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The Fair Accounting Act A Declaration of Energy Independence

Whereas it is well documented that the vast majority of the increasingly unhealthy urban air pollution in major metropolitan areas is a direct result of the combustion of carbon-based fuels for automobiles, trucks, aircraft and power plants, and;

Whereas carbon-based fuels are non-renewable and therefore unsustainable fuel options that must be imported into the U.S., and;

Whereas hydrogen is the only zero carbon emission combustion fuel that can be made from all renewable resources, and;

Whereas all green plants on the earth have been utilizing a solar-hydrogen energy production process for over 3.5 billion years, whereby the hydrogen is extracted from water with solar energy, and;

Whereas hydrogen is the only energy option that can allow the United States to become energy independent and essentially pollution-free, and;

Whereas the United States has enough land and renewable energy resources to develop into a "Saudi Arabia"-class energy exporter of hydrogen fuel that is non-toxic, pollution-free and inexhaustible, and;

Whereas 18 gallons of water is required to manufacture a gallon of gasoline, and less than 3 gallons is required to make a similar energy content of hydrogen, and;

Whereas NASA, Boeing, Lockheed and Airbus have documented that hydrogen can be safely used to fuel commercial aircraft and spacecraft, and;

Whereas major oil companies, such as ChevronTexaco, Shell and British Petroleum (BP) have already established hydrogen business units, and;

Whereas hydrogen is safer in the event of accidents than hydrocarbon fuels such as gasoline, or natural gas, and;

Whereas investigations published in *Scientific American* have shown that the "external costs" of carbon based fuels, which include health care costs, corrosion to buildings and bridges, military costs, crop losses, employment and subsidies cost U.S. citizens up to \$300 billion annually; and;

Whereas this \$300 billion in external costs does not factor in the fact that the vast majority of U.S. citizens are forced to live and raise their children in highly polluted areas that seriously degrade the quality of life on a day-to-day basis, which results in over 100,000 deaths annually, and,

Whereas the United States consumes about 200 billion gallons of gasoline and diesel fuel annually;

Be It Resolved, therefore, that a Fair Accounting Act shall transfer the \$150 billion a year in existing subsidies to fossil and nuclear fuels to renewable hydrogen systems, and provide that a \$1.00 per gallon tax be assessed on fuels that contain carbon. Non-renewable

gaseous fuels containing carbon, such as natural gas, shall be assessed on a comparable carbon content basis as liquid hydrocarbon fuels.

Be It Further Resolved that the funds raised by the *Fair Accounting Act* shall be used to provide low interest long-term financing and other financial incentives such as tax credits to encourage the implementation of hydrogen production, storage, transportation and end-use technologies, including the necessary conversions needed for existing automotive vehicles. It is anticipated that individual State Legislatures will also impose similar financial incentives on a state level to provide a level playing field for the renewable hydrogen energy technologies.

Background

Harry Braun's *Phoenix Project* proposal is an energy and economic plan that will provide sustainable prosperity without pollution by having the U.S. shift from oil to hydrogen with wartime speed. The "trigger mechanism" for this "transition of substance" from an oil economy to a hydrogen economy is the Fair Accounting Act legislation, which would transfer the \$150 billion a year in subsidies to fossil and nuclear fuel systems to renewable hydrogen technologies. The legislation would also factor in the external costs of fossil fuel and nuclear energy in fuel taxes. These external costs include environmental damage and climate change; the resulting billions of dollars in related health care costs that result from millions of families living their lives breathing unhealthy air; the storage of radioactive wastes; corrosion to buildings and bridges; and the military costs of protecting the remaining oil reserves in the Middle East.

If a "fair" accounting system is used, taxes on a gallon of gasoline would be expected to increase by \$1.00 a gallon, which would then make hydrogen less expensive than gasoline and other hydrocarbon fuels. Moreover, the funds raised by the Fair Accounting Act could then be returned to the consumers in the form of a tax credit to defer the cost of modifying their existing vehicles to use hydrogen fuel. *As the fossil fuels are phased-out, so will the carbon tax imposed by the Fair Accounting Act.* This underscores the fact that tax policy profoundly impacts energy, economic, environmental and foreign policies.

While raising taxes of any type is a difficult challenge, it is worth noting that in countries such as the UK, France, Germany, Sweden and Japan, fuel taxes of over \$2.00 per gallon have been in effect for more than two decades. Ultimately, the bottom line is that if gasoline is less expensive at the pump than hydrogen, most consumers will continue to purchase gasoline. Consumers need to understand that they are already paying well over the proposed \$1.00 a gallon fair accounting tax in external energy costs. The only difference is that they are not paying the cost at the gas pump -- but rather in their taxes, their health care costs and their day-to-day quality of life.

While the Bush administration is seeking to secure the remaining oil in the Middle East and find the last of the world's oil offshore and in the remaining wilderness areas, neither of these efforts will resolve the fact that the remaining global oil reserves are being exponentially consumed, and are therefore unsustainable. Moreover, even if the oil reserves were inexhaustible, their profoundly negative environmental impacts would still dictate a transition to a solar hydrogen energy systems. The Democrats are primarily focused on conserving the remaining oil by getting consumers to give up their Sport Utility Vehicles (all of which can be modified to use hydrogen). Neither political party is talking about a fundamental shift from oil and nuclear fuels to mass-producible wind, photovoltaic, OTEC and other solar powered hydrogen production systems, which would fundamentally resolve many of the world's most serious energy, economic and environmental problems.