

Cruz's Victory Signals Possible Change In Energy, Tax Policies

Texas Senator Ted Cruz won the Iowa Republican presidential caucus even though Iowa's popular governor publicly criticized Cruz's energy and tax policies, which include his opposition to ethanol subsidies and mandated use requirements. The elevation of the issue by Governor Terry Branstad made national news and became one of the key issues that separated Cruz from former poll leader Donald Trump, who supports ethanol subsidies. Even though Cruz endured heavy criticism from Iowa farmers who grow corn used to make ethanol, Cruz garnered 27.7 percent of GOP caucusgoers, compared to 24.3 percent for Trump.

Ethanol has enjoyed a federal tax credit and a Congressional mandate specifying that refiners must blend 10 percent ethanol into gasoline. The federal tax credits cost the federal government an estimated \$6 billion each year. The federal tax credits coupled with the federal mandate regarding usage made ethanol a win-win situation for corn growers. Opposition to ethanol began to mount around 2011 when studies revealed that burning ethanol had some serious air emission issues. Support from environmental groups began to erode. Also, the energy content of ethanol became questionable when some alleged that it took more energy to make a gallon of ethanol than the gallon generated. Auto manufacturers also began to publicly wonder about the negative impact on engines if more than 10 percent ethanol was blended into gasoline.

Cruz's positions on energy issues are not limited to ethanol. In 2013, Cruz sponsored legislation – the American Energy Renaissance Act - that would have completely eliminated the renewable fuel standard, which Congress enacted in 2007, and contained provisions designed to increase U.S. energy production. Some of the provisions include:

- Clearly state that hydraulic fracturing should continue to be regulated by the states and not the federal government.
- Improve and streamline the permitting process for expansion and building of refineries.
- Approve construction of the Keystone XL Pipeline.
- Exclude greenhouse gases from regulation by EPA and other federal agencies.
- Stop certain EPA regulations that will adversely impact coal and electric power plants.
- Expand energy development on federal lands by providing states the option of leasing, permitting and regulating energy resources on federal lands within their borders.
- Expand energy development in National Petroleum Reserve in Alaska and on Indian Lands and open up the Coastal Plain of Alaska (ANWR) for development.
- Expand the offshore areas of the Outer Continental Shelf available for development.
- Streamline the permitting process for additional offshore exploration.
- Expand LNG exports by facilitating permits.
- Prevent excessively broad environmental review of coal export terminals.
- Direct all additional revenues generated by exploration and drilling on federal lands (excluding the share allocated to the states) exclusively to national debt reduction trust fund—"Debt Freedom Fund"

Cruz also made news with his Simple Flat Tax that would lower the current seven rates of personal income tax into a single rate of 10 percent, and the corporate income tax would be eliminated and replaced with a flat tax of 16 percent. His tax plan would eliminate Obamacare, the Death Tax, the Alternative Minimum Tax, and the tax on profits earned abroad. It would allow for full and immediate expensing of business equipment for industries, such as energy, farming and manufacturing.

As the Texas Presidential primary approaches on March 1, energy and tax issues will become a focal point among the candidates.