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Why All The Green Pork In A Deal Meant To Avoid The Fiscal Cliff?

By: Robert Bradley Jr. January 14, 2013

When President Obama's autopen turned the fiscal cliff deal into law, Americans might have thought that the federal government had begun to walk down the road to a balanced budget.

But the 157-page American Taxpayer Relief Act of 2012 is business-as-usual. The backroom deal, chiefly engineered by Vice President Biden, fed the special-interest well while leaving the federal budget in crisis. The final bill includes some $68 billion in favors over the next ten years.

The fiscal irresponsibility continues unabated. A look at the energy provisions alone shows why.

For starters, the cliff deal renewed the twenty-years-and-counting "temporary" tax credit for new wind startups. The Joint Committee on Taxation estimates this extension alone will cost taxpayers $12 billion in the coming decade.

And what, perchance, can we expect in return for all that money?

Not much. The perpetually infant wind industry is in decline. Shockingly, consumers do not want to buy expensive and unreliable energy. Even grassroots environmentalists are saying "not in my backyard" to both the noisy, unsightly turbines — and the power lines needed to transmit wind power from the windy wilds all the way to population centers.

Senators John Thune and Chuck Grassley were the chief advocates of the extension. Just perhaps their high-sounding arguments had something to do with South Dakota and Iowa both being home to huge wind energy facilities.

But wind cronyism is now being questioned all across the political spectrum. The Washington Post editorial page, for example, recently lambasted wind credits for placing "hidden costs on taxpayers" and embodying the liberal caricature of "spending freely on nice-sounding programs."

The Wall Street Journal identified the renewable sector as the biggest winner in this "Crony Capitalist Blowout." Biomass, geothermal, and hydropower facilities were also extended large production credits. And the cliff deal reinstated the tax credit for renewable diesels at one dollar per gallon — and made it retroactive to 2012. Total cost to taxpayers: $2.2 billion.

The definition of qualifying "cellulosic" biofuels has been expanded to include algae-based fuels — the most quixotic of green-tech fetishes. That little definitional wrinkle is expected to cost the American public another $59 million.

The Obama Administration has ignored the Left's distaste for biofuels. The stridently pro-Democrat Think Progress recently relayed a report connecting American ethanol subsidies to severe food shortages in Guatemala.

The fiscal cliff package also installs a new tax credit for the purchase of electric motorcycles, worth 10 percent of the sticker price up to $2,500. That's $7 million more in deficit spending.

The deal retains another $650 million in tax credits for the manufacturers of energy-efficient appliances. It extends $154 million in credits for green home construction. And it reinstates the investment credit for alternative fueling stations, worth as much as $30,000 per facility.

The question must be asked: Why throw good money after bad, considering the Administration's track record with so-called "green" energy?

It's not just Solyndra. A Heritage Foundation study shows that a grand total of 34 green tech companies benefiting from federal favoritism have either gone bankrupt or are teetering toward insolvency. Every time one of these chosen few goes belly up, taxpayers get stuck with the tab.

Take the electric car battery manufacturer A123. After gobbling up about a quarter of a billion dollars in federal stimulus money — and $238 million in subsidies from the state of Michigan — the company filed for bankruptcy in October. Back in 2010, President Obama had boasted that A123 would create 3,000 new jobs by the end of 2012.

Federal lawmakers would like you to believe that they've turned over a new leaf in 2013. But this fiscal cliff deal is the same old corrupt, insider dealing that so disgusted the public last year. About a fifth of the deal's pork spending is special favors for flailing green energy initiatives.

Can there be hope for a new beginning, without pork barrel politics? Senator Max Baucus (D-Mont), chairman of the Senate Finance Committee, hints that next time will be different. "There's no question more needs to be done to weed out wasteful tax cuts," reads a recent statement from his office. "The Finance Committee will take a hard look at each and every expiring provision as part of comprehensive tax reform."

Americans can only hope Baucus is serious about trimming the hedges. And he should start with special subsidies for green-eating green energy.