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March saw new developments from the Administration and lawmakers on energy financing under the American tax code.

The Presidential Budget Request for fiscal year (FY) 2015, released on March 4, aims to repeal over \$4 billion per year in oil, gas, and fossil fuel producing industry subsidies, while perpetuating renewable energy tax credits. The budget would repeal intangible drilling costs and tertiary injectants subsidies for oil and gas companies, increase the geological and geophysical amortization period from two to seven years, provide \$2.3 billion for renewable energy sources and nuclear defense under the Department of Energy (DOE), and provide a revenue neutral corporate tax rate of 28 percent.

Alternatively, House Committee on Ways and Means Chairman Dave Camp (R-MI) released his draft of the Tax Reform Act of 2014 in the last days of February. Representative Camp's bill calls for repeal of the exception for spudding and like-kind exchanges subsidies and from oil and gas companies. The spudding exception currently allows a tax shelter for expenses associated with wells that have been newly drilled, or spudded, within 90 days of the close of the tax year. Companies can defer gains on like-kind exchanges, or exchanges of similar property, when reporting their tax status. Legislation would also repeal subsidies for nuclear and renewable power, including those that fund planned reactors in Georgia and South Carolina, and proposes a 25 percent flat corporate tax rate.

Both the Administration and Representative Camp called for the repeal of percentage depletion, domestic manufacturing, passive loss, marginal well, and recovery credit tax deductions for oil and gas companies. Both proposals, subject to congressional approval, would also include permanent tax credits for scientific research and development (R&D).

Sources: Cornell University Law School Legal Information Institute; E&E News; FY 2015 Presidential Budget Request; House Committee on Ways and Means; Internal Revenue Service; Representative Dave Camp
