

DEVIN NUNES UNITED STATES CONGRESSMAN, CALIFORNIA
21ST CONGRESSIONAL DISTRICT ★★★★★



Feature Story

U.S. Energy Policy: development and conservation

Last month (see *The Washington Report*, April 2007), we examined various challenges facing U.S. domestic energy producers. This month, in part 3 of our series, we highlight current energy policies and how they are contributing to long term energy security and independence for the United States.

In 2005, the Republican Congress was able to overcome significant opposition by environmental activists with the passage of the Energy Policy Act (EPACT). This new law, which is our first comprehensive energy policy adjustment in decades, is resolving some of the most pressing and difficult problems related to energy price and supply.

In basic terms, the Energy Policy Act expands domestic supply by increasing domestic oil and gas exploration. Furthermore, the EPACT increases conservation efforts by launching a state-of-the-art program to get

hydrogen fuel cell vehicles on the road by 2020.

The specifics of the Energy Policy Act are outlined below:

- Extends the renewable electricity production tax credit for the following qualified facilities: wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation power, landfill gas, and trash combustion;
- Authorizes the issuance of \$800 million of tax-credit bonds to support renewable investment;
- Establishes three tax credits for investments in clean coal facilities producing electricity;
- Provides tax credits for the purchase of hybrid, fuel cell, advanced lean-burn diesel, and other alternative power vehicles;
- Provides a 30% credit (up to \$30,000)

for investments in alternative fuel refueling stations. Qualifying fuels include ethanol, natural gas, hydrogen, and biodiesel;

- Expands the small ethanol producer credit and it creates an equivalent credit for producers of agri-biodiesel;
- Extends the income and excise tax credits for biodiesel;
- Creates a 30% tax credit for the purchase of residential solar water heating, photovoltaic equipment, and fuel cell property;

see **ENERGY** on page 3

Health Beat: Medicare Advantage under fire

As most Americans know, Medicare provides primary health insurance coverage to seniors in the United States. In recent years, Con-

gress has worked to modernize the program by including prescription drug benefits and new options for improved access to care. Thanks to these reforms Medicare participants have more choice, including access to the Medicare Advantage Program.

free market and are highly popular among program participants. In fact, an overwhelming majority of Medicare Advantage

see **HEALTH** on page 2

IN THIS ISSUE

Feature:
U.S. Energy Policy, Part 3

Health Beat:
Medicare Advantage Under Fire

Special Report:
Identity Theft

In My Words:
Agriculture Trade Policy

The Medicare Advantage Program allows seniors to select Medicare coverage by a private health maintenance organization (HMO), a preferred provider organization (PPO), or a private fee-for-service plan. These plans cover more services, including preventative healthcare services, and have lower out-of-pocket expenses than traditional Medicare. They also compare favorably with Medigap policies, with lower cost and greater benefits.

Medicare Advantage Plans compete on the



In My Words: Agriculture Trade by Rep. Devin Nunes

California agriculture is deeply connected to the international marketplace. Our growers often endure the tide of inexpensive imports and are competing for market share around the world. California has witnessed many free trade success stories, thanks to aggressive efforts on the part of exporters and U.S. negotiators. Indeed, we have a greater overall volume of trade in fruits and vegetables today than ever before. This significant achieve-



ment is despite a global trade environment that is highly complex and often filled with contradictions.

However, there is significant concern about the impacts of trade throughout the fruit and vegetable sector. These concerns are associated with steady erosion in our balance of trade, which over the past 12 years has declined from a positive balance to a net deficit of nearly \$2.3 billion. These losses are despite advances in global trade liberalization.

With the passage of a number of free trade agreements, why are our farmers failing to see the fruit of trade liberalization? The an-

swer lies in the complex nature of global trade and in our government's failure to invest in aggressive advocacy on behalf of certain sectors of American agriculture. In short, changes are needed in order to stem the tide of growing trade imbalances and to improve the prospects for global market development for our diverse crops.

As Congress examines U.S. farm policies in the coming year, I will support changes that increase our government's emphasis on foreign market access and development for agriculture. In addition, we need to be certain that our government has the resources in place to meet the heavy demands associated with fighting unfair trade practices around the world. Absent such a commitment, the balance of agriculture trade will continue to go down and our nation's farmers will suffer.

In response to these concerns, I recently introduced the U.S. Specialty Crop Export Opportunities Act. The bill, HR 1706, provides new tools for exporters fighting unfair trade practices.

Among other things, H.R. 1706 would require the United States Department of Agriculture to coordinate market analysis between the private sector and Foreign Agriculture Service and would also make available to the public information concerning the import requirements of foreign countries. These changes will make the process clearer and provide American farmers information they need to fight trade barriers.

In addition, H.R. 1706 would establish an export credit guarantee program for fruits and vegetables. These perishable products would greatly benefit from the cash flow management tool provided by a short-term export credit. Current federal export credit programs ignore the unique situation associated with perishable commodities.

The legislation also takes the first step in establishing a fruit and vegetable export insurance program. This will protect American farmers who comply with all of the requirements associated with exporting but are subjected to unjustified delays by foreign governments. These delays, known as sanitary and phytosanitary barriers, are often a tool to deny American farmers access to markets.

In conclusion, I believe that Congress needs to renew its commitment to the American farmer, recognizing the importance of global trade. The Specialty Crop Export Opportunities Act (HR 1706) would accomplish this important goal. If you have comments or suggestions related to this issue, I would appreciate hearing them. Please feel free to call or write.



Devin Nunes
MEMBER OF CONGRESS

HEALTH *continued from page 1*

participants believe that the benefits offered under this program are superior when compared with traditional Medicare. This is possible because of the flexibility afforded to insurance providers offering benefits through Medicare Advantage and re-investment mandates associated with Medicare funding. What does a re-investment mandate mean? It means that when Medicare Advantage Plans are able to save money, the federal government requires them to reinvest 75% of those savings in new services for seniors. Yearly physicals, diabetes counseling and many other services are made available as a result. The remaining 25% of savings is returned to the treasury. This makes Medicare Advantage a good deal for seniors but also a good investment for Medicare.

In the past, Congress has made changes to the Medicare Advantage Program by altering reimbursement levels. Some of these changes have seriously undermined senior access to care. For example, in 1997 Congress cut payments to Medicare Advantage forcing 2 million Medicare beneficiaries out of the program. These cuts hurt low income and minority seniors the most. Recognizing that the cuts had been bad for seniors, Congress was forced to add more money to the program. Since that time, the Medicare Advantage program has grown to cover more than 8 million seniors today.

Unfortunately, some Democrat leaders are considering new cuts to Medicare Advantage so that they can pay for their own spending priorities and campaign promises. At a recent Ways and Means Committee hearing, it

was made evident that the majority party is considering removing more than \$60 billion from Medicare Advantage. This will eliminate programs throughout the United States and drive seniors out of coverage. Congressman Nunes opposes these cuts and will work to defeat them.



Special Report



Identity theft occurs when someone uses your personally identifying information, like your name, social security number, or credit card number, without your permission, to commit fraud or other crimes.

The Federal Trade Commission estimates that as many as 10 million Americans have their identities stolen each year. In fact, you or someone you know may have experienced some form of identity theft already.

Maybe thieves rummaged through your trash, found a bank statement, and misused your checking account. Or, maybe they rented an apartment using your name. Maybe someone got a credit card using your identity and credit history, and bought expensive materials. Unfortunately, the crime takes many forms.

Identity theft is serious. Repairing the damage caused by identity thieves may take time and is often costly. Filing a police report, notifying creditors, and disputing any unauthorized transactions are steps you will need to take in order to restore your good name. Keep in mind, the more time that goes by before you detect the problem, the longer it will take to resolve it.

Three Credit Bureaus

You are entitled to one free credit report each year.

simply visit:

www.annualcreditreport.com

or call:

Equifax: 1-800-525-6285

Experian: 1-888-397-3742

TransUnion: 1-800-680-7289

*If you suspect that you are the victim of identity theft, file a police report and place a **Fraud Alert** on your credit reports.*

Continue to monitor your reports carefully.

ENERGY *continued from page 1*

- Creates a 30% business tax credit for the purchase of fuel cell power plants and a 10% credit for the purchase of stationary microturbine power plants;
- Creates a 10% personal tax credit for energy efficient improvements to existing homes;
- Creates a business tax credit for the construction of new energy efficient homes. The credit applies to manufactured homes meeting a 30% energy reduction standard and other homes meeting a 50% standard;
- Provides a deduction for energy efficient commercial buildings meeting a 50% energy reduction standard;
- Provides a manufacturers' tax credit for energy efficient dishwashers, clothes washers, and refrigerators manufactured in 2006 and 2007;

- Encourages companies to develop U.S. resources rather than send their investments overseas by improving the permitting process for fossil fuel development on federal lands;
- Provides incentives for off-shore oil and gas production, only when energy prices are low. Incentives will not take effect during periods of high commodity prices;
- Expedites commercial leasing to access the more than 2 trillion barrels of oil in oil shale deposits scattered across the nation;
- Encourages environmentally friendly renewable energy production on federal lands through incentives and streamlines regulation while leaving current environmental regulations intact;
- Reduces chances of blackouts by bringing a potential 5-10% gain in hydropower facilities output by upgrading federal hydro-power plants;

- Improves the leasing procedures and royalty structure for commercial generation of electricity from geothermal resources; and
- Establishes a U.S. commission with representatives from the U.S., Canada, and Mexico to study our collective resources and to achieve energy independence by 2025.

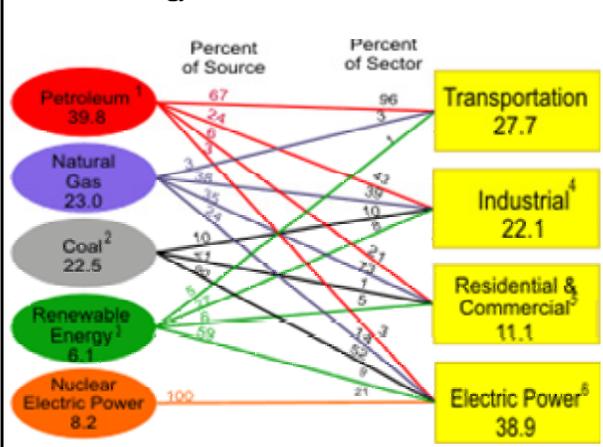
The Energy Policy Act was an important first step in an overall energy independence strategy. The legislation provided extensive federal tax code incentives, amounting to \$15 billion over 11 years, which are accelerating the development of renewable

and alternative energy sources. However, without significant changes in state and federal laws, long-term energy security will remain at risk.

Today, federal, state and local policies have the real-world impact of discouraging the development of energy infrastructure. In California, state law bans the construction of nuclear power plants, which are widely recognized throughout the developed world as the most efficient and environmentally friendly source of electrical energy. Furthermore, legal and regulatory constraints remove a substantial portion of our nation's oil and natural gas deposits from the reach of energy developers. Our nation has banned oil and gas development in the Arctic National Wildlife Refuge and the outer-continental shelf. We have also failed to fully exploit domestic coal deposits that are capable of fueling our nation for 250 years.

In conclusion, while recent legislation has improved our nation's energy policies, federal and state laws continue to unnecessarily and irresponsibly deprive the American people of energy reliability and independence. Next month, we will examine additional policy changes necessary to protect our long-term energy security.

U.S. Primary Energy Consumption by Source and Sector
Energy Information Administration



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