

THOUGHTS ON AN ENERGY POLICY TRANSPORTATION

The United States has 2% of the world's petroleum reserves, 5% of the world's population, and consumes 25% of the world's petroleum production. We love our personal transportation, and have come to expect unlimited cheap fuel almost as a birthright. Oil reserves are a finite and diminishing resource. As a culture, we prefer quick, simple solutions to complex problems. The economic and budgetary realities require that we make reasonable, possible changes for the long-term economic well being of our country.

We must find ways to discourage use of inefficient personal transport while encouraging a revitalization of public transport in ways that are as economical and convenient as possible. In spite of our desire for quick fixes, a phased in system over a period of years seems most rational.

REVENUE:

A new petroleum tax should be implemented. The funds from this tax should be segregated into a special fund to be administered by the U.S. Department of Transportation.

The initial tax would be \$.03 per gallon of petroleum based gasoline and diesel fuel. The tax would increase by \$.03 per gallon every three months for a period of ten years. A decade from passage of this law, the special tax would be \$1.20 per gallon of petroleum based fuel.

EXPENDITURES:

- 25% of the money would be used to subsidize and encourage development of alternative, renewable fuel sources that would have special application in the transportation industry: bio-diesel, cellulosic ethanol, hydrogen fuel cells, etc.
- 25% of the money would be used to subsidize and encourage development of alternative, renewable fuel sources that are not necessarily focused on transportation. For example: alternative means of generating electricity could have an impact on supplying power for trains, etc., but would have many other positive applications. Wind-power, geothermal, solar, water power, etc. all have significant possibilities.
- 25% of the money would be used to subsidize public transportation systems.
- 25% of the money would be used to subsidize building new public transportation systems; commuter rail systems, light rail inter-city systems, etc.

ADVANTAGES OF THE PROPOSAL:

1. The program starts now and has a plan that is fully phased in over a period of a decade.
2. The plan gives a measure of predictability to increases in fuel costs for transportation so that people can make informed long-term decisions about keeping and/or purchasing personal automobiles, etc.
3. The plan supports funding development of alternative energy sources.
4. The plan subsidizes operation and development of alternative transportation systems.
5. The plan is deficit neutral: the funds from this tax are segregated and set aside for the purposes set forth.

Yes, this is a very simple outline and has all of the flaws of its simplicity; however, it may be a good

place to start.