In my written testimony, I show how fossil fuel subsidies fall short on each of these five principles.

Fossil fuel subsidies represent a government failure. Let me repeat that. Fossil fuel subsidies represent a government failure. They are a form of spending paid for by the American taxpayer to businesses in an industry that has long been profitable with a negligible impact on production or employment.

To the extent U.S. production subsidies increase hydrocarbon consumption, the adverse public health, climate change, and labor productivity losses from pollution, resulting from fossil fuel combustion, could exceed the market value of these fuels.

These adverse public health and climate damages are disproportionately borne by low-income households and communities of color.

I want to emphasize this. We aren't getting much of any increase in hydrocarbon production because of these subsidies. By one estimate, we may be spending billions of dollars of taxpayer moneys per year to increase output by 26,000 barrels per day. If an oil company spent that much money for such a small amount of production, it would go out of business. And if we're not increasing output, we're not creating many jobs.

The continuation of U.S. fossil fuel production subsidies undermines our government's efforts to engage partners from across the world to combat climate change. The elimination of fossil fuel subsidies here and abroad is a key step in our response to the climate crisis. As President Biden hosts the Climate Leaders Summit, this is all the more important.

We did energy policy a certain way in the 20th century. Some of these fossil fuel subsidies have been a part of the Tax Code for more than 100 years. But the times have changed. We are bearing the harms of a changing climate today.

We have a rich array of fundamentally new energy technologies available to us today. We need a new energy policy for the 21st century that can combat the climate crisis and improve the well-being of people throughout our country and around the world.

The first step toward a more effective, modern energy policy should be to eliminate fossil fuel subsidies.

Thank you, Chairman Khanna.

Mr. KHANNA. Thank you very much.

Now—thank you, mister—with that, if we could have Mr. Erickson, you're now recognized for your testimony.

STATEMENT OF PETER ERICKSON, CLIMATE POLICY PROGRAM DIRECTOR, STOCKHOLM ENVIRONMENTAL INSTITUTE

Mr. ERICKSON. Thank you, Chairman Khanna and Ranking Member Norman, for this opportunity to testify today. My name is Peter Erickson, and I am a senior scientist at the U.S. Center of the Stockholm Environment Institute, a research affiliate of Tufts University.

Today my testimony has three points. One, fossil fuel subsidies are an inefficient means of supporting economic activity. Two, they undermine efforts to deal with climate change. And, three, they work against improvements in public health.

On the first point, the U.S. Government has subsidized fossil fuel production for more than a century, including by forgiving or delaying tax payments that are otherwise required. The intangible drilling cost provision and the percentage depletion allowance are examples of this.

The ostensible rationale for these subsidies has been to promote increased production and jobs. However, the vast majority of the value of subsidies goes to new oil and gas wells that are already expected to be profitable and would be developed anyway.

For example, my research has found that over 96 percent of subsidy value flows directly to excess profits over and above the profits required to satisfy minimum investment hurdles. Most of the value of these subsidies is, therefore, not contributing to jobs on the ground.

Second, fossil fuel subsidies undermine efforts to deal with climate change. Subsidies can, at times, make production of fossil fuels higher than it would otherwise be. This happens when oil and gas prices are very low, and companies otherwise have little or no incentive to drill.

These subsidy-driven increases in drilling, even though relatively small, still raise global greenhouse gas emissions, undercutting other hard-won gains on the climate crisis. Subsidies, therefore, work against the need to rapidly wind down emissions from burning oil, gas, and coal.

Further, subsidies can have symbolic effects since their continued existence may be read by other nations as a sign that the U.S. is not taking its commitments to subsidy reform or to climate action as seriously as it should be.

In 2016, with other G7 governments gathered in Japan, the U.S. committed to eliminate fossil fuel subsidies by 2025. By following through on this, the U.S. would encourage other countries to do the same, multiplying the benefits.

Third, fossil fuel subsidies work against needed improvements in public health. Subsidies to fossil fuels also contribute indirectly to air and water pollution, creating added community health concerns.

For example, researchers found that the cumulative health damages from the shale gas boom in Appalachia outweigh benefits from any new employment. Producing and burning fossil fuels creates air pollution that can lead to worsening asthma, adverse pregnancy and birth outcomes, and even premature death.

Air pollution from oil and gas drilling can also exacerbate inequalities. In the Eagle Ford basin in Texas, oil producers routinely burn off large quantities of natural gas that they consider to be waste, releasing toxic and carcinogenic compounds more often in Hispanic neighborhoods than in non-Hispanic ones.

Opponents of fossil fuel subsidy reform have argued that special provisions in the Tax Code are not subsidies specifically because they have been there for so long. But that's wrong. Policies that provide financial benefits to companies at a cost to the public,

whether provided through the Tax Code or otherwise, constitute just as much a subsidy as writing a check, if these financial benefits are not generally available to other industries.

Not only do tax preferences meet that definition of subsidy, so do other policies that extend beyond the Tax Code. For example, governments often charge companies inadequate fees to cover the cost of retiring oil and gas wells. The result is a cleanup bill that now totals hundreds of billions of dollars and may well be paid by the public rather than the companies that created the pollution.

In summary, subsidies to fossil fuel producers are an inefficient means of creating jobs, they hold back the low-carbon energy transition, and they work against efforts to improve public health.

Thank you to the committee for this important hearing.

Mr. KHANNA. Thank you, Mr. Erickson.

Now we'll hear from Ms. Houska. You are now recognized for your testimony.

STATEMENT OF TARA HOUSKA, FOUNDER, GINIW COLLECTIVE

Ms. HOUSKA. Boozhoo, and hello, Giniw. My name is Tara Houska. I'm an attorney organizer from Couchiching First Nation Anishinaabe on the border of Minnesota and Ontario. I'm the co-founder of Not Your Mascots and the founder of Giniw Collective. I spent six months out on the front lines, fighting Dakota Access Pipeline, which is still operating illegally right now, today, at this moment.

And I'm also engaged in the movement to defund fossil fuels and a multiyear struggle against Enbridge's Line 3 in my own territory.

So a really common perception of Native people is that we're people of the past, that we're the static footnote in history. But we were here before the arrival of the United States. We were here before Canada. And we are still here today.

There is this long dispossession of genocide and removal, and then there's like nothing after that. People seem to think that we didn't keep progressing after the 1800's. But the reality is that we're just five percent of the population globally, indigenous people. And we hold 80 percent of its biodiversity.

We're the last holders of the sacred places all over Mother Earth. Despite this, our voices are almost entirely absent from the table of solving climate crisis, despite the reality of what's actually happening.

Our sovereignty is not absolute. It's often subject to the whims of judiciary or a confusing web of governmental authority, influenced by special interests.

Solution beyond teaching the basics of life that we all need healthy air, water, soil, to live, that we can't drink money, no matter how you try to spin it, is the imperative that we stand together centering justice, equity, and to reconnect to the living world by being in community with our Mother.

We know what a just transition should look like, and we have to find out what that looks like for everyone. Because water shortages are already happening all over the world. We have to protect communities that are at risk, like my own. We are the people who are impacted first and worst by climate crisis. Yet we are the people who often contribute the least to climate crisis.

Native people have never lost our connection to the land and to the water. Many of us live in community with our Mother as a practice, not in theory.

I always ask people to find out where their water comes from, where their food comes from, and to internalize what that actually means. People buy things and don't have a second thought about the hands and places that their purchases came from. They turn on their tap or buy a bottle of water and don't think about that journey from the Earth to their lips.

Everything comes from somewhere. Every bit of life comes from the Earth, and everything is returned to the Earth, including human beings.

So in my own territory, Enbridge's Line 3 is one of the dirtiest fossil fuel pipelines. It would be one of the largest tar sands oil pipelines in the world, carrying up to 915,000 barrels a day of tar sands through our sacred wild rice beds, through our territory, to the shore of Lake Superior, through the Mississippi headwaters.

It uses underhanded methods to achieve its project goals and plays loose and fast with safety and spill response plans. So First Nations, eight Tribal communities, environmental groups, communities across the Great Lakes region, have been fighting for over seven years to stop this corridor and to stop Line 3.

We are suing in the courts. Three different Ojibwe Nations are suing. Minnesota's own Department of Commerce is suing for failure to justify the line via their oil forecast.

And the people are fighting on the ground, literally chaining themselves to the machines. Over 250 people have been arrested at this point since December, arrested during the middle of a pandemic, climbing into pipelines, climbing into frozen tar sands lines, literally trying to fight for their lives, for their futures. It's mostly young people that are taking these actions.

Line 3 is personal for me because it goes through my people's territory and endangers that which sits at the center of our migration story, which is wild rice. There are threats to the drinking water of millions. There's all these irrevocable harms of climate emissions and Line 3 being a 10 percent expansion of the tar sands. But when it comes to the wild rice, it's a threat to our cultural survival. We are talking about cultural genocide yet again in the history of this Nation. Wild rice is at the center of our culture and our connection. It's the only place in the world that wild rice grows.

Our traditional economies of harvesting somehow are expendable to the economy of extraction. We endured forced theft, removal, theft of lands, theft of culture, and now we endure that the histories want to eradicate what we have left.

So I recognize that my words might appear idealistic, that I do not understand the way of the world, that it cannot change so readily or so easily. I wonder, though, if this committee and we, as people, believe that we have truly conquered the Earth, if we can actually live without water, if we are civilized when the cost is globalized destruction of our shared and only home.

We are in rough shape as a species. I want to look upon the faces of my grandchildren and tell them I did everything I possibly could to give them a better world, that I didn't linger in words and incremental policy without substantive action as when the world burns

and the seas rise. I hope that you do too, and I pray that we move forward together. Miigwech.

Mr. KHANNA. Thank you, Ms. Houska.

Now, Ms. Hunkler, you are recognized for your testimony.

**STATEMENT OF JILL ANTARES HUNKLER, SEVENTH
GENERATION OHIO VALLEY RESIDENT**

Ms. HUNKLER. Thank you. It's an honor to have this opportunity to share the truth about fossil fuel extraction in Appalachia. I respect the members of this committee and appreciate your courageous leadership in service of the people.

My intention is to share this truth. Continuing to subsidize the fossil fuel industry will not only perpetuate the climate crisis but the plastics pollution, environmental justice, and public health crises as well.

I'm a fracking refugee. I was forced from my home at the headwaters of the historically pristine Captina Creek Watershed in Belmont County, Ohio, after being surrounded by oil and gas infrastructure and its associated pollution, including a compressor station, 78 fracking wells, an interstate, and gathering pipelines all within a 5-mile radius of my home. I lived in the hollow below with Slope Creek running through my yard.

Air pollution from these facilities emanate volatile organic compounds, some of which are known carcinogens. They're heavier than air, and they hover in the hollows. I never imagined that my quiet country and healthy way of life would disappear. The negative health impacts we experienced were too much to bear.

Belmont County is the most heavily fracked in the state with over 595 producing wells. Those of us living in these once peaceful hills are not only dealing with negative health impacts. We are also experiencing unsafe roadways due to industry traffic, air and noise pollution, public, spring, and well-water contamination, pipeline explosions and well pad fires, including one operated by a Norwegian oil company that contaminated a stream resulting in the death of 70,000 fish. Our water supplies are being depleted by industry withdrawals from our reservoirs, ponds, and streams.

In 2018, a fracking well blowout in Belmont County caused the largest methane leak in U.S. history, forcing residents to evacuate their homes for weeks. And in another horrifying incident, a brine truck accident contaminated Barnesville's reservoir with radioactive materials.

At the time of the spill, the Ohio Environmental Protection Agency water test results showed a spike in radium, a naturally occurring radioactive element that is brought to the surface in the fracking process.

I witnessed a former oil field operations manager react in shock and anger to an illustration showing the transmission of radioactivity to industry workers in a 2016 report of the International Association of Oil and Gas Producers.

The industry continues to tout misinformation about America's clean energy future when, in fact, it produces toxic, radioactive waste, destroys massive amounts of precious water for its singular use, and makes the region poorer rather than richer in the long run.

There are 240 Class 2 wastewater injection wells in Ohio; 1.5 billion gallons of wastewater have been produced here. Now fracking wastewater has been permitted to be transported via barging on the Ohio River, threatening the drinking water supplies of 5 million people.

In the year since the fracking boom began, Belmont and other eastern Ohio gas-producing counties haven't gained jobs. In fact, we have lost more than 6,500 jobs according to the data from the Bureau of Economic Analysis and Bureau of Labor Statistics.

And the region's population has declined by more than 13,000 people, according to research by the Ohio River Valley Institute, which has dispelled myths of lasting economic benefits and job creation in Appalachia fracking counties and corrected misconceptions that cutting subsidies for the fossil fuel industry is cutting jobs.

I am living in a sacrifice zone due to the polluting and poorly regulated oil and gas industry, and now the petrochemical industry wants to invade and create even more toxic air pollution. The industry would require even more fracking in our region to provide feedstock to make plastics.

The regulatory agencies are already failing to protect communities from air pollution from fracking, and now they have granted air permits to the PTT Global Chemical ethane cracker plant. If constructed, the Thai-owned facility would spew hundreds of tons of hazardous contaminants into the air each year.

The cracker plant would draw ethane supplies from the proposed Mountaineer Natural Gas storage facility, which would develop salt caverns to store up to 3.5 million barrels of explosive, highly flammable NGLs next to and potentially underneath the Ohio River.

Companies are securing Federal support for these petrochemical projects in the form of loan guarantees from the Department of Energy. This cannot be allowed to happen. We are asking this subcommittee and the Biden administration to halt the continued development of oil, gas, and petrochemical industries.

We must embrace a better vision for Appalachia, creating renewable energy economies and regenerative agricultural development. A global commitment must be made to restore peace and harmony with nature and one another. We shall remain persistent and resistant to all that threatens our children's future. Thank you.

Mr. KHANNA. Thank you.

Thank you, Ms. Hunkler, for your testimony.

Now, I want to recognize Ms. Thunberg. You're now recognized for your testimony.

STATEMENT OF GRETA THUNBERG, FOUNDER FRIDAYS FOR FUTURE

Ms. THUNBERG. Thank you, and first of all, thank you for inviting me and for holding this hearing.

I don't represent any financial or political interests. I'm not a lobbyist, so I can't negotiate, make deals, or compromise. I have nothing to offer you, nor am I a scientist. All I can do is to urge you to listen to and act on the science and to use your common sense.

And I'm not even going to explain why we need to make real drastic changes and dramatically lower our emissions in line with overall current, best available science.

It is the year 2021. The fact that we are still having this discussion and, even more, that we are still subsidizing fossil fuels, directly or indirectly, using taxpayer money, is a disgrace. It is a clear proof that we have not understood the climate emergency at all.

If you compare the current so-called climate policies to the overall current, best available science, you clearly see that there's a huge gap. The gap between what we are doing and what actually needs to be done in order to stay below the 1.5-degree-Celsius target is widening by the second.

And the simple fact, an uncomfortable fact, is that if we are to live up to our promises and commitments in the Paris Agreement, we have to end fossil fuel subsidies, stop new exploration and extraction, completely divest from fossil fuels, and keep the carbon in the ground.

Now, especially the U.S., taking into account the fact that it is the biggest emitter in history, and just to be clear, that is not my opinion. It is what the science clearly shows.

And yet this is just the very minimum amount of effort that is needed to start the rapid sustainable transition. And it may seem like we are asking for a lot, and you will, of course, say that we are naive. And that's fine, but at least we are not so naive that we believe things will be solved through countries and companies making vague, distant, insufficient targets without any real pressure from the media and the general public.

So, either you do this, or you're going to have to start to explain to your children and the most affected people why you are surrendering on the 1.5-degree target, giving up without even trying.

What I'm here to say is that, unlike you, my generation will not give up without a fight. And to be honest, I don't believe for a second that you will actually do this. The climate crisis doesn't exist in the public debate today. And since it doesn't really exist and the general level of awareness is so absurdly low, you will still get away with continuing to contribute to the destruction of present and future living conditions.

And I know I'm not the one who is supposed to ask questions here, but there is something I really do wonder. How long do you honestly believe that people in power like you will get away with it? How long do you think you can continue to ignore the climate crisis, the global aspect of equity and historic emissions without being held accountable?

You get away with it now, but sooner or later people are going to realize what you have been doing all this time. That's inevitable. You still have time to do the right thing and to save your legacies, but that window of time is not going to last for long.

What happens then? We, the young people, are the ones who are going to write about you in the history books. We are the ones who get to decide how you will be remembered. So my advice for you is to choose wisely. Thank you.

Mr. KHANNA. Thank you, Ms. Thunberg.

And now we have our fifth witness, Mr. Macchiarola. Mr. Macchiarola, you are now recognized for your testimony.

STATEMENT OF FRANK J. MACCHIAROLA, SENIOR VICE PRESIDENT OF POLICY, ECONOMICS AND REGULATORY AFFAIRS, AMERICAN PETROLEUM INSTITUTE

Mr. MACCHIAROLA. Thank you. Good morning, Chairman Khanna, Ranking Member Norman, and members of the subcommittee. Thank you for the opportunity to testify today. I want to speak with you this morning about the dual challenge of providing affordable and reliable energy to meet growing demand while reducing emissions and addressing the risks of climate change.

American oil and gas workers meet this challenge every single day. Our industry supports more than 10 million jobs and seven percent of our Nation's economy. The average annual salary of oil and natural gas workers is approximately \$108,000, nearly double the private sector average.

In 2019, in the districts represented on this subcommittee alone, our industry supported approximately 325,000 jobs, directly employing 75,000 people. These are the people helping to deliver affordable energy to our homes and businesses and energy security to our Nation.

Over the next two years, as countries around the world emerge from the pandemic, global GDP is projected to grow at its highest rate in nearly a half a century. As economies expand and the world's population grows, the global consumption of oil and natural gas will also continue to increase.

Even under IEA's sustainable development scenario, which outlines a major transformation of global energy systems and is fully aligned with the Paris Agreement, oil and natural gas are still projected to provide 46 percent of the world's energy in 2040.

The critical question for Congress is whether more of this energy will come from right here at home or from overseas.

The answer to this question has profound implications for our Nation's future. We know why energy leadership for America is important to our economic strength and national security, but American energy leadership is also important to protecting the environment and addressing climate change.

Our commitment to environmental protection is clear, as the United States is now the global leader in both energy production and CO2 emissions reductions. Over the past several years, the primary driver of emissions reductions has been the increased use of natural gas for power generation. With smart policies, we can build on this progress.

Our industry is also working to reduce methane emissions from our operations. From 1990 to 2019, methane emissions from natural gas systems declined 16 percent while production increased by 90 percent, effectively a 55 percent decline in the rate of emissions.

To build on this progress, API recently released our climate action framework, a series of public policies and industry initiatives that provide tangible solutions for policymakers, industry, and the public to help meet the challenge of climate change.

As this committee examines tax and energy policy, I'd like to emphasize the importance of a Federal tax policy that promotes investment in the United States and ensures America's leadership role in the global economic recovery.

As it applies to oil and natural gas industry, provisions covering natural resources take into account the need to recover the costs associated with various investments to support reinvestment back into the business. This includes deductions for the recovery of payments for expenses like equipment, labor, and wages.

These cost-recovery mechanisms are not subsidies but rather common tools that allow businesses to expand, invest, and create jobs.

Furthermore, unlike tax credits that reduce the tax obligation outright, these measures do not affect how much our industry pays in taxes but rather the timing of such payment. These investments made help businesses grow and ultimately provide significant revenues to the American taxpayer.

Over the past decade, the U.S. Department of the Interior dispersed approximately \$10 billion per year generated from energy production on Federal lands and waters, \$12 billion in 2019 alone.

In addition, excise taxes placed on our products provide significant revenues for infrastructure projects. In 2019, Federal fuel taxes generated \$36 billion for highways and bridges that help keep our Nation moving.

It's essential we implement effective and achievable policies that allow us to continue to reduce emissions while supporting America's economy and energy security. The oil and natural gas industry stands ready to work with you to do just that.

Thank you for the opportunity to testify, and I look forward to the committee questions. Thank you.

Mr. KHANNA. Thank you. Thank you, Mr. Macchiarola, for your testimony.

And now we are going to proceed to the questioning. Everyone on the committee who wishes to ask questions will have five minutes, and I will begin. The chair now recognizes himself for five minutes of questioning.

Let me say I was moved, Ms. Thunberg, with your very eloquent statement about how we will be judged in history and how you plan to write it. Do you think that the Biden administration must make repealing these five fossil fuel subsidies the first and highest priority in the next infrastructure bill?

Ms. THUNBERG. Yes. I mean, if you—I mean, you don't need me saying that this is, of course, should be one of the top priorities, but if you do ask for my opinion, then, yes, of course, if you—because if you look at the overall current, best available science, that is clearly—it shows that that is what is needed right now. So, yes, definitely.

Mr. KHANNA. And could you speak be a little bit, given your international perspective, about what message we would be sending in Congress if we passed an infrastructure bill and did not have the elimination of fossil fuel subsidies in there after we ran on that and after it's in the President's plan, and if let's say we did not have that? What message would that send to other countries?

Ms. THUNBERG. I guess it would send the message that you're not really taking it serious, that you are talking very much but not really taking action. I know that sounds very oversimplified, but that is what it all comes down to. We are all talking about these

distant targets, and we are gonna act, and we have reduced our emissions and so on.

But we can talk as much we want, as long as we don't take real bold action right now, reducing the emissions at the source, then it doesn't really mean anything. At least that's what I, as a young person, and from talking from an international perspective, that's the signal that you will be sending out.

Mr. KHANNA. Would it be fair to say it would be a gut-punch to young people in the environmental movement around the world if these fossil fuel subsidies aren't eliminated in this infrastructure bill?

Ms. THUNBERG. Yes. Pretty much. That's a good description.

Mr. KHANNA. Mr. Macchiarola, I listened very carefully to your statement because I was perplexed when you said that there was no special fossil fuel subsidy, as you've said in a number of your public statements. And I was trying to understand how—you're under oath—how are you possibly saying that?

And it seems to me I understand the loophole now that you're trying to invoke. You say they pay the taxes, but they—this is just a matter of time. Can you explain to us what the standard tax accounting practices mean for depreciation? If there was not the intangible drilling deduction, how many years does the standard tax accounting allow for?

Mr. MACCHIAROLA. Sure. Chairman, I think, in reference to the IDC specifically, I think the way to think about this is in terms of the similar treatment that research and development gets in the Tax Code. What we're trying to do is incentivize reinvestment back into projects to be able to—

Mr. KHANNA. And I want to interrupt. What would the standard—just so we're on the same page, what would the standard tax accounting be—the standard tax accounting depreciation?

Mr. MACCHIAROLA. The current tax accounting appreciation is over a longer period of time—

Mr. KHANNA. Do you know what the standard tax accounting depreciation would be? Over how many years? I mean, it's a simple question. I mean, I assume you know the basics.

Mr. MACCHIAROLA. Congressman, Mr. Chairman, I think—

Mr. KHANNA. The answer is it's over seven years. And what the inner—intangible drilling deduction is. You may want to have people brief you next time before you come to Congress. It's a seven-year standard deduction. And what the intangible drilling does is for oil companies, they get to deduct expenses on the first year for seven years. Do you understand the concept of the present value of money?

Mr. MACCHIAROLA. I certainly do understand that, Congressman—

Mr. KHANNA. And just to be clear, the research and development tax credit and other tax credits can't be taken all at once. Every other industry—every other industry—has standard tax accounting at seven years. You say you're not for any special exemption. Would you be fine using standard accounting practices for every other industry for the oil and gas industry? Can you commit to that today?

Mr. MACCHIAROLA. I think the importance of this provision is to be able to reinvest into the next project—

Mr. KHANNA. Every other industry could reinvest, and they don't—they have seven years. Why can't—

Mr. MACCHIAROLA. It is similar treatment in the Tax Code to research and development—

Mr. KHANNA. It's not similar treatment. And if you could just answer this last question, then I'll give you the last word. Why is it that your industry doesn't get the standard seven years that every other industry, including the tech companies in my district—I'm very familiar with research and development tax credits. I'm all for it. Can you commit today that your industry should get the same—same—provision as every other industry? Why is it that the oil industry should only get one year to take all the depreciation in defiance of standard accounting principles?

Mr. MACCHIAROLA. First off, it's important to note where that savings goes. Eighty percent of the savings that you're talking about goes back into pay wages, to be able to move on to the next project, to be able to reinvest—

Mr. KHANNA. Can you just admit that you're fine for standard tax accounting?

Mr. MACCHIAROLA [continuing]. And grow business.

Mr. KHANNA. Are you fine to be subject to the same thing that the tech companies in my district are, or Wall Street is? Can you just say you're fine with standard tax accounting principles?

Mr. MACCHIAROLA. I think to take—Mr. Chairman, to take one provision of the Tax Code and say it should be applied in the same form and fashion to every business without looking at—

Mr. KHANNA. So you're saying—

Mr. MACCHIAROLA [continuing]. Without looking at the entire Tax Code—the purpose of the Tax Code is to provide revenues to meet government expenditures—

Mr. KHANNA. You said you were saying—you said you were saying—

Mr. MACCHIAROLA [continuing]. To be able to provide—to be able to provide—

Mr. KHANNA [continuing]. You said that you were being treated the exact same as every other industry. That's what you said under oath. That's what you said to the press. And I'm saying, right now, there's one provision of the Code—we can discuss the others—where you're not, where every other person gets seven years. You didn't know the seven years. That's standard accounting 101. Trust me, that's true.

Now, you can deny the net present value of money. That would be like denying that the earth is round. Obviously, there is a benefit if you get to depreciate it all at once. Can you just, on a consensus, say that you commit to what you said, that you're fine being treated like every other industry with a seven-year deduction?

Mr. MACCHIAROLA. We are certainly fine being treated like every other industry.

Mr. KHANNA. OK.

Mr. MACCHIAROLA. There's no—there's no question about that. If you want to take the entire Tax Code and treat the oil and gas industry as every other industry, we're happy to do that.

Mr. KHANNA. Ranking Member Norman, my time has elapsed, so I recognize you for your questions.

Mr. NORMAN. Thank you, Mr. Chairman.

Ms. Thunberg, thank you for your involvement here today. I commend you for your willingness to testify and get involved with public policy.

In the past, when you're talking about climate change, you have said, quote: "I want you to panic. I want you to feel the fear I feel every day."

What particular study or scientific report did you read that made you come to this conclusion?

Ms. THUNBERG. Thank you for the question. First of all, let me just clear that, those are metaphors. In speeches, you often use metaphors. Of course, I don't mean literally that I want people to panic. So there was no scientific study that made me come to that conclusion.

Mr. NORMAN. Oh, OK. So you didn't say that?

Ms. THUNBERG. I did. But it's a metaphor that you often use in speeches.

Mr. NORMAN. Metaphor for what? I mean, how do you—what I'm asking, on panic, "I want you to panic," what does that—tell me what you meant by that.

Ms. THUNBERG. By that, I mean that I want people to step out of their comfort zones, yes, and to not just see the climate crisis as a far, distant threat, but rather as something that is impacting people already today and people to step out of their comfort zones to start taking real action.

Mr. NORMAN. OK. What in your opinion is, on the PPM, parts per million, what is acceptable, permissible, on CO2 emissions in your opinion? What actual amount do you think is permissible?

Ms. THUNBERG. Well, I mean, of course, there is no magic amount that says that this is an OK amount. The science doesn't really work that way. But, of course, we can say that it is the more—the higher the concentration of CO2 in the atmosphere is, the bigger the risks are going to be.

So, I mean, you can't say that there is one amount that is acceptable and not. Of course, there is not one magic tipping point where everything is beyond saving and so on, but rather we should try to keep it as low as possible.

Mr. NORMAN. OK. So you wouldn't name a particular number.

What about China, India, the other countries where there's—in this—if this bill passes, there's no retribution against these countries that's going to offset anything we do here in America. What is your take on that?

Ms. THUNBERG. Well, if we just thought like that, it would be very convenient; wouldn't it? But rather we need to see the holistic perspective, how can we—if we take, for example, India as an example, how could we expect India to take action when the developed countries who have actually promised to lead the way won't do that? When—if we take into account the global aspect of equity, I mean, there are many, many people around the world who need

to be able to raise their standard of living. And if we, who live in high-income countries, aren't able to take a few steps back in order to let other people raise their living standard, then, I mean, that doesn't—that just doesn't make any sense.

And of course those countries definitely need to take their responsibility as well, and that's why we need global cooperation. And if countries won't take action, then there is no global cooperation. If the U.S., for example, which is the biggest emitter in history, won't take action, then how can we expect other countries to do that?

So taking action ourselves is also a guarantee that other countries—I mean, it will be a snowball effect most likely. If one country does something, then other countries will follow. If no country does something, then no one will follow.

Mr. NORMAN. OK. And so China as example, which is a Communist—they practice genocide on their people—they will watch America and then will just voluntarily reduce their emissions? Is that your thoughts?

Ms. THUNBERG. No. I mean, we should do, of course, everything we can to make sure that China takes their responsibility, but I mean, there is not really much—I mean, all I can do is to try to advocate for global change. All you can do is to take action and try to create a global pressure on China so that they will have to take action.

As you say, we can't just go there and ask them to do it. That would be very nice, but, yes, we need to think realistically as well.

Mr. NORMAN. Yes. There's nothing in the bill that puts any type pressure other than, I guess, showing the example. Thank you for your testimony.

Mr. Macchiarola, can you address the direct employment in the United States that the Green New Deal would affect? We're all seeing the gas prices jump, you know, 70 cents or more. We're now dependent on foreign countries that particularly don't have our best interest. Can you discuss how this Green New Deal would affect energy costs, gas costs, and the many other minerals that they are prohibiting to be mined in other states?

Mr. MACCHIAROLA. Sure. Thank you for your question, Congressman Norman.

I think it is first important to look at the job creation within the oil and gas industry. We support 10 million jobs in the U.S. economy, nearly seven percent of the U.S. economy. On this committee alone, 325,000 jobs supported by the industry, 75,000 directly.

And let's talk about what the tax increases that are being proposed would do.

In 2017, as a result of reducing the corporate tax rate, we created, over a period of 19 straight reports, the lowest poverty rate in 60 years, since the government kept that statistic. We created jobs for 19 straight months with wage growth over that period of time prior to the pandemic.

The reason we did that was 70 percent of the savings from the tax cuts went directly to wages. That's right into the American people's pockets.

On energy, what has the result been on energy of the American energy revolution?

Over the past decade, as increases in costs have gone up by double digits in health care, education, and food costs, energy costs have gone down by 15 percent.

The tax proposals considered here would drive those costs up. That would mean real costs for consumers. That would mean jobs. It's essential that we not go in that direction.

Thank you for your question, Congressman.

Mr. NORMAN. OK.

You would agree corporations don't pay taxes, people pay taxes, don't they?

Mr. MACCHIAROLA. People do pay taxes.

Mr. NORMAN. And the fact that the depreciation schedule is different from industry to industry. The oil and gas industry is not like my industry, the real estate business. It's a different type of business. One size doesn't fit all. Would you agree?

Mr. MACCHIAROLA. One size does not fit all for all industries. That's right, Congressman.

Mr. KHANNA. Thank you, Member Norman. I want to give you some more time. Your time has been expired, but I want to be polite. So maybe just one or two more.

Mr. NORMAN. That's fine, Chairman. I didn't realize. Thank you so much. Appreciate it.

Mr. KHANNA. Thank you.

You can answer the question, the witness.

Mr. MACCHIAROLA. Sure. Thank you, Mr. Chairman.

Thank you for the question, Ranking Member.

I think what you try to do with a Tax Code is to provide revenue to meet government services. But you need to ensure a fair return for the taxpayer, but also U.S. competitiveness.

We are in an increasingly globally interconnected world where competitiveness is essential. Some of the provisions that the chairman discussed would directly impact that competitiveness, particularly the double taxation on income earned or on taxes paid overseas.

So it's absolutely essential that you look through the lens of U.S. competitiveness as you establish provisions within the Tax Code.

Thank you for the question.

Mr. KHANNA. Thank you, Ranking Member.

I now want to recognize our distinguished chair, Carolyn Maloney, who really has prioritized climate change and the environment as a focus of the larger committee. And she is so committed to this issue that's she's joining us for part of this hearing.

So, Chairwoman Maloney.

Mrs. MALONEY. Thank you, Mr. Chairman, for allowing me. They were on the floor voting now and I have to be managing a bill, but I wanted to be here for your first subcommittee hearing, and to congratulate you on being a chairman, and also on focusing your first committee hearing on such an important topic.

So, Mr. Chairman, one of the most painful realities of the climate crisis is that the path forward is paved with common sense, yet we seem incapable of finding our footing.

As a Nation, all we need do is follow the science and fairly weigh the costs and benefits to see that the only viable path forward is

one that revolutionizes our energy policy, builds a sustainable economy, and creates millions of clean energy jobs.

If we fail, the consequences will be catastrophic. But if we are successful, the benefits will be tremendous. It's that simple.

Just in my home state of New York, there are hundreds of thousands of hospitalizations, emergency room visits, and premature deaths that could be avoided. And the economic value of these health benefits could exceed \$3.5 trillion.

The U.S. could take action today. Congress and the administration have a duty to lead and a responsibly to act without delay.

Ms. Thunberg, you often identify the fact that global leaders fail to act rationally when it comes to the climate crisis.

We have the science and the data. We see the climate changing before our eyes. We hear what will happen to us and to our children if we fail to act. And yet, we still don't act.

Why do you think that is?

Ms. Thunberg?

Mr. KHANNA. Ms. Thunberg, are you still with us?

We've had some technical difficulty. Let me just make sure.

Ms. Thunberg, I think you're muted. Did you hear the chairwoman's question?

Can we check? I don't think she's hearing it, the audio.

Ms. Thunberg, can you hear us?

Mrs. MALONEY. Is the problem on our side or on her side?

Mr. KHANNA. I think it's on her side.

Ms. Thunberg, if you could raise your hand if you can hear us.

No, I don't think she's hearing the feed.

Chairwoman, apologies. While we get the technical issue fixed, I don't know if you had questions for any of the other witnesses.

Mrs. MALONEY. My questions were for this extraordinary young woman. So I'll just wait.

Mr. KHANNA. Well, she's right there. So we will—let's just work with the—the staff is working to try to fix the link as we speak.

Mrs. MALONEY. Why don't you go back to another Republican. And if we can get hearing to her, then we'll continue.

Mr. KHANNA. OK.

Mrs. MALONEY. Unfortunately, these technicalities sometimes take a long time. So maybe we should go—

Mr. KHANNA. I appreciate that.

And so, let us go on the Republican side. Let me just see who is our—OK. So it will be to our—to the Democratic side next again, because there's no Republican right now here.

Do we want to have our vice—is Representative Omar here yet? OK. Do we want to have Representative Tlaib, our vice chair?

Why don't we do this? Why don't we take a five-minute recess to give everyone the chance to have the tech working, because it seems like some of the members haven't worked.

Chairwoman Maloney, will you be able to join us in five minutes if we can get this?

Mrs. MALONEY. Well, we are on the floor voting on D.C. Statehood and I may not be able to come back. But if I can, I will. I want to hear the comments and testimony and answers to the questions on this important hearing.

Mr. KHANNA. We appreciate you joining us. Sorry about the technical difficulty. I'm sure Ms. Thunberg will love to answer your question. If you can join us, that's great. If not, I'll give her the opportunity to respond to what you asked, because it was a very important question.

Mrs. MALONEY. Thank you so much.

Mr. KHANNA. Thank you.

All right. With that, let's take a five-minute recess.

[Recess.]

Mr. KHANNA. I apologize to our witnesses. And we need to make sure this doesn't happen in future hearings and resolve any of these technical issues.

With that, I appreciate—you know, the next person is going to be Vice Chair Tlaib.

I just wanted to give Ms. Thunberg an opportunity to answer Chairwoman Maloney's question, because you didn't hear it, the last question Chairwoman Maloney said.

You often identify the fact that global leaders fail to act rationally. When it comes to the climate crisis, we have science and the data. We see climate changing before our eyes. We hear what will happen to us and to our children if we fail to act. And yet we still don't act. And I think her question was, why are people not acting?

And so, Ms. Thunberg, if you wanted to answer her question, that's our Chairwoman Maloney, and then we will turn to our vice chair, Rashida Tlaib.

Ms. Thunberg, did you have any comments? I think you need to unmute.

Ms. THUNBERG. Yes, of course. I mean, we need to be realistic. And as long as we are not really treating this crisis like a crisis, of course people won't understand that we are facing an emergency. We can hammer people with as many facts as we want. Unless we really treat it as a crisis, we won't understand that it is a crisis.

And, of course, we criticize politicians, but we do also understand that a politician's job is to fulfill the wishes from voters. And if people in general are not demanding real climate action, then, of course, nothing, no real changes will be achieved.

By that I'm not saying that you don't have any responsibility. Of course we humans are social animals, and we copy the behavior of people around us. And if our leaders are not acting as if we were facing a real emergency, of course, then we will not understand that either.

So it's sort of we are stuck in a hamster wheel, so to speak, and someone needs to break that. And the people with the most responsibility, of course, have the biggest opportunity to do that. And that's why you have such an extremely big responsibility.

Mr. KHANNA. Thank you, Ms. Thunberg.

I now want to recognize our vice chair, who has been waiting very patiently—sorry for all the technical errors—Vice Chair Rashida Tlaib.

Ms. TLAIB. Thank you so much, Chairman Khanna.

And thank you so much for our panelists for your patience.

Happy Earth Day, y'all. I hope we are celebrating Earth Day at some point that we've actually been able to have meaningful action on climate crisis.

So I represent the 13th congressional District in Michigan. My entire district is in Wayne County, Michigan, which hasn't met SO2 standards set by the Clean Air Act in over 15 years. We know that 75 percent of all greenhouse gas emissions in the United States are caused by burning fossil fuels.

In Detroit alone, my residents can speak to the real-life consequences of our country's unending corporate greed, with large fossil fuel companies pushing to extend the life and utility of these dirty fuels.

A few years ago, piles of petroleum coke just showed up on the Detroit riverfront and started blowing around in huge clouds and coating nearby homes with a thick dust.

And so I want to share with all of you, because I want you all to see for yourselves, what the human impact is when we promote this kind of pollution that is killing us.

And with that, I want to ask our committee to please again show the video of the petroleum coke on the Detroit riverfront.

Mr. Chair, I can continue and we can go back to the video, if necessary.

Mr. KHANNA. Why don't you continue, given the technical difficulties we've had. And then if we can—

Ms. TLAIB. Well, it turns out a lot of the clouds, many folks didn't really know what it was. We found out it was petroleum coke, some call pet coke, a byproduct of the Canadian tar sands extraction, which is turned around and sold in the United States by companies for a cheap fuel source abroad.

So when we raised alarms and environmental regulators told us it was safe, they actually told me, as a Michigan state Representative, don't worry, this isn't toxic, it's not on the EPA list.

I said, how is that possible?

Why? Because lobbyists and others were able to push and get it off of the list.

But how can a substance that emits far more carbon dioxide than coal, y'all, how can that be safe for my residents to breathe in?

So we took matters in our own hands, and we collect samples ourselves and have the Ecology Center in Ann Arbor, Michigan, to test it independently from our own government. And, nobody's surprised, we proved that petroleum coke was toxic and could cause cancer.

This is what happens to countless communities like mine around the world when we continue to incentivize the use of dirty, toxic fossil fuels.

And the International Monetary Fund, the IMF, estimates that that there are at least \$5.2 trillion in fossil fuel subsidies each year globally. These greedy corporations have even received \$15 billion in subsidies from pandemic relief packages just alone last year.

This is so egregious, the egregious amount, especially for the industry that has spent decades spreading misinformation about climate change and has spent millions lobbying to defeat climate legislation here in Congress, all for profits, regardless of the human cost on life.

Last term, I brought this subcommittee to my district for a field hearing regarding this kind of pollution. And it was in the shadows, the hearing was done in the shadows of Marathon Petroleum,

and the pollution, again, in the 48217 community neighborhood in Detroit, which is the most polluted ZIP Code in the state of Michigan.

So I wanted my fellow members, I wanted my colleagues to smell what my residents smell. I wanted them to see exactly what it felt like literally to walk out of their house to see all the oil refinery pollution and how it really made them feel.

And so I really want to talk to Ms. Hunkler, because you've described how oil and gas companies have pressured your neighbors, violated the Clean Air Act, and turned you all into what you call a frack—turned you into it a fracking refugee.

How has air and water pollution from fossil fuel extraction affected you and your family's health personally? I think it is important for people to understand that we are funding the killing of people and harming folks in such a profound way.

And so, Ms. Hunkler, can you please share again how it has impacted you personally?

Ms. HUNKLER. Thank you so much. And there are so many ways it has affected me personally and my community.

But the negative health impacts, first, we noticed the odors, and then headaches and nausea, body aches and pains, mental confusion, you couldn't sleep, rashes, numbness, aches and pains.

And the other part about this is that we had no support, no help. You file complaints to the regulators, the Ohio EPA, and little action.

And so, it takes these environmental law groups who actually support people. And I had to get legal representation—pro bono, thank goodness, or I couldn't have afforded it—to file an intent to sue against the compressor station to get any action from the Ohio Environmental Protection Agency at all.

So it is not only the health impacts that we experience, but there is no—we have no recourse. There is nobody there to help us.

And, fortunately, at some point we had environmental organizations that came and helped us with flare camera imaging that makes the invisible visible. And that was basically the final evidence that we had or the evidence that made the regulators take action, because you could see it.

And, unfortunately, even after years of the compressor station being in significant and ongoing violations of the Clean Air Act and the Ohio Pollution Control Act, the flare images from before any remediation was done and after basically shows the same amount of pollution billowing toward my home in the valley.

And the final—I mean, for years I really couldn't live safely in my home. I kept the property because I do—kept the property because I couldn't really face getting rid of it.

But the final straw for me putting my property up for sale was when there was an application to extend the compressor station, and they were going to begin selling water again for fracking operations a quarter mile on Slope Creek Reservoir. So I knew I had to get out.

Ms. TLAIB. Thank you.

Mr. KHANNA. Vice Chair, did you have any other—I see your time has been expired, but we've been pretty generous, as it was with Ranking Member Norman. But do you have one more—

Ms. TLAIB. No. I know the video—I would like to at least show the video. I think it's important.

Mr. KHANNA. Yes.

Ms. TLAIB. And just my final point.

It is so incredibly outrageous that our government continues to subsidize this kind of nationwide assault on our public health. And I just want you all to see the result of us funding these kinds of toxicity. It is important for you to see—it took Jill to get people to visualize it with flare.

I'm showing you right now, as an example, right here in the backyard of the community I was raised in. This is not normal. We must stop it.

With that, I——

Mr. KHANNA. Let's show the video.

Ms. TLAIB. Yes, with the video.

[Video shown.]

Ms. TLAIB. Thank you, Mr. Chair. I yield.

Mr. KHANNA. Thank you. Thank you very much for your leadership.

Now I want to recognize Representative Herrell for five minutes for your questioning and comments.

Ms. HERRELL. Thank you, Mr. Chair. I hope you can hear me OK.

Mr. KHANNA. We can.

Ms. HERRELL. Thank you. I really do appreciate this hearing. It's very important.

And just a little reminder. I'm so thankful for the fossil fuel industry. Forty-six percent of fossil fuels goes to the making of gasoline, but 54 percent is used in so many products that we take for granted every day.

And, in fact, if not for fossil fuels, we wouldn't even be having the capability to have these remote calls and talks right now because of the plastics, and medical devices, eyeglasses, pantyhose, asphalt, roads, shoes, tires, bottles for water, iPhones, cosmetics. I could go on and on.

So I just want us to be very mindful of the products that are important to us on a day-to-day—in each of our day-to-day lives.

But with that, I'd like to ask Mr. Macchiarola a couple of questions, if he's still on. I'm hoping he still is. I know there was a little technical difficulty.

But in 2019 the oil and gas industry contributed 39 percent of New Mexico state budget funding, critical programs such as education and infrastructure.

Can you quantify the industry's nationwide contribution to states, the overall number of jobs that your industry supports, and the nature of those jobs, if you have those numbers available, or maybe your best estimate, please?

Mr. MACCHIAROLA. Sure. Thanks for your question, Congresswoman.

I think if you look at the gasoline tax, which supports our infrastructure, roads and bridges and highways, you're talking about \$36 billion. You're talking about \$14 billion in severance taxes across the states that provided for critical programs in education and infrastructure and conservation.

In New Mexico, as you stated, in your home state, half of the production, the revenues from production on Federal lands go directly to the state budgets. That number was \$12 billion in 2019 across the Department of the Interior in the United States. This is critical to be able to produce, to provide state revenues, again, for education programs and other critical priorities that Governors have.

Your question regarding jobs. Our industry supports more than 10 million jobs, about seven percent of the U.S. economy.

And it's also important to note the nature of the jobs within our industry. For example, the private sector salary is \$108,000 in the oil and gas industry. That's almost double the average private sector salary.

We did a study a couple of years ago to compare jobs in the oil and gas industry versus other jobs and actually surveyed workers who found that they preferred the oil and gas industry jobs because of the high wages, because of the benefits, because of the ability to advance in your career because these are highly skilled jobs.

So when folks talk about transferring from our industry to another industry being something that's very easy, that's just not the case.

So it's really important as we, again, tackle these challenges to be able to address the risks of climate change and while continuing to meet energy demand, that we keep in mind that these jobs are essential to our economy and to the American people.

So thank you for the question.

Ms. HERRELL. Right. And I just think we have to keep in mind, it's an important issue for sure. But we're witnessing right now the impact of bad Federal policy that this administration is having on the industry.

And what I'm very concerned about is what happens to the private market, I mean, what happens to the energy industry as a whole if the administration and congressional Democrats continue to choose to regulate and tax the industry in every which way. I mean, we are already seeing a lot of uncertainty as it relates to future drilling operations and production.

And I know we're almost out of time.

So what does this look like in terms of for the industry as a whole with these bad policies?

Mr. MACCHIAROLA. It is very concerning, Congresswoman. You look at the decision on day one on Keystone, that was 2,000 immediate jobs, up to the potential for 10,000 jobs on that project, many of them good-paying union jobs. You take a look at a long-term ban on Federal leasing. That has the potential to cost a million jobs.

So we really need to think very carefully about these policies and the potential impact on peoples' livelihoods as we move forward.

Thank you for your question.

Ms. HERRELL. Thank you. And not forget the products that we use every single day that help medical, vitamins, all these things. So we need to be, I think, thinking of this more collectively and not segregate it so.

But, Mr. Chairman, thank you so much for hosting this. And I yield back.

Mr. KHANNA. Thank you.

Now, without—is Representative Omar here? Is Representative Ocasio-Cortez here? We have requests from both of them. I see them on the screen, but not present. We’re checking, just bear with us.

Thank you for the patience of all our witnesses.

I know that both Representative Ocasio-Cortez and Representative Omar wanted to ask questions.

Are there any members right now who—

Mr. FALLON. Yes, sir. Pat Fallon, sir.

Mr. KHANNA. OK. Why don’t we have Representative Fallon, since you are present and the camera’s on. If we could have you recognized for five minutes.

Mr. FALLON. Thank you, Mr. Chairman, members.

You know, eliminating the tax provisions supporting fossil fuels, it is going to save about, if we did that, would be \$3.2 billion. And the renewable incentives we spend right now, about almost \$10 billion, about three times as much.

I can remember being a child the 1970’s and looking, and I was fascinated with geopolitical events. And there was a dream that America had, and that was to have energy independence. And we had long gas lines and oil embargoes. I was a very small kid and I remember how horrible that was.

We had this dream, and it seemed like a pipe dream, of energy independence. And here we are on the cusp of that remarkable achievement, and some members, unfortunately, of the Democratic Party want to enable and I think, unfortunately and unwittingly, embolden our enemies by hamstringing our own energy industry.

The fact of the matter is the United States is now a global leader since 2000 in reducing CO2 emissions and in energy production, and they are both remarkable achievements. And we should do everything we can in our power to facilitate this kind of success. The energy industry, let us not forget, accounts for this 10 million high-paying jobs.

And this is also a national security issue. We just had former Secretary of State Mike Pompeo come and speak, and he talked about how he was empowered as a diplomat in foreign relations and it aided him, because so many countries wanted to talk to and deal with the United States because of our abundance in fossil fuels.

And there’s a moral case, and I think a very compelling moral case, to be made for the fossil fuel industry. I mean, look at over the last 100-some-odd years the technical achievements and advancements we’ve had.

And the life expectancy. Life expectancy in the United States in 1900 was only 46 years of age, and now it is 79. That is a 72 percent increase.

And the quality of that life that Americans lead now, of all races and creeds, that we didn’t lead 120 years ago, before fossil, really the advent of the fossil fuel industry being as productive and efficient as it has become.

And the cleaner energy—and that’s a goal for everyone, regardless of party, or really even nationality, in different nation-states. If we want cleaner energy we should unleash the expertise of the energy industry that have shown and proven such innovation.

And as one of our witnesses said about being judged in history, let's just not forget that, unfortunately, with the Democratic majority in the House, they are going on a wild multi-trillion-dollar deficit spending binge and they are saddling future generations with crushing debt and forcing them into an untenable financial crisis.

So we have to be consistent here with what we can do. And I think the best way to do that is to support the fossil fuel industry and help them—help all of us—with producing more and cleaner energy.

And, Mr. Chairman, I appreciate it. Thank you. And I yield back.
Mr. KHANNA. Thank you, Representative Fallon.

I know that a number of members have been trying to get on and having some difficulty. I don't know if Representative Ocasio-Cortez or Representative Omar have managed to get on the platform.

Ms. OCASIO-CORTEZ. Yes. I'm on the platform, Mr. Chairman.

Mr. KHANNA. OK. Wonderful. Thank you.

Well, I'd like to recognize Representative Ocasio-Cortez for her five minutes.

Ms. OCASIO-CORTEZ. Of course. Thank you so much, Mr. Chairman. And apologies again. This overlap with the vote has kind of complicated a lot of our timing here.

I wanted to dive in a little bit into a couple of the myths that we see advanced in climate work overall.

You know, we've heard a lot of, frankly, fantastical stories about what we would do if we actually commit to saving our planet.

We have heard that it is a socialist conspiracy takeover to bring down climate emissions below the IPCC report of 1.5 degrees Celsius. We have heard that it will cause electricity bills to skyrocket and prompt families to pay hundreds of dollars a month in their normal electricity bills.

But that doesn't actually compare. While we see these statistics and these studies by Republican and conservative and pro-lobbyist think tanks develop these theoretical ideas of what nightmares could potentially await us if we actually stewarded our future, they fail to acknowledge what's happening right now.

Let's take, for example, electricity bills. While there is all this fearmongering about if we switch to solar, if we commit to wind, that our costs will go up lot, that fails to acknowledge what we just saw in February, when Texas had a freeze and their fossil fuel infrastructure was so inadequate and unprepared, thanks to both climate-denying politicians who refuse to invest in infrastructure to adapt to our future and acknowledge that we will be experiencing climate events in regions that have never experienced such events before, and also from industry, who doesn't want to invest and actually take the cost of preparing for our future.

So what does that yield? It yielded \$16,000 electricity bills, oil and gas electricity bills, from an oil and gas infrastructure on everyday people in the state of Texas—\$16,000. That is just the everyday—what we are seeing for everyday people.

But then let's also talk about the justice component, because we introduced the Green New Deal earlier this week and one of the topics I had brought up is how the intersection of justice and the trampling of Native rights and environmental racism actually con-

tributes and is a key element of fossil fuel infrastructure and climate change.

I wanted to ask a question of one of our witnesses, Ms. Tara Houska.

We see the Dakota Access Pipeline. We've seen what's happening with Line 3. And it seems as though there's this pattern of fossil fuel industries and fossil fuel pipelines intersecting with Native land and treaty land. Is that a coincidence?

Ms. HOUSKA. I appreciate the question.

The reality is, is that we are the places that are out of sight, out of mind. We are the last places, like I mentioned in my testimony, the last places holding the sacred.

When they want to put through a pipeline or through a mine or through some other extracted economy, they don't put that in a rich suburb. They don't put that somewhere that is going to go through other peoples' land. It goes through ours. Just like what Rashida Tlaib was saying, Congresswoman Rashida Tlaib was talking about, when it comes to refinement, it goes in Black and Brown communities.

From beginning to end, we are the people that are disparately experiencing the impacts of not just the climate crisis, but of the actual building of infrastructure. We're the sacrifice zones.

Ms. OCASIO-CORTEZ. Yes. And, in fact, in the case of the Dakota Access Pipeline, it was originally supposed to be constructed through a wealthier and Whiter neighborhood. And that neighborhood organized and said: Not in our backyard. Put it over there.

And that is what allowed the political—would you say that that's what helped contribute to a political environment where it was easier to look away, where these fossil fuel pipelines were being constructed in communities, where it is easier to look away from?

Ms. HOUSKA. They did their best to try to look away. But then there was a movement that was born by LaDonna Allard and by the youth runners that ran up to D.C. That woke up the world and had the President being questioned in Laos about the Dakota Access Pipeline.

So although they are trying their hardest to look away and to not look upon our faces, the faces of the original peoples of this land, we are pushing back. Every single pipeline infrastructure project that is proposed has Indigenous resistance to it.

That it is reality of the situation. It's not just us and Line 3. It is Dakota Access Pipeline, it is Mountain Valley Pipeline, it is Save Oak Flat. It's all those different places and spaces of people and faces who are trying their best to protect our lands.

These are our sacred lands. We cannot just pick up and leave. These are our homes. We were put here by the Federal Government. This was the exchange that we made for the country that we're in to exist today, and they are coming for those last pieces.

So that's what we're tasked to do. And we have plenty of young people who are standing with us and leading this fight for their future.

Ms. OCASIO-CORTEZ. Thank you so much.

Mr. KHANNA. Thank you, Representative Ocasio-Cortez, and for your leadership earlier this week in the reintroduction of the Green New Deal.

I know we have a number of people who want to ask questions, and we've had technical difficulty all morning. So we're waiting on Representative Omar and Representative Gomez and Representative Porter.

Let me just ask, is any member here right now who wants to be recognized? If not, we will wait for those two members who I know have been texting me all morning and have been here.

Well, while we wait for them, I want to give the opportunity, since we don't have any members right now, if there are any of our witnesses who want to take this opportunity to respond generally to anything that they have heard. We also have Representative Krishnamoorthi, who wants to ask questions.

So before he joins, is there anyone who feels that they need to clarify anything or respond to any of the questions? Just raise your hand.

Yes, Ms. Hunkler. And then, after your comments, we'll go to Congressman Krishnamoorthi.

Ms. HOUSKA. There's many things I would like to respond to. But one thing, I can remember being in these meetings that the oil and gas industry were holding for local people to come in. I went just so I could be informed about what they were saying, what was going on. And they promoted and sold this on energy independence.

And my question is for Representative Fallon.

How can you explain all the exportations? Wasn't the purpose all along to export the oil and gas to higher price markets overseas?

Mr. KHANNA. Your question is noted for the record and we'll see if he gets back to you.

I see Representative Krishnamoorthi has joined us, and I appreciate him joining us.

Representative Krishnamoorthi, you're recognized for your five minutes.

Mr. KRISHNAMOORTHI. Thank you, Chairman Khanna.

It is so nice to be with all of you. And I apologize for being late. I was just voting.

If I could please turn to Ms. Thunberg.

Thank you so much, Ms. Thunberg, for joining us.

And thank you, Chairman, for convening her with us.

Ms. Thunberg, one of the questions that people in my district, especially among young people, might have is, if they are a young person and they don't know what do in terms of fighting climate change, what would you, on this Earth Day—happy Earth Day, by the way—what would you advise them to do in a very practical way?

Ms. THUNBERG. Thank you for the question.

Well, first of all, I would say that it is not up to them to do the work. They are not the ones who are the ones who have contributed to this crisis the most and the responsibility doesn't fall on their shoulders.

But, of course, I understand that many want to take action. And, of course, everyone has a responsibility.

So then I would say that—I mean, there are countless ways to get involved. I would say maybe the most important one is to become aware of the actual crisis that we are facing, to educate your-

self, to read as much as you can, because once you fully understand the crisis, then you will know what you can do yourself as well.

And also to be an active democratic citizen. It is our moral duty as citizens of democracies to stand up and to make our voices heard.

Democracy is not just on election day, it is every hour of every day of the year. And we need to make our voices heard. Because if enough people stand up together and collectively put pressure on the people in power, like yourselves, then that change will come. Because we young people are the future and the people are the ones who have the power, even if it may not seem like that all the time.

Mr. KRISHNAMOORTHY. Ms. Thunberg, thank you for your advocacy. I apologize for pronouncing your last name incorrectly. My last name is very interesting, so I say that my last name gets me on a first name basis with everyone.

With that being said, you can call me Raja.

But, Ms. Thunberg, let me ask you this. In all of your advocacy efforts, what has surprised you the most in terms of either the response that you've received or in any other regard?

Ms. THUNBERG. I don't know. Maybe the fact that people are actually open for change. I thought that people didn't want change and that we were just stuck in our old habits. But after having talking to people, both people in the fossil fuel industry and people, just everyday people, young people, have made me realize that people are actually more open for change than we realize.

So that is something that has surprised me more than I would have thought.

Mr. KRISHNAMOORTHY. You know, a lot of people in our country, in the United States, actually have jobs in the fossil fuel industries, whether it is the oil industry or the natural gas industry. And a lot of those workers want to know what the future holds for them, given that we do have to fight manmade climate change and we do have to transition to a renewable energy economy.

What would you say to them, because they obviously are fearful about the future and taking care of their families and having a job that puts food on the table and so forth?

Ms. THUNBERG. Of course. And who can blame them? I mean, everyone—that's natural, that we care for ourselves and that we want to be able to feed our families. So, of course, this is definitely not their fault.

[Inaudible] they cannot be left behind. That is among the top priorities, that we actually leave no one behind.

And that's what the climate crisis is all about. That's what climate justice means. It means justice for the people who are most affected, but it also means that no one is left behind.

And, of course, I'm not a politician, I'm not even from the U.S., so I can't speak exactly on that. But that's basically all I can say.

And people think that we climate and environmental and human rights activists are against people in the fossil fuel industry, but that couldn't be more wrong. I mean, we are fighting for everyone.

Climate justice is social justice. We can't achieve climate justice without social justice. So that's what it all comes down to. That's why we are doing this, because we care about human lives.

Mr. KRISHNAMOORTHY. Thank you so much. My time has expired. But thank you for your service.

Thank you, Chairman.

Mr. KHANNA. Thank you, Representative Krishnamoorthi. Thank you for your service and leadership.

I now see Representative Jimmy Gomez, who has been patiently almost since the beginning of the hearing with us.

And I appreciate your coming back after votes and having your chance to make a statement and ask any questions.

Mr. GOMEZ. No, thank you, Mr. Chairman. It was only about a three-mile walk round trip after I was done walking to vote three times. But I need the exercise.

The reason why I was so interested in this hearing is because I'm not only on the Oversight Committee, but I'm also on the Ways and Means Committee, the taxation committee.

And it's interesting, because the title of this hearing is about "The Role of Fossil Fuel Subsidies in Preventing Action on the Climate Crisis." Why is that? It is because a lot of people assumed from the very beginning that oil and gas and coal is cheaper because the market determines that it is cheaper.

But what we've learned is that they have a lot of unfair advantages because of the Tax Code, because of the Tax Code and how it was developed over 100 years, and how that is not the case and how that crowds out new technologies when it comes to getting different energy from renewable sources, from wind and solar. And it prevents people from seeing the true cost of oil and gas and thereby being able to price it accordingly in the marketplace against other sources of energy.

That is the kicker, is that the public believes that this is just the naturally cheap energy source compared to everything else. But we know that that's not the case.

Mr. ALDY, I read some of your testimony. I thought it was brilliant.

Quick question. Who is benefiting the most from fossil fuel subsidies and who is made worse off?

Mr. ALDY. Thank you for the question, Congressman Gomez. It is great to see you and it is fantastic to see an alum of our Public Policy Program at the Kennedy School representing his constituents here in Congress.

I think the reason why I first come to the conclusion that these fossil fuel subsidies, and especially the targeted tax expenditures in our Tax Code for oil and gas and coal, represent a failure of government is because we're actually spending money that's basically just increasing the profits for these companies. The impact on production is truly negligible.

And if we really want to be thinking about how we use the Tax Code to support investment, these are not the way to do that. And it's all the more important because if we want to favor certain kinds of investment we have to think, what's the return to the American public for doing this?

The value for doing this for renewables, and why I think it is an incredible distraction to say renewables get more subsidies than fossil fuels, renewables deliver this incredible benefit of not just providing energy, but doing so in a way that doesn't actually harm

our health, creating premature mortality, creating the risk of cancer for people, especially those who are disproportionately burdened by this exposure because they live close to these facilities. They are the ones who are bearing those great losses.

And, in fact, when we think about the true cost to society, the fuels look cheap because we're not accounting for the fact that we are imposing significant public health costs and significant costs in changing the climate, which means damages to our infrastructure in the future, the risk of dying prematurely in the future, the risk of disastrous storms and forest fires out West.

Those are all the costs associated with this. But the benefits are really going to the shareholders of these companies. It's not actually increasing economic activity.

Mr. GOMEZ. And how is it compared? Compared to energy tax provisions for renewable energy, how are subsidies for oil and gas treated differently?

Mr. ALDY. Well, I think a key thing to recognize here is not just do the comparison between oil and gas and renewables, but to think about, just in general, how do we think about supporting investment in the economy? And there have been favorable rules for oil and gas and coal for more than 100 years.

And what that does is, is it tilts the playing field. It is an unfair playing field. So if you wanted to invest in building a new manufacturing plant or building a new retail store, you actually face a different set of rules than they do in this industry.

And I think the key thing is, is that when we think about what makes good public policies, it is not actually delivering something that makes us better off.

It's OK, I think, in fact quite encouraging, that until we have a more robust approach to addressing climate change, to have subsidies for renewables to lower their cost of investment. It actually enjoys dramatic improvements in the cost so that they now actually need fewer subsidies to be rolled out more and more extensively across the country.

That's been great driving down the cost of that technology. That's because they get something that the market doesn't recognize right now, which is the value of that clean air and the value of tackling climate change.

Mr. GOMEZ. Mr. Chairman, can I have 30 seconds?

Mr. KHANNA. Absolutely, absolutely.

Mr. GOMEZ. This is one of the things that I want people to understand, that there will be arguments on the other side that the Tax Code, everybody has access to this. But when you really look at it, they are the ones that have the biggest advantage because of the Tax Code. And it is not fair.

It's like the estate tax, right, or increasing the estate tax limit to \$11 million per person. Who benefits from that? Not the poor person that would never be impacted, but the extremely wealthy. And people think the Tax Code is neutral. It's not neutral in any sense of the imagination.

So, in essence, we are hindering the transition to a clean energy future because we are subsidizing an energy source that is dirtier, that doesn't take into account the negative externalities, the costs that are imposed. It's an unfair playing field. And we've got to level

that playing field so that the transition to clean renewables happens quicker and happens within the next 10 years.

With that, Mr. Chairman, I yield back.

Mr. KHANNA. Thank you, Representative Gomez. And thank you for your leadership and all the walks to make it to the hearing.

I know we have Representative Bush who is still trying to get on. And I know we've had some technical difficulty.

Representative Bush, have you managed to get on or—OK.

Well, let me say this, because if we go back to our witnesses and while we're waiting for one or two more members, and I want to recognize any of the witnesses if they have anything they want to respond to or clarify. Just raise your hand and I'll call on you. No obligation to.

Mr. Erickson, and then Ms. Houska after that.

So why don't we have Ms. Erickson, Ms. Houska, and then—

Ms. BUSH. Chairman Khanna, thank you for convening this hearing today.

And thank you, Madam Chair.

And we applaud Congressman Khanna and Congresswoman Omar and Senator Sanders for their work on this issue among so many others.

I also want to thank our witnesses for joining us today. And I want to especially thank Ms. Houska, our sister who has been at the forefront of fighting Line 3 for all of us, especially those of us downriver on the Mississippi. We are so grateful for you.

Right now the fossil fuel industry faces little to no consequences for the lethal pollution they have been creating for decades.

This is no accident. The fossil fuel industry has played a central role in diverting climate research and action even as they contaminate predominantly Black and Brown communities.

There will be consequences. And at first, bare minimum step toward accountability is ending our government's financial support of fossil fuels.

My community in St. Louis is home to the headquarters of two of the most egregious corporate polluters in the world, Peabody Coal and Arch Resources. Peabody and Arch are the largest coal companies in the United States, the most polluting Nation in the history of the world.

Companies like these have burdened my community with pollution that makes our air and water dirtier, while also dangerously warming our atmosphere in our cities.

The last thing the government should be doing is uplifting the grievous impacts of coal and oil on Black lives.

A new report from Greenpeace and the Gulf Coast Center for Law & Policy and the Movement for Black Lives found further evidence that extracting and burning fossil fuels disproportionately harms Black, Brown, and Indigenous and poor communities.

The report found that Black Americans have 1.5 times the exposure to particulate matter compared to the overall population.

What is that? It found that natural gas has increased the risk of cancer for 1 million—1 million—Black Americans.

Natural gas has also contributed to 138,000 asthma attacks, which cause over 100,000 lost school days for Black children, and we know that's unacceptable.

Ms. Houska, could you tell us more about how the fossil fuel industry's attack on your community in Minnesota could affect downriver communities like St. Louis?

Ms. HOUSKA. Yes. And I would point out that Minnesota is also the ground zero of racial justice right now, right? Like, we just had this moment where Derek Chauvin is actually going to go to prison for murdering George Floyd. That's happening in southern Minnesota, using the same police forces that are over-policing and surveilling and harassing Indigenous people in the north.

Our struggles are intertwined. We are interconnected. Racial justice is climate justice. So when it comes to the disparate impacts felt by this industry, I discussed it earlier, every single stopping point, whether it is the point of extraction, the transportation of the fuel, or whatever it happens to be, and the endpoint, when it is refined and when it is shipped out somewhere else, it is always Black and Brown folks and poor folks who are dealing with these impacts disparately over everyone else. We are the ones that are getting cancer. We are the ones that are forgotten. We're the sacrifice zones.

It's shocking to me to hear this committee continue to say this is about jobs, this is about jobs. What about the jobs in our communities? What about the economies that we have as people? What about the economies of wild rice that have existed since before the United States? What about the economies of all of the workers who they keep talking about, our workers, our workers.

I talk with these people. These are my family. These are my friends. I'm from those places. You don't think that we want to stop extracting from and destroying the natural world that we live in? Because they get to benefit from that, but we are the ones that have to actually deal with the impacts after they leave.

Enbridge is not going to be here when tar sands are in our rivers. We are the ones that have to deal with it. Just like in Kalamazoo, Michigan, when that spill happened, they are the ones that have to deal with that.

I know that workers want better jobs and we want jobs that don't require us to destroy the world around us. And I know that we can do better when it comes to racial justice.

Ms. BUSH. Yes. Thank you, Ms. Houska. Thank you.

We must address these historic injustices by ending our reliance on fossil fuels. We must end fossil fuel extraction and infrastructure. We also need to direct massive investments into renewable energy and climate infrastructure.

Just this week, I put forward a bill that would invest \$1 trillion in the Green New Deal for cities, towns, counties, and Tribes. Ending fossil fuel subsidies is just the beginning.

Ms. Thunberg, we need way more action to protect frontline Black, Brown, and Indigenous communities from the causes that impact climate change.

What action would you take, if you were leading the richest country in the world right now and the one most historically responsible for the climate crisis?

Ms. THUNBERG. Well, that's the big question. And, of course, I couldn't really do anything because that would be undemocratic, and we have to, of course, protect democracy at all costs.

So what I would do is to raise awareness so that people would understand why these changes would be necessary, why we need to take drastic climate action. That would maybe be the thing I would do first, because you cannot, of course, not take action unless you have support from the general public.

Ms. BUSH. Absolutely. And I know that very well.

Thank you. And I yield back.

Mr. KHANNA. Thank you, Representative Bush, for your leadership.

Without objection, Katie Porter, the Member from California, shall be permitted to join the subcommittee and be recognized for questioning the witnesses.

Thank you for joining us, Representative Porter. The floor is yours.

Ms. PORTER. Thank you very much.

Mr. Macchiarola, this isn't your first rodeo. You've come to testify before in Congress and you've worked on these issues for a long time.

Before you were working for the American Petroleum Institute, you were staff director for the Senate Committee on Energy and Natural Resources. Is that correct?

Mr. MACCHIAROLA. Yes.

Ms. PORTER. And that committee has jurisdiction over the issues that you now lobby on.

And you get paid a much better salary in the private sector than in the government, which is very typical. And your companies, they are part of capitalism. They invest, they take risk, they earn money, they share that money with shareholders.

But my question is, why should the taxpayers have to pay for any of that? Why should taxpayers have to shell out for your salary and for the costs of pollution? Why shouldn't the companies bear that themselves?

Let's assume just for a minute that big oil companies are bad actors in a capitalist system. Even if I'm OK with that, why do I have to pay? Why do taxpayers have to subsidize you and your polluting clients?

Mr. MACCHIAROLA. Thanks for your question, Congresswoman.

So taxpayers paid my salary when I worked for the government from 2004 through 2013. Since then, after leaving public service, I've worked in the private sector in a range of different roles, and taxpayers have not funded my salary—

Ms. PORTER. Reclaiming my time, Mr. Macchiarola.

Mr. MACCHIAROLA [continuing]. Since that time. Thank you.

Ms. PORTER. But you are aware that the fossil fuel industry receives—it received \$30 billion in Federal subsidies in 2020, last year. You don't think they use any of that Federal money to pay your salary to come lobby us to keep the rules in their favor so that you can come back to lobby us? Why do I have to pay for you to shill for oil companies? Why do we, as taxpayers, have to pay subsidies to the oil and gas industry?

Mr. MACCHIAROLA. Thank you for your question, Congresswoman. So the Federal leasing for oil and gas development produces a significant amount of funding for the Treasury. In fact—

Ms. PORTER. Reclaiming my time, Mr. Macchiarola.

Mr. MACCHIAROLA. I'd like to——

Ms. PORTER. Mr. Macchiarola, excuse me, but the evidence is clear, we subsidize—we taxpayers subsidize the oil and gas industry. We did it this year alone in the middle of the world's greatest pandemic, \$15.2 billion in direct pandemic relief alone to fossil fuel companies. And the fossil fuel industry turned around in 2020 and spent \$139 million on political donations and \$111 million lobbying.

Look, I get it. You drill in the Arctic Refuge. You take out oil and gas, and you poison the planet. Bad enough, but why should taxpayers have to subsidize that activity? It's a bridge too far, Mr. Macchiarola. Not with my tax dollars. You want to pollute, you want to hurt the wildlife, you want to destroy our planet, do it on your company's own dime. The subsidies here have to stop.

Ms. Thunberg——

Mr. MACCHIAROLA. Thanks for your question. Thank you for your question, Congresswoman.

Ms. PORTER. That's not a question, Mr. Macchiarola. That's a fact.

Ms. Thunberg, I want to turn to you. You were——

Mr. MACCHIAROLA. I'd like to respond——

Ms. PORTER. Reclaiming my time.

Mr. MACCHIAROLA [continuing]. To the question about stabilization because it's a very important point that you made, Congresswoman. During the period of time where the economy was shedding 20 million jobs, and both Congress and the administration, through fiscal policy and monetary policy, came in and stabilized the economy through bipartisan efforts——

Ms. PORTER. Reclaiming my time, Mr. Macchiarola. There's nothing magical about bipartisan. The vast majority of your political contributions are to Republicans, and during that period from March to August, when you were receiving—the oil companies were receiving \$15.2 billion in direct relief, you laid off 107,000 workers from that March to August.

Now I want to talk to Ms. Thunberg for a minute.

Mr. MACCHIAROLA. You referenced my congressional experience. I actually have found that there is something magical about bipartisan. It's something that this Congress could actually——

Ms. PORTER. Reclaiming my time, Mr. Macchiarola.

Mr. MACCHIAROLA [continuing]. Could actually—could actually——

Ms. PORTER. Could I have my time back?

Mr. MACCHIAROLA [continuing]. Take a lesson from bipartisanship and to be able to move forward on some of these important issues, Congresswoman. Thank you for your question.

Ms. PORTER. Ms. Thunberg, I just wanted to ask you one question. I have a nine-year-old daughter—I have three kids—and I told my nine-year-old daughter that I was going to be speaking with you, and I said, what do you think about climate change? And she said, "The Earth is on fire, and we're all going to die soon." And I asked her how that made her feel, and she said it made her feel angry.

What should I tell my daughter? And how should I help her and the youngest generation bear the emotional toll of the actions that fossil fuel companies are taking to destroy our planet?

Ms. THUNBERG. Well, it's—thank you for the question. That's a big, big question, and I know that there are many young people who feel angry and sad because of all the things that some people are doing to this planet and to our futures and to the most affected people, and that's very understandable. It would be strange if we didn't feel that way because then we wouldn't have any empathy.

So I would—but, of course, there is still much hope, and if we choose to take action, we can do this and there—I mean, there's unlimited things that we can do, and if we choose to act together, there are no limits to what we can accomplish. And always the best medication against anger and anxiety is to take action yourself. So that's what I would tell her, to take action herself, because that will make her feel so much better. That's what it did to me, at least, and so many others.

Ms. PORTER. Thank you so much.

Mr. Chair, I yield back.

Mr. KHANNA. Thank you. Thank you, Representative Porter for joining us on this committee and your always incisive questions.

I think that brings our committee to an end. I did want to—because before you joined, Representative Porter, I think Mr. Erickson had one comment. I want to give him that opportunity, and then we will end this hearing.

Mr. Erickson?

Mr. ERICKSON. Thank you, Chairman Khanna.

I wanted to address this question of to what degree subsidies to oil and gas actually lead to new investment. It's been a question raised by both Mr. Aldy and Mr. Macchiarola.

I just wanted to have an opportunity to just say that is the exact area of my research, and what we found is that over 96 percent of the value of the subsidies in the Tax Code goes to—goes directly to profits over and above the minimum investment hurdle rates that would be required to actually make those new investments happening.

So that very much supports the statement that Mr. Aldy was making about how subsidies don't actually lead to very much new investment or jobs at all, and that instead, the subsidies go to profits much more along the lines of what Congresswoman Porter was describing. Thank you.

Mr. KHANNA. Thank you, Mr. Erickson.

Well, I want to thank all our panelists, first of all, for your remarks, for staying with us, for the duration and through the votes and the technical difficulty.

And I want to really thank my colleagues, so many of them joining this subcommittee hearing, which, as you can tell, signals their interest and commitment and passion in ending fossil fuel subsidies and making sure that we do that this infrastructure bill.

With that, without objection, all members will have five legislative days within which to submit additional written questions for the witnesses to the chair which will be forwarded to the witnesses for their responses.

I ask our witnesses to please respond as promptly as you are able. Thank you again for your expertise, testimony, and time. This meeting is now adjourned.

[Whereupon, at 12:42 p.m., the subcommittee was adjourned.]

