



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

May 12, 2009

The Honorable Charles W. Boustany  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Boustany:

Thank you for your letter of May 4, in which you expressed your concerns about proposals in the FY2010 budget that directly affect the oil and natural gas industry. I understand the central role these industries play in Louisiana and in other parts of the country. As you mention, the American Recovery and Reinvestment Act of 2009 is projected to create or save 3.5 million jobs through the end of 2010, including an estimated 50,000 jobs in Louisiana.

The Administration believes that oil and gas preferences distort markets by encouraging more investment in the oil and gas industry than would occur under a neutral system. To the extent the credit encourages overproduction of oil, it is detrimental to long-term energy security and is also inconsistent with the Administration's policy of reducing carbon emissions and encouraging the use of renewable energy sources through a cap-and-trade program. Moreover, the credit must ultimately be financed with taxes that result in underinvestment in other, potentially more productive, areas of the economy.

The President campaigned on the idea that, if we are to finally reduce our dependence on foreign oil, we need to set aside old political battles and instead make the investments in new clean energy technology that will create good jobs here at home. Our proposals work hand in hand with the private sector to double the amount of renewable energy generated. On the broader energy and environmental front, we propose a cap-and-trade system, a tested policy that has dramatically reduced acid rain at much lower costs than the traditional Government regulations and mandates. The receipts from the program will fund vital investments throughout the country totaling \$150 billion in 10 years, starting in 2012. All other funds will be used to support families, communities, and businesses in your district and in the nation to help the transition to a clean energy economy.

I appreciate the leading role that Louisiana business has played in developing and deploying these technologies and look forward to working with you to ensure the best outcome for your constituents as well as for all Americans.

Sincerely,

Timothy F. Geithner