FOIA Number: 2012-0769-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Council on Environmental Quality

Series/Staff Member: Kathleen (Katie) McGinty

Subseries:

OA/ID Number: 2892

FolderID:

Folder Title:
Econ E - Energy Working Group - Minutes

Stack:	Row:	Section:	Shelf:	Position:
S	61	5	11	2

January 30, 1993

FAX COVER SHEET

TO: OMB [Randy Lyon, Kathy Peroff, Gary Bennenthum, Jim Mietus]
Treasury [John Parcell, James Nunns, Sam Sessions, Norm Richter]
CEA [Ray Squitieri]
DOE [Richard Rosenzweig]
EPA [Dick Morgenstern, Chuck Fox]
NEC [Heather Ross, Bo Cutter]

FROM: Katie McGinty

PAGE: 1 of x 4

*Please distribute to other participants from your organization

Politics of BTU and Ad Valorem Energy Taxes

January 30, 1993

This memo gives some general observations on the politics of three types of energy taxes: BTU taxes, ad valorem energy taxes at the primary level (minemouth, wellhead, etc.), and ad valorem energy taxes at the point of delivery. The focus is on how these taxes affect coal, oil, and gas producers. These effects will likely determine the politics of the debate over energy taxes in Congress and among the States.

One important distinction to keep in mind concerns the price increases such taxes will cause. The price of coal is less than 1/3 the price of oil in dollars per BTU, with natural gas in between. By definition, a BTU tax causes equal tax increases for the 3 fuels measured in dollars per BTU. However, the percentage price increases for the 3 fuels will vary significantly. Conversely, an ad valorem tax causes an equal tax increases measured in percentage terms. However, the price increases in dollars per BTU will vary significantly. Proponents of various fuels will cite "unfair" price increases and will focus on dollar increases or percentage increases as it suits their purposes.

EFFECT ON COAL PRODUCERS

A BTU tax hits coal the heaviest of the 3 taxes in percentage terms. A BTU tax raising $20 billion might raise delivered coal prices by 17%, compared to increases of 3% and 7% for oil and gas respectively. Is this sense, a BTU is similar to, but not as harsh as a carbon tax. Some environmentalists realize this connection and view a BTU tax as a reasonable second choice to a carbon tax.

Coal producers would prefer ad valorem taxes to BTU taxes. Western coal producers would prefer ad valorem at the minemouth because their minemouth prices are very low, hence the tax would be low. Their delivered coal prices are much higher because of long-haul, high transportation costs. Eastern coal producers would take the opposite view. They would support ad valorem at point of delivery in order preserve the existing competitive relationships between Western and Eastern coal.

The DRI economic model predicts that ad valorem at the primary level can result in an increase in coal use, a negative from the environmental perspective. For this reason, environmentalists would strongly oppose a primary level ad valorem tax.

EFFECT ON OIL PRODUCERS

Oil producers face a smaller percentage increase in price under a BTU tax than either natural gas or coal producers. They therefore prefer a BTU tax to either of the ad valorem tax options. Consumers in regions such as the Northeast who are most dependent on oil and least dependent on coal would be most supportive of a BTU tax, while consumers in Midwestern states, who depend primarily on coal, would oppose the BTU tax option.

EFFECT ON NATURAL GAS PRODUCERS

Natural gas producers are most concerned with competing with oil in the fuel market, and would consider themselves to be better off under an ad valorem than a BTU tax. This is because an ad valorem tax would lead to a smaller increase in the price of natural gas than would a BTU tax. However, because gas is so much cheaper than oil on a BTU basis, an equal-cents-per-BTU tax will have little effect on market share and its competitive position will not be impaired. Their concerns are almost certainly exaggerated, but they likely will voice a preference for the ad valorem option.

GENERAL COMMENTS

As a general rule, the smallest tax on the broadest tax base will ruffle the fewest political feathers. Among these three tax proposals, ad valorem at the point of delivery has the broadest base: it applies to "raw" energy costs plus all processing and distribution costs. The corollary is that it changes behavior (in terms of the selection of fuels) the least.

As to the reaction of various interest groups:

Environmentalists: Prefer a BTU tax. However, at the lower levels ($20 billion) they will not accept the tax as an environmental initiative because it will not likely induce fuel switching away from coal. May support a point of delivery ad valorem tax to the extent that it could lead to greater energy efficiency. Will oppose an ad valorem tax imposed at point of production because of possible fuel switching to coal.

Auto industry: Have supported a gas tax. Would support any of these options to a lesser degree than a gas tax because it will increase their costs. The Big Three have, however, indicated some willingness to support a broader based tax. They will likely try to tie their support to some commitment that CAFE not be increased.

Western Coal Producing States: Prefer ad valorem tax imposed at the point of production.

Eastern Coal Producing States: Prefer a point of delivery ad valorem tax.

The Northeast States: Primarily use oil. Therefore, prefer BTU tax.

The Midwestern States: Primarily use coal. Therefore, prefer the ad valorem options. Difficult to predict which type of ad valorem would be preferable because these states also produce coal.

The Pacific Northwest and California: Use little coal; depend primarily on nuclear and natural gas. Would likely prefer a BTU tax.

The Southern States: Mixed dependence on coal and natural gas. Difficult to predict the preference of these states as a region. Texas and Louisiana use natural gas and on that basis could be expected to prefer an ad valorem tax. However, because these states also produce oil, there could be a preference for a BTU tax (of course, these states would primarily prefer an oil import fee).

Energy Intensive Industries: Difficult to predict. Some are very electric intensive; others burn fossil fuel for industrial heat.

****DISCLAIMER: Interest group representatives have not been polled in reaching these assessments. Rather, predicted preferences are based on primary fuel use and the likely reaction of the producers of those fuels (discussed in the first portion of this memorandum).

January 30, 1993

TO:

FROM:

RE: Politics of Energy Taxes

This memo gives some general observations on the politics of three types of energy taxes: BTU taxes, ad valorem energy taxes at the primary level (minemouth, wellhead, etc.), and ad valorem energy taxes at the point of delivery. The focus is on how these taxes affect coal, oil, and gas producers. These effects will likely determine the politics of the debate over energy taxes in Congress and among the States.

One important distinction to keep in mind concerns the price increases such taxes will cause. The price of coal is less than 1/3 the price of oil in dollars per BTU, with natural gas in between. By definition, a BTU tax causes equal tax increases for the 3 fuels measured in dollars per BTU. However, the percentage price increases for the 3 fuels will vary significantly. Conversely, an ad valorem tax causes an equal tax increases measured in percentage terms. However, the price increases in dollars per BTU will vary significantly. Proponents of various fuels will cite "unfair" price increases and will focus on dollar increases or percentage increases as it suits their purposes.

EFFECT ON COAL PRODUCERS

A BTU tax hits coal the heaviest of the 3 taxes in percentage terms. A BTU tax raising $20 billion might raise delivered coal prices by 17%, compared to increases of 3% and 7% for oil and gas respectively. Is this sense, a BTU is similar to, but not as harsh as a carbon tax. Some environmentalists realize this connection and view a BTU tax as a reasonable second choice to a carbon tax.

Coal producers would prefer ad valorem taxes to BTU taxes. Western coal producers would prefer ad valorem at the minemouth because their minemouth prices are very low, hence the tax would be low. Their delivered coal prices are much higher because of long-haul, high transportation costs. Eastern coal producers would take the opposite view. They would support ad valorem at point of delivery in order preserve the existing competitive relationships between Western and Eastern coal.

The DRI economic model predicts that ad valorem at the primary level can result in an increase in coal use, a negative from the environmental perspective.

EFFECT ON OIL PRODUCERS

Oil producers bear the smallest burden under a BTU tax. Their biggest concern is their competitive position vis-a-vis natural gas. A BTU tax is best at preserving that. Consumers in regions most dependent on oil and least dependent on coal (such as the Northeast) would be most supportive of a BTU tax (and vice-versa for the Midwest).

EFFECT ON NATURAL GAS PRODUCERS

Natural gas producers are similarly most concerned with competing with oil in the fuel market, and are best off under an ad valorem tax. They would be somewhat worse off under a BTU tax, but their competitive position would be virtually unchanged. Gas is so much cheaper than oil on a BTU basis that an equal-cents-per-BTU tax will have little affect on market share. Their concerns may be exaggerated, but their voices will be heard.

GENERAL COMMENTS

As a general rule, the smallest tax on the broadest tax base will ruffle the fewest political feathers. Among these three tax proposals, ad valorem at the point of delivery has the broadest base: it applies to "raw" energy costs plus all processing and distribution costs. The corollary is that it changes behavior the least.

Date: 1-29-93

Time: ___:___

THE WHITE HOUSE

PHOTOCOPY PRESERVATION

FAX COVER SHEET

TO: Katie McGinty

Phone: (___) 456-6224

FAX: (___) 456-6231

FROM: Heather Ross

Phone: (202) 456-7988

Pages following cover sheet = 3

TO: ECONe - Energy Working Group

FROM: Heather Ross

DATE: January 29, 1993

SUBJECT: Next Steps

Agreement this morning to produce factual reports as follows:

A. Modelling (Dick Morgenstern)

Tax alternatives
1. BTU
2. Ad valorem - at source
3. Ad valorem - end use
4. Carbon
5. Gasoline
6. Oil import fee

assuming 2.5c/gasoline tax extension in baseline.

Levels:
1. Net revenue = $22 billion, fully phased in.
2. Net revenue = $40 billion, fully phased in, with $18 billion income tax give back (modelled as per capita refundable credit, with whatever further insights EPA can offer about alternatives)

Phasing: Linear over four years, 1/1/94 - 1/1/97

Tax base: BTU and ad valorem - all energy. (Technicals to decide non-fossil equivalence; policy discussion about renewables left to later)
Carbon - fossil fuels
(all variants net out non-fuel uses)

Results: 1997 revenues; 2000 impacts, including:

GNP
energy consumption, domestic production; fuel shares
oil imports
price changes: at source, retail
regional effects: prices and incomes
distributional effects: income and consumption classes*

industry impacts: domestic incidence,
international competitiveness
*EPA to evaluate regressivity mitigation
measures, where readily available

Technicals (not in Somalia sense) to work out exact product content and format to meet heroic timeframe. Focus on BTU and ad valorem (2); others for comparison. Desire expressed for text as well as tables/charts.

B. Administrative considerations (John Parcell)
cost, complexity, visibility, enforceability, public receptivity...

C. Political considerations (Katie McGinty, Rich Rosenzweig)
campaign, Hill, state and local government, industry, public...

Reports A,B and C due Sunday, January 30, 5:00 p.m. by fax to all participants (See attached)

Meeting Monday, February 1, 2:00 p.m., Room 472 OEOB to discuss reports and any further supporting work, and to outline decision memo.

cc: Bo Cutter

AD HOC ENERGY WORKING GROUP MEETING

Friday, January 29, 1993 - 10:30 a.m. - Room 476 OEOB

home	Representative	Room	Phone	Fax
301-320-3763				
	OMB - Randy Lyon	9002 NEOB	395-5800	395-1151
	Kathy Peroff	8001 NEOB	395-3404	395-4817
410-956-4078	Gary Bennethum	8013 NEOB	395-3634	395-3165
703-759-3007	Jim Mietus	8013 NEOB	395-3183	395-3165
	Treasury -			
703-243-2078	John Parcell	1064	622-2578	622-1772
703-522-6510	James Nunns	4043	622-1328	622-0236
703-527-1150	Sam Sessions	3108	622-0130	622-0281
	Norm Richter	3127	622-0586	622-0281
202-547-1090				
	VP - Katie McGinty	286 OEOB	456-6224	456-6231
	Greg Simon	288 OEOB	456-6222	456-6231
301-913-0252				
	CEA - Ray Squitieri	317 OEOB	395-6982	395-6947
703-824-0254				
	DOE - Richard Rosenzweig	7A-257	586-6210	586-7644
202-544-7731				
	EPA - Richard Morgenstern	1215 West Tower	260-4711	260-4852
202-546-9208	~~Jonathan~~ Chuck Fox	1204 West Tower	260-7960	260-3684
202-966-6646				
	NEC - Heather Ross	227 OEOB	456-7988	456-7739
	Bo Cutter	231 OEOB	456-6630	456-7739

NORTHEAST MIDWEST INSTITUTE
THE CENTER FOR REGIONAL POLICY

218 D STREET, S.E.
WASHINGTON, D.C.
20003
TEL: (202) 544-5200
FAX: (202) 544-0043

State-by-State Impacts of Energy Tax Alternatives

by

Diane De Vaul

Northeast-Midwest Institute
218 D Street, S.E.
Washington, D.C. 20003

202/637-2201

FYI from Johnathan Sallett

Overview

The Clinton Administration is considering a variety of energy tax alternatives. The accompanying tables show the state-by-state implications of four different approaches: an oil import fee, a gasoline tax, a BTU tax and a carbon tax.

To allow for consistent comparisons, the tables assume that each tax option will raise $5 billion in federal tax revenue. Achieving such a revenue goal requires a $1.71 per-barrel oil import fee; a 4.5 cent per-gallon gasoline tax; a BTU tax of $61,613.69 per trillion BTUs; and a carbon tax of $86,763.64 per trillion BTUs of coal consumed, $49,371.78 per trillion BTUs of gas consumed, and $71,516.47 per trillion BTUs of oil consumed.

Several explanatory notes:

- Although an oil import fee of $1.71 per barrel would provide $5 billion of federal tax revenue, it would cost American consumers $10.6 billion because the price of domestically produced oil also would rise.

why?

- Table 2 compares the per-household cost for each of the four energy tax alternatives. As an example, for the federal government to raise $5 billion in energy tax revenues, the average Connecticut household would pay an extra $106 per year for an oil import fee, $48 for a gasoline tax, $37 for a BTU tax, and $31 for a carbon tax.

- Table 3 compares each state's share of the total costs for each tax option. Consider Connecticut again as an example. The state has 1.32 percent of the nation's population. It would pay 1.99 percent of the total cost of an oil import fee, 1.17 percent of the total cost for a gasoline tax, 0.90 percent of the total cost for a BTU tax, and 0.76 percent of the total cost for a carbon tax.

- Tables 4-6 provide the same data on total costs per state, per-household costs, and state shares, but they exclude the industrial sector. Some analysts argue that excluding the industrial sector provides a more accurate picture of the cost impacts of energy taxes because the preponderance of the chemical and refining industries, which consume massive amounts of energy, are located only in a few states, specifically Texas and Louisiana. These analysts conclude, moreover, that including the industrial sector skews the state-by-state impacts as the chemical and refining industries pass on any higher taxes to consumers throughout the country.

- To understand the impact of other energy tax levels, the reader simply can multiply the presented numbers by the appropriate factor. An energy tax that would provide the federal government with $50 billion in tax revenue, for instance, would cost ten times more than the charts show: an oil import fee raising $50 billion in federal tax revenue, therefore, would cost Connecticut consumers $1,183,491,000, or $1,060 per household in the state.

Table 1. Cost of Four Energy Tax Options to Raise $5 Billion[1]
(in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
New England				
Connecticut	129,852,270	58,608,111	45,107,382	37,892,004
Maine	72,136,350	26,600,730	22,378,092	17,903,767
Massachusetts	237,332,610	105,465,765	82,636,281	79,120,669
New Hampshire	47,505,510	22,167,275	14,965,965	14,426,724
Rhode Island	30,750,930	16,508,312	11,996,185	8,790,790
Vermont	22,130,820	12,615,522	7,800,293	5,247,022
Total	539,708,490	241,965,715	184,884,200	163,380,975
Mid-Atlantic				
Delaware	40,318,380	15,066,538	14,510,024	16,611,026
Maryland	154,312,110	89,245,808	74,811,342	69,444,055
New Jersey	369,816,570	147,493,476	139,253,101	114,613,277
New York	536,382,540	262,006,373	220,817,304	200,697,655
Pennsylvania	393,226,470	202,316,931	219,991,680	248,797,530
Total	1,494,056,070	716,129,126	669,383,451	650,163,542
Midwest				
Illinois	387,217,530	228,016,552	217,798,233	200,107,446
Indiana	260,739,090	116,567,425	150,405,179	200,744,959
Iowa	98,665,290	59,653,398	55,403,030	61,424,700
Michigan	288,418,860	188,079,413	168,421,022	173,267,968
Minnesota	155,527,920	89,894,606	81,182,198	77,939,849
Ohio	350,849,250	208,011,938	227,853,587	241,638,260
Wisconsin	150,486,840	91,841,001	84,133,494	83,623,667
Total	1,691,904,780	982,064,333	985,196,742	1,038,746,848
South				
Alabama	165,138,120	92,633,977	96,850,559	109,047,700
Arkansas	88,675,470	54,571,144	48,163,421	49,885,281
District of Columbia	11,445,030	7,605,358	10,449,682	4,244,630
Florida	484,078,770	267,989,735	188,494,762	183,561,400
Georgia	260,036,280	156,540,608	127,774,470	137,234,265
Kentucky	159,939,720	81,027,697	89,592,467	115,658,617
Louisiana	457,259,130	82,757,825	215,259,749	201,146,831
Mississippi	124,128,900	54,751,366	57,688,898	50,121,684
North Carolina	232,443,720	145,943,569	120,023,468	106,474,631
Oklahoma	135,508,950	74,143,226	83,320,193	85,732,568
South Carolina	127,562,580	81,460,229	73,548,262	60,621,282
Tennessee	183,315,420	109,178,333	108,002,637	105,289,309
Texas	1,534,070,070	386,683,776	603,623,160	619,460,254
Virginia	234,654,750	132,390,894	113,196,671	92,060,649
West Virginia	91,691,910	36,981,502	49,679,118	102,999,004
Total	4,289,948,820	1,764,659,238	1,985,667,517	2,023,538,105

Table 1. Cost of Four Energy Tax Options to Raise $5 Billion[1] (continued)
(in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
West				
Alaska	70,200,630	11,029,571	35,834,522	33,830,994
Arizona	110,329,200	74,035,093	56,456,624	61,194,685
California	1,096,498,170	576,024,741	450,211,233	353,946,344
Colorado	103,506,300	66,934,356	56,265,622	63,823,769
Hawaii	85,999,320	16,328,090	18,422,493	21,263,299
Idaho	37,406,250	21,554,521	22,963,422	11,790,343
Kansas	133,593,750	53,886,302	63,474,423	70,138,855
Missouri	196,051,500	120,460,214	90,929,484	102,929,193
Montana	45,451,800	19,427,904	20,831,589	27,109,317
Nebraska	64,574,730	34,746,752	31,293,593	32,279,740
Nevada	53,923,140	28,114,592	24,127,921	29,944,782
New Mexico	73,499,220	35,107,196	36,783,373	52,145,093
North Dakota	34,165,800	15,354,893	18,903,080	41,965,213
Oregon	109,192,050	59,725,486	57,165,182	32,279,667
South Dakota	34,819,020	16,904,800	12,550,709	11,630,938
Utah	60,581,880	31,466,717	33,450,072	52,015,492
Washington	239,333,310	100,635,822	120,337,698	72,099,566
Wyoming	38,627,190	13,372,453	24,540,733	53,776,213
Total	2,587,753,260	1,295,109,504	1,174,541,772	1,124,163,501
Northeast	2,033,764,560	958,094,841	854,267,650	813,544,518
Midwest	1,691,904,780	982,064,333	985,196,742	1,038,746,848
Northeast and Midwest	3,725,669,340	1,940,159,174	1,839,464,392	1,852,291,366
South	4,289,948,820	1,764,659,238	1,985,667,517	2,023,538,105
West	2,587,753,260	1,295,109,504	1,174,541,772	1,124,163,501
South and West	6,877,702,080	3,059,768,742	3,160,209,290	3,147,701,606
U.S. Total	10,603,371,420.	4,999,927,916	4,999,673,682	4,999,992,972

[1]Goal is $5 billion in federal tax revenue.
[2]Based on an oil import fee of $1.71 per barrel.
[3]Based on an increase of 4.5 cents per gallon.
[4]Based on $61,613.69 per trillion BTU.
[5]Based on $86,763.64 per trillion BTUs of coal used; $49,371.78 per trillion BTUs of natural gas used; and $71,516.47 per trillion BTUs of petroleum used.

SOURCES: Northeast-Midwest staff calculations based on U.S. Department of Energy, Energy Information Administration, *Petroleum Supply Annual 1990: Volume 1* (Washington, D.C., May 1991), p. 15; *State Energy Data Report: Consumption Estimates 1960-1990* (Washington, D.C., May 1992), pp. 31 and 34; and carbon coefficients from Gregg Marland and Angela Pippin, "United States Emissions of Carbon Dioxide to the Earth's Atmosphere by Economic Activity," in *Energy Systems and Policy*, Volume 14 (London: Taylor and Francis, 1991), pp. 319-336.

Table 2. Cost to Households of Four Energy Tax Options to Raise $5 Billion[1]
(in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
New England				
Connecticut	106	48	37	31
Maine	155	57	48	39
Massachusetts	106	47	37	35
New Hampshire	116	54	36	35
Rhode Island	81	44	32	23
Vermont	105	60	37	25
Total	109	49	37	33
Mid-Atlantic				
Delaware	163	61	59	67
Maryland	88	51	43	40
New Jersey	132	53	50	41
New York	81	39	33	30
Pennsylvania	87	45	49	55
Total	94	45	42	41
Midwest				
Illinois	92	54	52	48
Indiana	126	56	73	97
Iowa	93	56	52	58
Michigan	84	55	49	51
Minnesota	94	55	49	47
Ohio	86	51	56	59
Wisconsin	83	50	46	46
Total	92	54	54	57
South				
Alabama	110	61	64	72
Arkansas	100	61	54	56
District of Columbia	46	30	42	17
Florida	94	52	37	36
Georgia	110	66	54	58
Kentucky	116	59	65	84
Louisiana	305	55	144	134
Mississippi	136	60	63	55
North Carolina	92	58	48	42
Oklahoma	112	61	69	71
South Carolina	101	65	58	48
Tennessee	99	59	58	57
Texas	253	64	99	102
Virginia	102	58	49	40
West Virginia	133	54	72	149
Total	144	59	67	68

Table 2. Cost to Households of Four Energy Tax Options to Raise $5 Billion[1] (continued)
(in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
West				
Alaska	371	58	190	179
Arizona	81	54	41	45
California	106	55	43	34
Colorado	81	52	44	50
Hawaii	242	46	52	60
Idaho	104	60	64	33
Kansas	141	57	67	74
Missouri	100	61	46	52
Montana	149	63	68	89
Nebraska	107	58	52	54
Nevada	116	60	52	64
New Mexico	135	65	68	96
North Dakota	142	64	78	174
Oregon	99	54	52	29
South Dakota	134	65	48	45
Utah	113	59	62	97
Washington	128	54	64	39
Wyoming	229	79	145	318
Total	113	56	51	49
Northeast	97	46	41	39
Midwest	92	54	54	57
Northeast and Midwest	95	50	47	47
South	144	59	67	68
West	113	56	51	49
South and West	130	58	60	60
U.S. Total	115	54	54	54

[1]Goal is $5 billion in federal tax revenue.
[2]Based on an oil import fee of $1.71 per barrel.
[3]Based on an increase of 4.5 cents per gallon.
[4]Based on $61,613.69 per trillion BTU.
[5]Based on $86,763.64 per trillion BTUs of coal used; $49,371.78 per trillion BTUs of natural gas used; and $71,516.47 per trillion BTUs of petroleum used.

SOURCE: Northeast-Midwest staff calculations based on households by state from U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States: 1992* (Washington, D.C., 1992), p. 49; U.S. Department of Energy, Energy Information Administration, *Petroleum Supply Annual 1990: Volume I* (Washington, D.C., May 1991), p. 15; *State Energy Data Report: Consumption Estimates 1960-1990* (Washington, D.C., May 1992), pp. 31 and 34; and carbon coefficients from Gregg Marland and Angela Pippin, "United States Emissions of Carbon Dioxide to the Earth's Atmosphere by Economic Activity," in *Energy Systems and Policy*, Volume 14 (London: Taylor and Francis, 1991), pp. 319-336.

Table 3. State Shares of Costs Produced by Four Energy Tax Options[1] (in percent of U.S. total)

State or Region	Portion of U.S. Population	Share of Oil Import Fee[2]	Share of Gasoline Tax[3]	Share of BTU Tax[4]	Share of Carbon Tax[5]
New England					
Connecticut	1.32	1.22	1.17	0.90	0.76
Maine	0.49	0.68	0.53	0.45	0.36
Massachusetts	2.42	2.24	2.11	1.65	1.58
New Hampshire	0.45	0.45	0.44	0.30	0.29
Rhode Island	0.40	0.29	0.33	0.24	0.18
Vermont	0.23	0.21	0.25	0.16	0.10
Total	5.31	5.09	4.84	3.70	3.27
Mid-Atlantic					
Delaware	0.27	0.38	0.30	0.29	0.33
Maryland	1.92	1.46	1.78	1.50	1.39
New Jersey	3.11	3.49	2.95	2.79	2.29
New York	7.23	5.06	5.24	4.42	4.01
Pennsylvania	4.78	3.71	4.05	4.40	4.98
Total	17.31	14.09	14.32	13.39	13.00
Midwest					
Illinois	4.60	3.65	4.56	4.36	4.00
Indiana	2.23	2.46	2.33	3.01	4.01
Iowa	1.12	0.93	1.19	1.11	1.23
Michigan	3.74	2.72	3.76	3.37	3.47
Minnesota	1.76	1.47	1.80	1.62	1.56
Ohio	4.36	3.31	4.16	4.56	4.83
Wisconsin	1.97	1.42	1.84	1.68	1.67
Total	19.77	15.96	19.64	19.71	20.77
South					
Alabama	1.62	1.56	1.85	1.94	2.18
Arkansas	0.95	0.84	1.09	0.96	1.00
District of Columbia	0.24	0.11	0.15	0.21	0.08
Florida	5.20	4.57	5.36	3.77	3.67
Georgia	2.60	2.45	3.13	2.56	2.74
Kentucky	1.48	1.51	1.62	1.79	2.31
Louisiana	1.70	4.31	1.66	4.31	4.02
Mississippi	1.03	1.17	1.10	1.15	1.00
North Carolina	2.67	2.19	2.92	2.40	2.13
Oklahoma	1.26	1.28	1.48	1.67	1.71
South Carolina	1.40	1.20	1.63	1.47	1.21
Tennessee	1.96	1.73	2.18	2.16	2.11
Texas	6.83	14.47	7.73	12.07	12.39
Virginia	2.49	2.21	2.65	2.26	1.84
West Virginia	0.72	0.86	0.74	0.99	2.06
Total	32.17	40.46	35.29	39.72	40.47

Table 3. State Shares of Costs Produced by Four Energy Tax Options[1] (continued)
(in percent of U.S. total)

State or Region	Portion of U.S. Population	Share of Oil Import Fee[2]	Share of Gasoline Tax[3]	Share of BTU Tax[4]	Share of Carbon Tax[5]
West					
Alaska	0.22	0.66	0.22	0.72	0.68
Arizona	1.47	1.04	1.48	1.13	1.22
California	11.97	10.34	11.52	9.00	7.08
Colorado	1.32	0.98	1.34	1.13	1.28
Hawaii	0.45	0.81	0.33	0.37	0.43
Idaho	0.40	0.35	0.43	0.46	0.24
Kansas	1.00	1.26	1.08	1.27	1.40
Missouri	2.06	1.85	2.41	1.82	2.06
Montana	0.32	0.43	0.39	0.42	0.54
Nebraska	0.63	0.61	0.69	0.63	0.65
Nevada	0.48	0.51	0.56	0.48	0.60
New Mexico	0.61	0.69	0.70	0.74	1.04
North Dakota	0.26	0.32	0.31	0.38	0.84
Oregon	1.14	1.03	1.19	1.14	0.65
South Dakota	0.28	0.33	0.34	0.25	0.23
Utah	0.69	0.57	0.63	0.67	1.04
Washington	1.96	2.26	2.01	2.41	1.44
Wyoming	0.18	0.36	0.27	0.49	1.08
Total	25.45	24.41	25.90	23.49	22.48
Northeast	22.62	19.18	19.16	17.09	16.27
Midwest	19.77	15.96	19.64	19.71	20.77
Northeast and Midwest	42.39	35.14	38.80	36.79	37.05
South	32.17	40.46	35.29	39.72	40.47
West	25.45	24.41	25.90	23.49	22.48
South and West	57.61	64.86	61.20	63.21	62.95
U.S. Total	100.00	100.00	100.00	100.00	100.00

[1]Goal is $5 billion in federal tax revenue.
[2]Based on an oil import fee of $1.71 per barrel.
[3]Based on an increase of 4.3 cents per gallon.
[4]Based on $61,613.69 per trillion BTU.
[5]Based on $86,763.64 per trillion BTUs of coal used; $49,371.78 per trillion BTUs of natural gas used; and $71,316.47 per trillion BTUs of petroleum used.

SOURCES: Northeast-Midwest staff calculations based on U.S. Department of Commerce, Bureau of the Census, "Census Bureau Completes Distribution of 1990 Census Information from Summary Tape File 1A" (news release, Washington, D.C., June 11, 1991; U.S. Department of Energy, Energy Information Administration, *Petroleum Supply Annual 1990: Volume I* (Washington, D.C., May 1991), p. 15; *State Energy Data Report: Consumption Estimates 1960-1990* (Washington, D.C., May 1992), pp. 31 and 34; and carbon coefficients from Gregg Marland and Angela Pippin, "United States Emissions of Carbon Dioxide to the Earth's Atmosphere by Economic Activity," in *Energy Systems and Policy*, Volume 14 (London: Taylor and Francis, 1991), pp. 319-336.

Table 4. Total Energy Tax Costs to States Excluding Industrial Sector[1] (in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
New England				
Connecticut	118,349,100	58,103,491	36,986,698	33,790,080
Maine	60,641,730	26,420,508	15,582,102	14,388,497
Massachusetts	219,779,460	104,672,789	69,235,303	72,498,098
New Hampshire	42,700,410	22,059,142	11,306,112	13,015,889
Rhode Island	26,217,720	16,436,223	9,790,415	7,381,464
Vermont	20,603,790	12,471,345	6,407,824	4,795,633
Total	488,292,210	240,163,497	149,308,455	145,869,641
Mid-Atlantic				
Delaware	29,878,830	14,958,405	8,730,660	12,742,384
Maryland	130,876,560	88,705,143	49,377,211	55,457,212
New Jersey	290,493,090	146,628,412	106,973,689	90,777,672
New York	489,776,490	259,843,712	177,780,141	176,792,094
Pennsylvania	315,183,780	200,082,181	132,956,182	183,512,683
Total	1,256,208,750	710,217,853	475,817,882	519,282,045
Midwest				
Illinois	283,613,760	225,637,625	143,954,225	148,895,045
Indiana	194,611,680	115,377,961	77,583,958	143,829,464
Iowa	79,355,970	57,634,914	35,255,353	48,095,880
Michigan	238,690,350	186,241,151	112,143,077	139,207,394
Minnesota	121,062,870	87,804,034	51,188,654	63,099,564
Ohio	271,878,030	206,173,676	132,574,177	187,562,186
Wisconsin	127,514,700	90,363,183	55,754,228	67,952,846
Total	1,316,727,360	969,232,545	608,453,673	798,642,380
South				
Alabama	130,796,190	91,804,957	52,457,896	80,361,862
Arkansas	74,665,440	53,778,169	30,338,581	39,822,259
District of Columbia	11,219,310	7,425,136	8,410,269	4,194,568
Florida	448,833,960	265,971,251	162,235,007	167,601,065
Georgia	223,849,260	154,125,636	88,582,002	115,376,290
Kentucky	118,109,700	79,441,745	49,451,148	94,677,826
Louisiana	203,341,230	82,109,027	75,291,929	85,471,841
Mississippi	88,222,320	53,670,036	34,959,608	35,792,941
North Carolina	192,005,640	144,429,706	80,806,354	86,088,443
Oklahoma	104,527,170	72,557,275	48,915,108	61,668,582
South Carolina	104,946,120	80,126,588	43,203,519	45,723,385
Tennessee	146,476,890	108,097,003	63,628,458	82,263,728
Texas	665,509,770	378,537,753	265,105,224	339,513,017
Virginia	204,131,250	131,057,253	83,689,875	70,506,238
West Virginia	47,483,280	36,512,926	21,971,442	78,964,169
Total	2,764,117,530	1,739,644,460	1,109,046,420	1,388,026,213

Table 4. Total Energy Tax Costs to States Excluding Industrial Sector[1] (continued)
(In dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
West				
Alaska	58,825,710	10,921,438	17,233,349	18,332,358
Arizona	98,448,120	73,097,940	45,212,126	56,170,489
California	912,893,760	570,077,424	333,804,488	274,713,644
Colorado	87,950,430	66,177,425	43,511,588	55,375,531
Hawaii	76,985,910	16,075,780	13,973,985	18,906,885
Idaho	29,504,340	20,905,722	14,466,894	7,891,026
Kansas	79,355,970	52,444,528	38,471,588	50,840,262
Missouri	160,091,910	119,198,662	69,635,792	89,024,975
Montana	28,021,770	18,274,485	11,817,506	21,921,723
Nebraska	49,446,360	32,944,535	23,382,395	27,173,863
Nevada	45,379,980	27,790,193	17,436,674	27,159,415
New Mexico	52,228,530	34,494,442	24,577,701	43,382,618
North Dakota	23,341,500	13,841,030	9,470,024	31,325,268
Oregon	92,302,380	58,932,511	39,981,123	25,486,655
South Dakota	26,274,150	15,967,647	9,217,408	9,144,052
Utah	48,789,720	31,106,273	20,381,809	41,919,290
Washington	185,572,620	99,410,315	76,209,973	54,321,334
Wyoming	25,506,360	12,579,478	9,556,283	43,389,734
Total	2,080,919,520	1,274,239,826	818,340,708	896,479,122
Northeast	1,744,500,960	950,381,350	625,126,337	665,151,686
Midwest	1,316,727,360	969,232,545	608,453,673	798,642,380
Northeast and Midwest	3,061,228,320	1,919,613,895	1,233,580,010	1,463,794,066
South	2,764,117,530	1,739,644,460	1,109,046,420	1,388,026,213
West	2,080,919,520	1,274,239,826	818,340,708	896,479,122
South and West	4,845,037,050	3,013,884,286	1,927,387,128	2,284,505,335
U.S. Total	7,906,265,370	4,933,498,181	3,160,967,138	3,748,299,401

[1]Cost is $5 billion in federal tax revenue.
[2]Based on an oil import fee of $1.71 per barrel.
[3]Based on an increase of 4.5 cents per gallon.
[4]Based on $61,613.69 per trillion BTU.
[5]Based on $86,763.64 per trillion BTUs of coal used; $49,371.78 per trillion BTUs of natural gas used; and $71,516.47 per trillion BTUs of petroleum used.

SOURCES: Northeast-Midwest staff calculations based on U.S. Department of Energy, Energy Information Administration, *Petroleum Supply Annual 1990: Volume 1* (Washington, D.C., May 1991), p. 15; *State Energy Data Report: Consumption Estimates 1960-1990* (Washington, D.C., May 1992), pp. 31 and 34; and carbon coefficients from Gregg Marland and Angela Pippin, "United States Emissions of Carbon Dioxide to the Earth's Atmosphere by Economic Activity," in *Energy Systems and Policy*, Volume 14 (London: Taylor and Francis, 1991), pp. 319-336.

Table 5. State Shares of Revenues Produced by Four Energy Tax Options Excluding Industrial Sector[1] (in percent of U.S. total)

State or Region	Portion of U.S. Population	Share of Oil Import Fee[2]	Share of Gasoline Tax[3]	Share of BTU Tax[4]	Share of Carbon Tax[5]
New England					
Connecticut	1.32	1.50	1.18	1.17	0.90
Maine	0.49	0.77	0.54	0.49	0.38
Massachusetts	2.42	2.78	2.12	2.19	1.93
New Hampshire	0.45	0.54	0.45	0.36	0.35
Rhode Island	0.40	0.33	0.33	0.31	0.20
Vermont	0.23	0.26	0.25	0.20	0.13
Total	5.31	6.18	4.87	4.72	3.89
Mid-Atlantic					
Delaware	0.27	0.38	0.30	0.28	0.34
Maryland	1.92	1.66	1.80	1.56	1.48
New Jersey	3.11	3.67	2.97	3.38	2.42
New York	7.23	6.19	5.27	5.62	4.72
Pennsylvania	4.78	3.99	4.06	4.21	4.90
Total	17.31	15.89	14.40	15.05	13.85
Midwest					
Illinois	4.60	3.59	4.57	4.55	3.97
Indiana	2.23	2.46	2.34	2.45	3.84
Iowa	1.12	1.00	1.17	1.12	1.28
Michigan	3.74	3.02	3.78	3.55	3.71
Minnesota	1.76	1.53	1.78	1.62	1.68
Ohio	4.36	3.44	4.18	4.19	5.00
Wisconsin	1.97	1.61	1.83	1.76	1.81
Total	19.77	16.65	19.65	19.25	21.31
South					
Alabama	1.62	1.65	1.86	1.66	2.14
Arkansas	0.95	0.94	1.09	0.96	1.06
District of Columbia	0.24	0.14	0.15	0.27	0.11
Florida	5.20	5.68	5.39	5.13	4.47
Georgia	2.60	2.83	3.12	2.80	3.08
Kentucky	1.48	1.49	1.61	1.56	2.53
Louisiana	1.70	2.57	1.66	2.38	2.28
Mississippi	1.03	1.12	1.09	1.11	0.95
North Carolina	2.67	2.43	2.93	2.56	2.30
Oklahoma	1.26	1.32	1.47	1.55	1.65
South Carolina	1.40	1.33	1.62	1.37	1.22
Tennessee	1.96	1.85	2.19	2.01	2.19
Texas	6.83	8.42	7.67	8.39	9.06
Virginia	2.49	2.58	2.66	2.65	1.88
West Virginia	0.72	0.60	0.74	0.70	2.11
Total	32.17	34.96	35.26	35.09	37.03

Table 5. State Shares of Revenues Produced by Four Energy Tax Options Excluding Industrial Sector[1] (continued)
(in percent of U.S. total)

State or Region	Portion of U.S. Population	Share of Oil Import Fee[2]	Share of Gasoline Tax[3]	Share of BTU Tax[4]	Share of Carbon Tax[5]
West					
Alaska	0.22	0.74	0.22	0.55	0.49
Arizona	1.47	1.25	1.48	1.43	1.50
California	11.97	11.55	11.56	10.56	7.33
Colorado	1.32	1.11	1.34	1.38	1.48
Hawaii	0.45	0.97	0.33	0.44	0.50
Idaho	0.40	0.37	0.42	0.46	0.21
Kansas	1.00	1.00	1.06	1.22	1.36
Missouri	2.06	2.02	2.42	2.20	2.38
Montana	0.32	0.35	0.37	0.37	0.58
Nebraska	0.63	0.63	0.67	0.74	0.72
Nevada	0.48	0.57	0.56	0.55	0.72
New Mexico	0.61	0.66	0.70	0.78	1.16
North Dakota	0.26	0.30	0.28	0.30	0.84
Oregon	1.14	1.17	1.19	1.26	0.68
South Dakota	0.28	0.33	0.32	0.29	0.24
Utah	0.69	0.62	0.63	0.64	1.12
Washington	1.96	2.35	2.02	2.41	1.45
Wyoming	0.18	0.32	0.25	0.30	1.16
Total	25.45	26.32	25.83	25.89	23.92
Northeast	22.62	22.06	19.26	19.78	17.75
Midwest	19.77	16.65	19.65	19.25	21.31
Northeast and Midwest	42.39	38.72	38.91	39.03	39.05
South	32.17	34.96	35.26	35.09	37.03
West	25.45	26.32	25.83	25.89	23.92
South and West	57.61	61.28	61.09	60.97	60.95
U.S. Total	100.00	100.00	100.00	100.00	100.00

[1]Goal is $5 billion in federal tax revenue.
[2]Based on an oil import fee of $1.71 per barrel.
[3]Based on an increase of 4.3 cents per gallon.
[4]Based on $61,613.69 per trillion BTU.
[5]Based on $86,763.63 per trillion BTUs of coal used; $49,371.78 per trillion BTUs of natural gas used; and $71,516.47 per trillion BTUs of petroleum used.

SOURCES: Northeast-Midwest staff calculations based on Bureau of the Census, "Census Bureau Completes Distribution of 1990 Census Information from Summary Tape File 1A" (news release, Washington, D.C., June 11, 1991; U.S. Department of Energy, Energy Information Administration, *Petroleum Supply Annual 1990: Volume 1* (Washington, D.C., May 1991), p. 15; *State Energy Data Report: Consumption Estimates 1960-1990* (Washington, D.C., May 1992), pp. 31 and 34; and carbon coefficients from Gregg Marland and Angela Pippin, "United States Emissions of Carbon Dioxide to the Earth's Atmosphere by Economic Activity," in *Energy Systems and Policy*, Volume 14 (London: Taylor and Francis, 1991), pp. 319-336.

Table 6. Cost to Households of Four Energy Tax Options to Raise $5 Billion Excluding Industrial Sector[1]
(in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
New England				
Connecticut	96	47	30	27
Maine	130	57	34	31
Massachusetts	98	47	31	32
New Hampshire	104	54	28	32
Rhode Island	69	43	26	20
Vermont	98	59	30	23
Total	99	49	30	30
Mid-Atlantic				
Delaware	121	61	35	52
Maryland	75	51	28	32
New Jersey	104	52	38	32
New York	74	39	27	27
Pennsylvania	70	45	30	41
Total	79	45	30	33
Midwest				
Illinois	67	54	34	35
Indiana	94	56	38	70
Iowa	75	54	33	45
Michigan	70	54	33	41
Minnesota	73	53	31	38
Ohio	67	50	32	46
Wisconsin	70	50	31	37
Total	72	53	33	44
South				
Alabama	87	61	35	53
Arkansas	84	60	34	45
District of Columbia	45	30	34	17
Florida	87	52	32	33
Georgia	95	65	37	49
Kentucky	86	58	36	69
Louisiana	136	55	50	57
Mississippi	97	59	38	39
North Carolina	76	57	32	34
Oklahoma	87	60	41	51
South Carolina	83	64	34	36
Tennessee	79	58	34	44
Texas	110	62	44	56
Virginia	89	57	37	31
West Virginia	69	53	32	115
Total	93	58	37	47

Table 6. Cost to Households of Four Energy Tax Options to Raise $5 Billion Excluding Industrial Sector[1] (continued)
(in dollars)

State or Region	Cost of Oil Import Fee[2]	Cost of Gasoline Tax[3]	Cost of BTU Tax[4]	Cost of Carbon Tax[5]
West				
Alaska	311	58	91	97
Arizona	72	53	33	41
California	88	55	32	26
Colorado	69	52	34	43
Hawaii	216	45	39	53
Idaho	82	58	40	22
Kansas	84	55	41	54
Missouri	82	61	36	45
Montana	92	60	39	72
Nebraska	82	55	39	45
Nevada	97	60	37	58
New Mexico	96	64	45	80
North Dakota	97	57	39	130
Oregon	84	53	36	23
South Dakota	101	62	36	35
Utah	91	58	38	78
Washington	99	53	41	29
Wyoming	151	74	57	257
Total	91	56	36	39
Northeast	84	46	30	32
Midwest	72	53	33	44
Northeast and Midwest	78	49	31	37
South	93	58	37	47
West	91	56	36	39
South and West	92	57	37	43
U.S. Total	86	54	34	41

[1]Goal is $5 billion in federal tax revenue.
[2]Based on an oil import fee of $1.71 per barrel.
[3]Based on an increase of 4.5 cents per gallon.
[4]Based on $61,613.69 per trillion BTU.
[5]Based on $86,763.64 per trillion BTUs of coal used; $49,371.78 per trillion BTUs of natural gas used; and $71,516.47 per trillion BTUs of petroleum used.

SOURCES: Northeast-Midwest staff calculations based on households by state from U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States: 1992* (Washington, D.C., 1992), p. 49; U.S. Department of Energy, Energy Information Administration, *Petroleum Supply Annual 1990: Volume 1* (Washington, D.C., May 1991), p. 15; *State Energy Data Report: Consumption Estimates 1960-1990* (Washington, D.C., May 1992), pp. 31 and 34; and carbon coefficients from Gregg Marland and Angela Pippin, "United States Emissions of Carbon Dioxide to the Earth's Atmosphere by Economic Activity," in *Energy Systems and Policy*, Volume 14 (London: Taylor and Francis, 1991), pp. 319-336.

Economic Group 1/25/93 President, Vice President, Reich, Rubin, Panetta, Stephanopoulos, Tyson, Bentsen, Blinder, Mack, G Simon.

Panetta: Need decision by next week for February State of the Union, GPO docs by 2/15.

President: If tight, fast - Early March. Appropriations will be deficit targeted. Budget Resolution process should start.

State of the Union can help get short-term debt limit extension. Long-term in package.

Bentsen: If not done by August, Republicans will hold up.

Stephanopoulos: Hard to pass debt extension after stimulus.

President: When can we pass Budget Resolution?

Panetta: April 15. Then reconciliation process begins, including cuts and taxes.
Need whole package by August Recess.

President: Stimulus in March, 5 months later for Budget
Three other legislative goals:
1. Health Care
2. National Security] + Vetoed bills
3. Political Reform

How does this timetable affect other legislation?

Panetta: Move Political Reform at same time.

Bentsen: Can't pass Health this year.

AB: Can do some things soon: vaccines, WIC, unif bills.

Brown: What about Fed? What about growth goals? Credit = better growth goals.

President: Need to announce budget in stimulus.

Vice President: Got credit in bond markets and Laura Tyson talking about plan.

President: National Security?

Panetta: Separate track on Budget Resolution Reconciliation.

Reich: National Security fits into plan in social theme.

Vice President: Agree.

Panetta: Need help.

Stephanopoulos: Pass report in House and Senate in summer, roll Conference Report into Reconciliation.

Bentsen: Carrots in tax bill will help - luxury tax, etc.

Panetta: April-May: find Budget Resolution. Reconciliation in August.

President: Need laundry list of Health strategy.
Need political reform bill now.

Vice President: Who's in charge?

Stephanopoulos: Pastor/Waldman.

* Vice President: Get word to Pastor/Waldman on fast track.

Blinder: Troika usually agrees on the forecast. There is agreement this year to do each: blue chip and Macro Economic later. Darman scratched it and put blue chip and Macro zus each.

President: What is blue chip?

AB: Guy in Sedona calls 52 investors and asks for their forecasts and averages.
Darman probably broke the law.
Darman number - FY97 305 B
Clinton/Gore transition- " 52 B for Darman * magic
357 B
The Bush Office forecast would be 266 B if not for Darman change.
+ 52 B
318 B
CBO goes out Tuesday and is optimistic.
Panetta: If we take 318, CBO will be worse.
Panetta: Can be better than CBO but not too much.

President: Our political position will be stronger if we start in worse deficit at beginning, not if run own making.

Reich: Need proposal to understand.

Vice President: Our stated view of baseline will not affect markets?

Rubin: If credit, OK.

Vice President: If higher, that's OK.

Rubin: Yes.

Stephanopoulos: If we take 318 B, then no taxes.

Rubin: Decrease deficit, less we do.

President: What is the truth?

AB: Five year forecast too hard.

President: Why 5 year plan if we can't forecast?

AB: Good question.

Panetta: Ronald Reagan balanced 5 year budget every year.

Reich: Business uses budget range, say ZW 318-357.

LT: Have to choose where in range to act.

Panetta: Congress will go to the bottom of the range.

President: Bentsen?

Bentsen: Need credit number.

LT: Is 20 B of 40 B a gift credit?

Stephanopoulos: Do you do both?

Bensten: Greenspan, Darman number not credit.

Reich: Why not publish range and be conserv

Bentsen: Even if Congress doesn't do it all, the Administration will have credit.

Panetta: Take high ground.

President: If we go high, Congress will go low.

Reich: Setting range would be bold.

Panetta: Congress will take the easy track.

President: Let's visit about CBO.

Panetta: The closer to CBO the better.

President: If CBO at 340, call leadership about the range. Let's take the CBO number and stick to it.

Bentsen: Congress is supposed to be doing the CBO number anyway.

President: Let's focus on product, not process on budget targets.

Al?

Vice President: I agree.

AB: CBO uses long-term growth rate of 2 = lower growth numbers Do we adopt CBO low-growth rate? Could use our growth rate and CBO deficit by different assumption on interest rates since no none knows outyear rates.

Panetta: Bottom line numbers, not growth rate is key.

Reich: Can we be more optimistic?

Rubin: Does that make it harder for a long-term package?

President: We cannot acknowledge economic policy for these pessimistic growth rates.

LT: If our program is good, why make up numbers?

Vice President: Communication problem. Communicate to market and public. Credit of forecast / measure of our progress. "We expect better growth rates but we're tired of lying about numbers."

President: Say growth numbers are too low, other Administration lied and got more debt. We can't pretend about the value of numbers.

Reich: Put our own best guess about our progress in FY97.

Vice President: Spent lots of time in Congress in Tennessee.
Don't believe Sasser and Byrd agree on taking this tough a stance. Will help us in growth.

President: Can't adopt this growth number. Al's right. Need to state for Senators who think we should invest our way out.

Stephanopoulos: How is this to be judged in 4 years?

Panetta: Problem -- How to get soc if goal too easy.

President: Health Care. Unless we pass a health care tax (maybe more popular than a general tax.) Spend government savings to extend coverage.
Very specific legislation -- things to do beyond 5-year time.
We should use Social Security improvements in '83 as a model.

Bentsen: I strongly agree. Greenspan felt the bond market would respond to long-term planning (on health care as well).

President: Need to be positioned for 21st Century after 8 years.

Reich: Need 1) to put in investment baseline.
2) per person / GDP

Stephanopoulos: Cant' be judged solely by debt.

President: The press is judging only on debt. They have jobs and income increase.

Stephanopoulos: Reich should do some memos on other baselines for the State of the Union.

Panetta: We need stimulus/investment/debt decrease as package.

Bentsen: Pain gets in the papers.

AB: ? Start in CBO forecast if 2357 B. Blue chip in October for long-term.

-- Stimulus Package --

Panetta: GDP number for 4th quarter is 4 percent. Unemployment is up, Hs growth. Why the need for a stimulus?
Expect deficits and large layoffs to hit economy.
1st quarter of '93 is soft.
Proposed stimulus.
Need a quick spend out. If construction rate is slow, put in investment.
Try to avoid new authorization.
PPF themes.
Try to avoid little pieces.
20-30 B range.
15 B on spending program
ITC later, as stimulus now.
[NOTE TO GREG: Manufacturing Tax Credit]
ITC ratio to 12/3/92
S issue jobs / Immun prog - Immun day.

Stephanopoulos: Mikulski recommends goal by start of school.

President: Government buys by the bulk.

* Vice President: Get pediatricians to give shots at cost [Part of National Service]

Vice President: Information highways - Need spendout rate.
Water/sewer - ready to go.

Panetta: Let's keep tight. Water/sewer goes to '95.

* Vice President: If show money ready to go, we got it?

Panetta: Right.

Brown: Connie Lee - college building money, $1 Billion.
If allowed to do 50 ~~percent college~~, 50 percent other, could put $1 Billion into ~~eco~~-guarantee bonds.

? ?

Bentsen: Private sector isn't in Reconciliation.

Panetta: Reg for supplemental for Somalia, Disaster/SBA/UN.
Will talk to Aspin on Deficit.
Enforcement/ Line item veto?
Modified version will move in without you.

HP: Need to re-invest it in Byrd inside. If we don't try, we lose.

President: Talked to him twice. Need to get out early.

Vice President: Opposed line item veto unless majority vote.

President: Before taxes and cutting benefits, need to give them something, cut government waste.
Book on Government Waste - Arizona (got 50 cc)
Need high visible cuts in government for Cabinet Secretary
Government Ops Report - need today.

Reich: Need Cabinet Secretary in FY '94 to ensure no pork/waste.

President: Need specific 2nd term savings.
Health Care Tax -- specific purpose tax easier to sell.
Need discussion.
Need everyone to contribute to reducing debt in some way.
Suspend indexing for a year -- double whammy. No taxation on inflation, but goverment pays inflation.
Indexing only helps at break.
We are preventing a zero-sum game on an 8 million job base.
Need to look at other factors.

Vice President: Take a big bite out of deficit offset by bond market and Fed to get upturn by '96.

President: Where's the reward for the soc
How to demonstrate that we produced an increase in growth.

<u>ENERGY TAX</u>

President: What do you prefer?

Bensten: I refer an added value tax. Think oppos to BTU tax or gas tax. From environmental viewpoint, BTU better but strong opposition from coal states. Need to feel they are treated equal.
BTU problem: oil is favored over natural gas.
[Question: How to favor coal and not favor oil?]

President: Sales on VAT or Prop.

Bentsen: Tax on utilitization of energy. At 5 percent, we would collect $20 Billion/year. BTU 30 cents same level.
BTU brings about change in energy use.

Vice President: BTU would encourage natural gas. Give Bentsen paper.

1. Added Value encourages coal because cheap and dirty. Added value hits coal less than oil or natural gas.

Fuel switches to coal -- wipe out reduction of pollution if reduce energy use.

Environmental pol oppose added value tax.

2. BTU here, BTU other countries. Helps in international credit on C02 decrease. Not less comp.

Added value, no foreign match.

CO2 really hard on coal, too hard politically. BTU hits coal but not too hard.

Bentsen: Agree with Vice President on Enviro.

Joint Tax Committee: Crude oil increased 10.1%
on BTU tax. Coal..... 29.2%
(Mark) Natural Gas..... 18.3%

President: Whst is net increase in revenue base?

Why bleed for $20 Billion tax that is 6% of operate deficit. and less than 2% of total revenue

** Reconcile numbers

DRAFT

ECONOMIC AND BUDGET BRIEFING IV

Ron Cogswald 395-4806 EPA OMB people

Rob Fairweather 395-6827 stimulus package

28-Jan-93
04:27 PM

FY 1994 BUDGET
CURRENT STATUS
(in billions of dollars)

	FY 1997	
	Target	Status
Deficit	225	224
Stimulus	N/A	+1
Investment	+63	+50
Deficit Reduction:		
Defense	-23	-23
Non-Defense Discretionary	-30	-16
Entitlements	-50	-53
Revenues	-76	-75

FY 1994 BUDGET CURRENT STATUS

(in billions of dollars)

01/28/93
04:30 PM

	1993	1994	1995	1996	1997	1998	1994-97 Total	1994-98 Total
Transition Baseline	326	302	293	305	357	390	1,257	1,647
CBO econ outlays	-2	-10	-24	-43	-58	-76	-136	-212
CBO econ lower receipts	7	20	32	39	58	92	149	240
Current Baseline	332	313	301	301	356	406	1,270	1,675
Proposals:								
Spending Increases:								
Stimulus	6	6	2	1	1	1	10	10
Investment	---	18	30	40	50	55	138	193
Spending Decreases:								
Defense (target)	---	-4	-11	-18	-23	-28	-56	-84
Nondefense Discretionary	---	-4	-7	-12	-16	-19	-39	-58
Entitlements	---	-12	-24	-40	-53	-63	-129	-192
Revenue Increases (target)	---	-18	-58	-67	-76	-83	-219	-302
Total Proposals	6	-14	-68	-96	-117	-136	-296	-432
Debt Service	*	-*	-3	-8	-15	-23	-25	-49
Total Deficit Change	6	-15	-71	-104	-132	-160	-321	-481
Deficit Change Targets	14	-23	-82	-110	-134	-160	-349	-509
Proposed Deficits	338	298	230	197	224	246	949	1,195
Original deficit targets	341	279	211	195	225	230	910	1,140
Debt Held by the Public:								
Baseline	3,314	3,632	3,935	4,238	4,597	5,006		
Proposed	3,321	3,624	3,856	4,055	4,282	4,532		
Totals as a percent of GDP:								
Proposed deficit change	0.1	-0.2	-1.0	-1.4	-1.7	-2.0	-1.1	-1.3
Proposed deficit	5.5	4.6	3.4	2.7	3.0	3.1	3.4	3.3
Baseline Debt	53.7	55.8	57.4	58.8	60.9	63.6		
Proposed Debt	53.8	55.7	56.3	56.3	56.8	57.6		
GDP	6,173	6,508	6,855	7,202	7,543	7,873	28,108	35,981

STIMULUS

PROPOSED FY 1993 STIMULUS OPTIONS
(in millions of dollars)

FUNC-TION	SELECTED STIMULUS OPTIONS	BUDGET AUTHORITY	OUTLAYS
	DEPARTMENT OF AGRICULTURE		
450	Rural Development Administration: Wastewater loan level	(500)	N/A
	Subsidy level	71	2
450	Rural Development Administration: Wastewater grants	200	4
300	Soil Conservation Service: Watershed & conservation	50	25
350	Agricultural Research Service: Facility enhanced maintenance	40	31
300	Forest Service maintenance	100	90
600	Food & Nutrition Service: Women, Infants, and Children (WIC) supplemental feeding program	75	68
350	Food & Nutrition Service: The Emergency Food Assistance Program (TEFAP)	25	25
	Subtotal, Agriculture	561	245
	DEPARTMENT OF DEFENSE		
300	DOD-Civil: Army Corps of Engineers	180	41
	DEPARTMENT OF EDUCATION		
500	Summer 1993 pre-school & school programs	1,300	325
500	Disadvantaged student program	250	30
	Subtotal, Education	1,550	355
	DEPARTMENT OF ENERGY		
270	Energy: Building and industrial conservation	20	10

? why not skip.

? is this the Federal Energy Efficiency Fund?

PROPOSED FY 1993 STIMULUS OPTIONS
(in millions of dollars)

FUNC-TION	SELECTED STIMULUS OPTIONS	BUDGET AUTHORITY	OUTLAYS
	DEPARTMENT OF HEALTH & HUMAN SERVICES		
500	Head Start	556	293
550	Immunization	212	148
550	AIDS: Ryan White Act	160	59
650	Social Security Admin.: Disability insurance (DI) processing	272	272
	Subtotal, Health & Human Services	1,200	772
	DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
600	Accelerate home investment partnership	---	---
600	Accelerate public housing modernization	---	---
600	Community development block grants	2,000	520
	Subtotal, Housing & Urban Development	2,000	520
	DEPARTMENT OF THE INTERIOR		
300	Maintenance of national parks and forests	150	135
	DEPARTMENT OF LABOR		
500	Job Training Partnership Act: Summer youth employment and training program	500	330
600	Extend unemployment compensation	3,100	3,100
	Subtotal, Labor	3,600	3,430

PROPOSED FY 1993 STIMULUS OPTIONS
(in millions of dollars)

FUNC-TION	SELECTED STIMULUS OPTIONS	BUDGET AUTHORITY	OUTLAYS
	DEPARTMENT OF TRANSPORTATION		
400	Federal-aid highway program	2,976	218
400	Mass transit	1,000	140
	Subtotal, Transportation	3,976	358
	DEPARTMENT OF THE TREASURY		
800	Treasury: Accelerate tax system modernization	158	111
	OTHER AGENCIES		
300	EPA: Cash for clunkers	350	175
800	GSA: Vehicle energy conversion	30	30
370	SBA: 7(a) loan guarantee level	(2,700)	N/A
	Subsidy level	150	45
	Subtotal, Other Agencies	530	250
	TOTALS:		
	Stimulus proposals	13,925	6,227
	Loan levels	3,200	---
	Less: subsidy BA	-221	---
	TOTAL, including loan levels	16,904	6,227

INVESTMENT

28-Jan-93
03:52 PM

INVESTMENT OPTIONS

(outlays in millions of dollars)

	1997	1994-97 Total
REBUILD AMERICA		
Infrastructure		
Federal-aid highway program	1,298	5,014
Mass transit	750	1,600
Other DOT funding	478	1,264
Public land highways and Indian reservation roads	169	368
Drinking water infrastructure	780	1,640
Rural water and waste loans and grants	209	435
Water resources development	1,200	2,945
Environmental infrastructure	363	1,309
Tree planting initiative	112	402
Energy efficiency in Federal buildings	192	495
Weather service modernization	47	346
Defense Conversion		
Moderate defense conversion program	1,500	5,767
Low-Income Housing Credit		
Permanent extension	1,097	2,387
Enterprise Zones	682	1,397
Community Development Banks	111	422
Housing		
50% HOME/50% vouchers (150,000 units)	354	571
Other		
Community development block grant (CDBG)	406	930
TOTAL, REBUILD AMERICA	9,748	27,292

28-Jan-93
03:52 PM

INVESTMENT OPTIONS

(outlays in millions of dollars)

	1997	1994-97 Total
LIFELONG LEARNING		
Head Start		
Program growth	2,628	5,987
Related Medicaid	193	404
Related child care feeding	273	636
WIC (Special supplemental food program for women, infants, and children)	798	2,098
National Service	2,000	5,400
Youth Apprenticeship	530	1,394
Education Reform and Initiatives	3,025	6,845
Dislocated Worker Assistance Act	2,000	2,459
Parenting and Family Support	495	890
Other		
Chapter 1 (Compensatory Education) supplemental	250	725
Job Corps: adopt "50-50 plan"	200	320
JTPA, Summer Youth Employment and Training	500	1,830
TOTAL, LIFELONG LEARNING	12,892	28,988
PRIVATE SECTOR INCENTIVES		
Investment Tax Credit - 5 percent	5,900	21,400
R&D Tax Credit	1,700	6,200
Mortgage Revenue Bond	256	666

28-Jan-93
03:52 PM

INVESTMENT OPTIONS

(outlays in millions of dollars)

	1997	1994-97 Total
Technology:		
Federal Coordinating Council for Science, Engineering, and Technology	1,815	4,248
Crosscutting NSF, NIH, NASA, & NIST high performance computing	320	847
Environmental Technology	131	300
Other		
National Research Initiative grants (Agriculture)	110	207
Forestry Research Initiative (Agriculture)	105	273
National Inst of Standards and Technology growth	396	970
Energy conservation and renewable energy programs (Energy Policy Act)	420	1,020
Natural gas research and development; Emphasize utilization	90	185
Advanced Neutron Source	243	437
Build Tokamak physics experiment	90	224
SBA 7(a) loan guarantees	161	569
National Science Foundation	850	2,689
NASA aeronautics research	242	641
Fully invest in IRS tax system modernization including acceleration	696	1,873
Social Security Administration (automation)	245	980
TOTAL, PRIVATE SECTOR INCENTIVES	13,770	43,729

28-Jan-93
03:52 PM

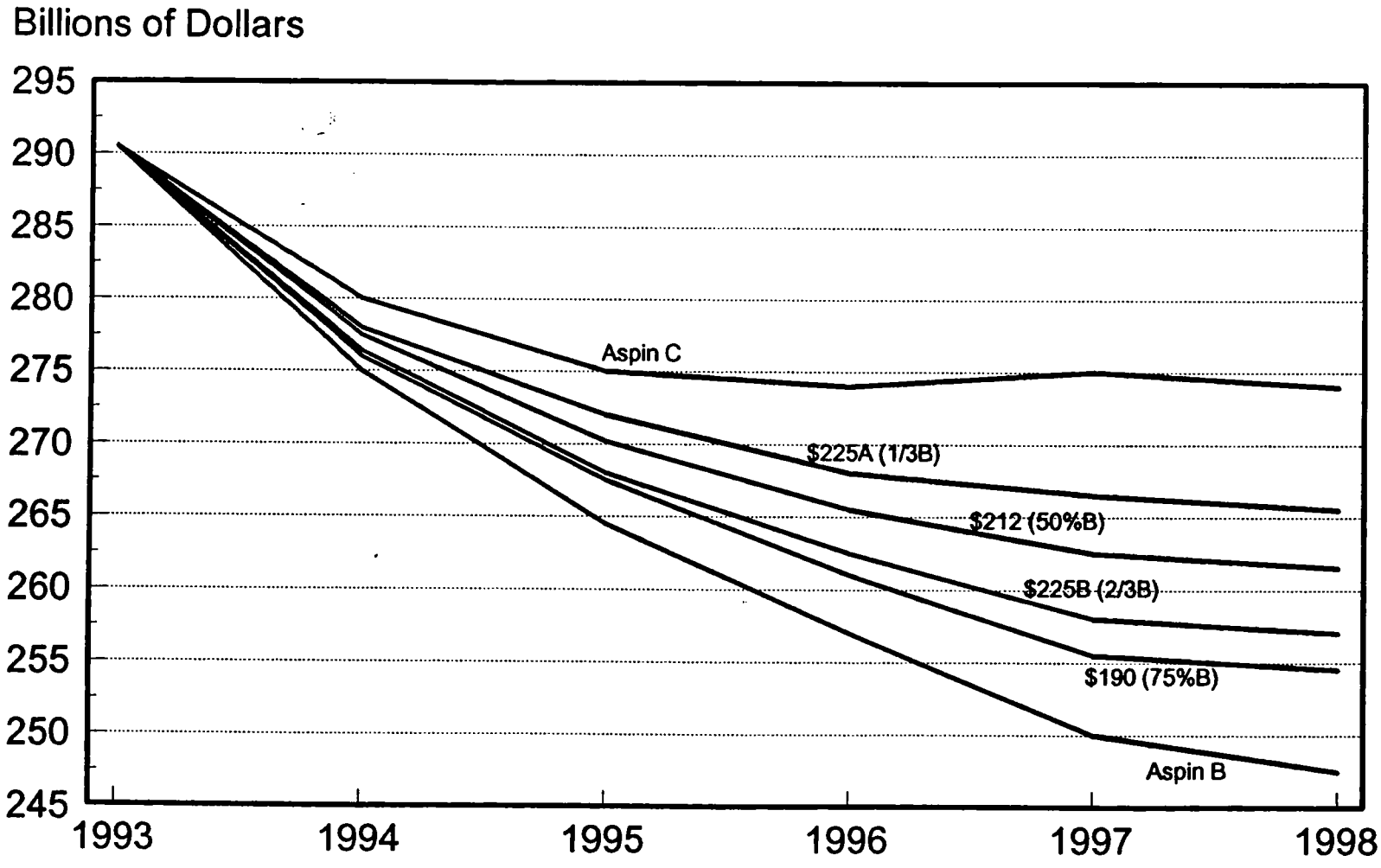
INVESTMENT OPTIONS

(outlays in millions of dollars)

	1997	1994-97 Total
HEALTH CARE		
AIDS, women's health, and other public health initiatives:		
Targeted growth	3,206	8,235
AIDS - Ryan White Act	394	1,028
Other		
Substance abuse prevention and treatment	800	1,873
Food Stamps and nutrition assistance expansion	2,468	7,172
Social Security Administration (DI processing)	200	800
TOTAL, HEALTH CARE	7,068	19,108
REWARDING WORK		
Expand EITC (earned income tax credit):		
Low range	2,500	4,700
Expand Welfare Reform	3,800	10,700
Other		
Individual development accounts	434	1,474
Extend unemployment compensation	---	1,900
TOTAL, REWARDING WORK	6,734	18,774
TOTAL, ALL CATEGORIES	50,212	137,891

DEFENSE

Defense Paths



NON-DEFENSE

DISCRETIONARY

NONDEFENSE DISCRETIONARY PROGRAM SAVINGS

(outlays in millions of dollars)

28-Jan-93
04:05 PM

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	INTERNATIONAL AFFAIRS		
150	Consolidate overseas broadcasting	-229	-641
150	Reduce security assistance	-997	-1,651
150	Phase-out defense acquisition fund	-138	-395
150	Reduce Export Import Bank credits	-197	-544
150	Moscow embassy building: Technical adjustment	-140	-344
	Eliminate Enterprise for the Americas (EAI) Debt Restructuring:		
150	Agency for International Development	-57	-217
150	P.L. 480	-46	-175
150	Eliminate contribution to MIF of EAI	-83	-197
	Total, Function 150	-1,887	-4,164
	GENERAL SCIENCE, SPACE, AND TECHNOLOGY		
250	Reduce superconducting super collider	---	-172
250	Replace space station with technology investment	69	1,845
	Total, Function 250	69	1,673
	ENERGY		
270	Uranium enrichment initiative	-386	-1,275
270	Assess foreign customers decommissioning and decontamination fee (receipts)	-106	-397
270	Eliminate Rural Electrification Administration loan subsidies	-161	-401
270	Eliminate unnecessary nuclear reactor R&D	-268	-820
	Total, Function 270	-921	-2,893

NONDEFENSE DISCRETIONARY PROGRAM SAVINGS

(outlays in millions of dollars)

28-Jan-93
04:05 PM

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	NATURAL RESOURCES AND ENVIRONMENT		
300	Below-cost timber sales	-28	-72
300	Reduce construction funding for water projects	-90	-400
300	Privatize superfund financing	-109	-308
300	Phaseout watewater except NAFTA	-1,795	-3,436
	Total, Function 300	-2,022	-4,216
	AGRICULTURE		
350	Cooperative State Research Service (CSRS): Earmarked grants	-43	-97
350	Eliminate CSRS facilities construction	-45	-87
350	Agriculture user fees	-16	-59
350	Agricultural Research Service: Facilities construction	-10	-24
350	Reduce agricultural research/extension 10%	-169	-577
350	Eliminate special extension grants	-14	-54
350	Foreign Agriculture Service (FAS)	-10	-35
350	Reduce ACIF farm loans 25%, replace	-10	-39
350	Implement one new Farm Service Organization	-307	-730
350	Reduce funding for Economic Research Service	-17	-60
	Total, Function 350	-641	-1,762
	COMMERCE AND HOUSING CREDIT		
370	SEC Registration Fees	-54	-203
370	SBA Earmarked Grants	-114	-335
370	Reduce 7(a) business loan subsidies	-130	-459

NONDEFENSE DISCRETIONARY PROGRAM SAVINGS

(outlays in millions of dollars)

28-Jan-93
04:05 PM

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
370	Reduce Export Administration by 15%	-8	-30
370	Cut multi-family housing/replace with vouchers	-136	-416
	Total, Function 370	-442	-1,443
	TRANSPORTATION		
400	Highway demonstrations (appropriated)	-329	-863
400	Airport Improvement (AIP): Reduce	-250	-505
400	Eliminate Interstate Commerce Commission	-29	-92
	Total, Function 400	-608	-1,460
	EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES		
500	Reduce campus aid	-305	-777
500	Stop growth of 1993 Pell Grant shortfall	---	-456
500	Eliminate "b" impact aid	-150	-419
500	Eliminate selected small programs	-202	-572
500	Freeze Arts and Humanities	-128	-274
	Total, Function 500	-785	-2,498
	HEALTH		
550	Eliminate most health training	-27	-87
550	FDA user fees	-336	-1,018
550	Meat/Poultry fees - 100% of overtime	-104	-416
	Total, Function 550	-467	-1,521

NONDEFENSE DISCRETIONARY PROGRAM SAVINGS

(outlays in millions of dollars)

28-Jan-93
04:05 PM

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	INCOME SECURITY		
600	Eliminate individual HUD grants	-278	-565
600	Reduce HUD HOPE grants	-158	-291
600	Modify fees for Federal housing	-193	-454
600	Shift public/Indian new construction to HOME	38	180
600	Shift all HUD new construction to HOME	548	1,277
	Total, Function 600	-43	147
	VETERAN BENEFITS AND SERVICES		
700	Cut Veterans Affairs construction	-137	-286
700	Improve management of VA hospitals	-400	-1,000
700	Reduce beneficiary travel	-77	-289
700	Reallocate nurse staff	-49	-161
700	Adhere to out-patient eligibility	-59	-199
	Total, Function 700	-722	-1,935
	ADMINISTRATION OF JUSTICE		
750	Reduce prison construction	-181	-331
750	Bureau of Alcohol, Tobacco, and Firearms (BATF) user fee	-5	-20
750	Reduce U.S. Customs, Drug Enforcement Administration 25% - U.S. Customs	-21	-78
750	Reduce U.S. Customs, DEA 25% - DEA	-25	-87
	Total, Function 750	-232	-516

NONDEFENSE DISCRETIONARY PROGRAM SAVINGS

(outlays in millions of dollars)

28-Jan-93
04:05 PM

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	ALLOWANCES		
920	Termination of commissions	-11	-36
920	Cut White House staff	-11	-42
920	Cut Congressional staff	-123	-460
920	Pay:		
	Adjust baseline to reflect current law pay raises	1,230	2,380
	Pay raise minus 1 for four years	-2,260	-5,230
920	Reduce budgets for FTS 2000 price reduction	-98	-374
920	Adminstrative Efficiencies: Cut 100,000 Federal employees and other administrative savings:		
	Non-defense	-6,172	-14,920
	Defense	(-4,242)	(-10,265)
	Total, Function 920	-7,445	-18,682
	Total, ALL FUNCTIONS	-16,146	-39,270

ENTITLEMENTS

PROPOSED ENTITLEMENT SAVINGS

(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	ENERGY		
270	Power Marketing Administration (PMA): Debt repayment reform receipts	-292	-1,165
270	PMA: Market incentives for conservation	-223	-520
270	Index nuclear waste fee	-53	-105
270	Raise nuclear waste fee and index fee	-99	-396
	Total, Function 270	-667	-2,186
	NATURAL RESOURCES AND ENVIRONMENT		
300	Conservation reserve: no new acres	-178	-331
300	Inland Waterway user fee phase-in	-325	-685
300	Increase grazing fees	-35	-76
300	Federal irrigation water	-15	-45
300	Recreation fees	-67	-253
300	Increase hardrock mining claims	-80	-240
300	50% net receipt sharing (minerals)	-45	-170
	Total, Function 300	-745	-1,800
	AGRICULTURE		
350	Eliminate Cooperative State Research Service (Morrill-Nelson permanent appropriation)	-3	-12
350	Eliminate honey program	-7	-43
350	Total income over $100,000 (means-test farm subsidies)	-300	-1,050
350	Limit Commodity Credit Corporation income-		

PROPOSED ENTITLEMENT SAVINGS
(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	support payments to $50,000 per year	-213	-810
350	Reduce market promotion program to FY 1993 level	-52	-208
350	Increase non-eligible payment acres starting in FY 1996	-720	-1,030
350	Eliminate 0/92 & 50/92 (PAY/92) programs starting in FY 1996	-664	-937
350	Increase assessments on "non-program" crops starting FY 1996	-450	-900
350	Limit payments on wool and mohair to $50 thousand per person	-66	-212
350	Reform disaster payments	---	---
350	Reform crop insurance program through area-yield	-255	-739
	Total, Function 350	-2,730	-5,941
	COMMERCE AND HOUSING CREDIT		
370	Assess examination fees for State-chartered, FDIC-insured banks	-367	-1,386
370	Extend patent and trademark fees	-115	-226
370	Government National Mortgage Association: Real estate mortgage insurance conduits	-30	-120
370	Limit Federal Housing Administration closing costs (Phase-in to 57%)	-81	-253

PROPOSED ENTITLEMENT SAVINGS
(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
370	Commodity Futures Trading Commission fees	-63	-235
370	Securities and Exchange Commission registration fee	-50	-188
	Total, Function 370	-706	-2,408
	TRANSPORTATION		
400	Recreational decal/charge for rescue	-33	-125
400	Continue tonnage fees	-65	-130
400	Peak period pricing	-92	-368
400	Increase fees on general aviation aircraft	-138	-505
	Total, Function 400	-328	-1,128
	EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES		
500	Direct student loans	-1,157	-2,211
500	State default fee	-146	-511
	Total, Function 500	-1,303	-2,722
	HEALTH		
550	Federal Employees Health Benefits: Medicare rates over-65	-66	-210
550	Federal Employees Heatlh Benefits: Phase-in retiree copayments	-190	-415
550	Medicaid: Survey and certification user fees	-113	-413

PROPOSED ENTITLEMENT SAVINGS
(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
550	Third party liability: Enhanced collections (includes Medicare, Medicaid, Veterans Affairs, Indian Health Service, Defense Department)	-400	-800
	Total, Function 550	-769	-1,838
	MEDICARE		
	Extenders:		
570	10% capital reduction, Prospective Payment System neutral	-1,060	-1,950
570	Internal Revenue Service/Social Security Administration/Health Care Financing Administration data match	-538	-953
570	Medicare secondary payer (MSP) for the disabled	-780	-1,380
570	MSP for end stage renal disease after 18 months	-56	-96
570	Payments for hospital outpatient services	-950	-1,760
570	Maintain Supplementary Medical Insurance (SMI) premium at 25% of costs	-2,055	-2,055
570	Pay hospitals for inpatient services by hospital-based physicians	-725	-2,015
570	Outpatient payment reform (Part B) - Hospitals	-1,000	-2,650
570	Put hospitals on current year update	-1,305	-4,475
570	Phase-in lower IME to 3.2% - Hospitals	-3,834	-9,211
570	Set laboratory rates at market levels - Administration	-1,150	-3,010
570	Eliminate skilled nursing facility return on equity payments	-135	-480
570	Set durable medical equipment rates at market levels	-290	-600

PROPOSED ENTITLEMENT SAVINGS
(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
570	Set intraocular lenses reimbursement at competitive rates ($100) - Administration	-70	-255
570	Set erythropoitin (EPO) at non-U.S. market rates ($10 per 1000 units) - Administration	-30	-100
570	Three-month Part B freeze (CBO)	-1,200	-3,400
570	30% coinsurance when Medigap pays some beneficiaries	-3,000	-9,350
570	Discount for interactions	2,832	6,806
	Total, Function 570	-15,346	-36,934
	RETIREMENT		
600	End lump-sum benefit	-3,032	-5,132
600	Fee for State SSI administration	-190	-540
600	Fees for child support enforcement	-80	-225
600	Equate matching rates for welfare program: Deficit neutral proposal	---	---
	Total, Function 600	-3,302	-5,897
	SOCIAL SECURITY		
	Option 1:		
	Delay cost-of-living-adjustments (COLA) for 6 months:		
650	Social Security/Railroad	-6,500	-23,500
650	Other non-means tested	-1,300	-4,900
650	Offsets	400	1,000
650	Total	-7,400	-27,400

PROPOSED ENTITLEMENT SAVINGS
(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	Option 2:		
	COLA at CPI minus 1 for four years:		
650	Social Security/Railroad	-12,400	-28,700
650	Other non-means tested	-2,700	-6,300
650	Offsets	600	1,300
650	Total	-14,500	-33,700
	Option 3:		
	Delay COLAs for 3 months:		
650	Social Security/Railroad	-3,200	-11,600
650	Other non-means tested	-654	-2,432
650	Offsets	???	???
650	Total	-3,854	-14,032
650	Retain Social Security threshold and tax 85%	-6,900	-21,400
	Total, Function 650		
	With Social Security/Federal Pay Option 2	-21,400	-55,100
	VETERANS BENEFITS AND SERVICES		
700	Housing loan fees 2%	-146	-574
700	Veterans pensions-medicaid nursing homes	---	---
700	Pension income through Internal Revenue Service	---	---
700	Readjustment benefits	-135	-436
700	Medical care costs recovery	-407	-1,170
700	Prescription charge/co-payment	---	---
700	VA housing down-payment	-17	-68

PROPOSED ENTITLEMENT SAVINGS

(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
700	Resale losses on loans	-21	-80
700	Insurance administration from reserve	-31	-113
	Total, Function 700	-757	-2,441
	ADMINISTRATION OF JUSTICE		
750	Extend U.S. Customs merchandise and passenger processing fees	-579	-1,143
750	U.S. Customs overtime reform	-18	-72
	Total, Function 750	-597	-1,215
	GENERAL GOVERNMENT		
800	Commonwealth of Northern Mariana Islands funding agreement	-10	-31
	Total, Function 800	-10	-31
	NET INTEREST		
900	Shorten debt securities	-2,300	-5,300
	Total, Function 900	-2,300	-5,300

PROPOSED ENTITLEMENT SAVINGS

(outlays in millions of dollars)

FUNC-TION	SAVINGS OPTIONS	1997	1994-97 Total
	UNDISTRIBUTED OFFSETTING RECEIPTS		
950	Auction Federal Communications Commission spectrum	-2,083	-4,072
	Total, Function 950	-2,083	-4,072
	Total, ALL FUNCTIONS With Social Security/Federal Pay Option 2	-53,043	-129,013

REVENUES

EFFECT OF POSSIBLE REVENUE PACKAGE ON RECEIPTS
(in billions of dollars)

	1994	1995	1996	1997	1998	1994-97 Total	1994-98 Total
Increase top individual income tax rate to 36%....	4.2	12.1	11.3	12.1	12.0	39.7	51.7
10% income tax surcharge on income greater than $1 million.....	0.6	1.9	1.9	2.0	2.1	6.4	8.5
Extend phase-out of personal exemption and itemized deductions.....	---	---	2.3	6.6	8.9	8.9	17.8
Increase AMT rate to 28%.....	0.4	2.8	2.6	3.0	4.6	8.8	13.4
Repeal HI taxable wage base.....	2.6	5.6	6.0	6.5	7.1	20.7	27.8
Increase top corporation income tax rate to 36%.	3.4	5.6	5.6	5.8	6.2	20.4	26.6
Broad based energy tax.....	---	16.8	20.8	21.9	22.8	59.5	82.3
Extend 2.5 cent per gallon gas tax.....	---	---	2.4	2.6	2.7	5.0	7.7
Increase "sin" taxes.....	3.5	4.7	4.8	5.0	5.1	18.0	23.1
Phase out possessions tax credit (sec. 936) over 5 years.....	0.4	1.1	1.8	2.5	3.2	5.8	9.0
Restrict deduction for business meals and entertainment to 50%.....	1.6	3.4	3.4	3.5	3.6	11.9	15.5
Modify limits on pension contributions.....	0.4	1.2	1.4	1.5	1.5	4.5	6.0
Miscellaneous (foreign tax, market-to market, moving expense deduction, extend 55% estate & gift rate, etc.).....	0.9	1.6	1.9	2.0	2.0	6.4	8.4
TOTAL.....	**18.0**	**56.8**	**66.2**	**75.0**	**81.8**	**216.0**	**297.8**

AD HOC ENERGY WORKING GROUP MEETING

Friday, January 29, 1993 - 10:30 a.m. - Room 476 OEOB

Representative	Room	Phone	Fax
OMB - Randy Lyon	9002 NEOB	395-5800	395-1151
Kathy Peroff	8001 NEOB	395-3404	395-4817
Treasury -			
John Parcell	1064	622-2578	622-1772
James Nunns	4043	622-1328	622-0236
Sam Sessions	3108	622-0130	622-0281
Norm Richter	3127	622-0586	622-0281
VP - Katie McGinty	286 OEOB	456-6224	456-6231
Greg Simon	288 OEOB	456-6222	456-6231
CEA - Ray Squitieri	317 OEOB	395-6982	395-6947
DOE - Richard Rosenzweig	7A-257	586-6210	586-7644
EPA - Richard Morgenstern	1215 West Tower	260-4711	260-4852
Jonathan Fox	1204 West Tower	260-7960	260-3684
NEC - Heather Ross	227 OEOB	456-7988	456-7739
Bo Cutter	231 OEOB	456-6630	456-7739