

TO: ~~GENE~~ Jean
FROM: BILL SIGNER
SUBJECT: CONGRESSMAN RANGEL'S ROLE IN THE NATIONAL ENERGY ACT

CBR WAS ASSIGNED BY CHAIRMAN AL ULLMAN AND SPEAKER O'NEIL TO SERVE ON THE AD HOC COMMITTEE ON ENERGY WHICH HAD THE RESPONSIBILITY FOR GUIDING THE NATIONAL ENERGY ACT THROUGH THE HOUSE.

MR. RANGEL PROPOSED AND GOT ENACTED SEVERAL AMENDMENTS OF KEY IMPORTANCE TO N.Y.S.:

1. HE WAS ABLE TO EXEMPT, CITIES SUCH AS NEW YORK WHICH WERE SUBJECT BECAUSE OF ENVIRONMENTAL RESTRAINTS, FROM THE OIL USER'S TAX. THIS TAX WAS DESIGNED TO ENCOURAGE THE CONVERSION FROM OIL TO COAL. BUT SINCE NEW YORK AND MANY OTHER INDUSTRIAL CITIES HAVE TERRIBLE AMBIENT AIR QUALITY, IT WOULD HAVE BEEN IN VIOLATION OF EPA REGULATIONS TO BURN COAL. THEREFORE HE PROPOSED AND HAD ACCEPTED AN AMENDMENT WHICH EXEMPTED AREAS UNDER EPA CONSTRAINTS NOT TO BURN COAL FROM THE USER'S TAX. WHILE THIS PASSED THE HOUSE, THE USER'S TAX WAS DROPPED IN CONFERENCE.

2. MR. RANGEL WAS ALSO SUCCESSFULLY ^{IN} CHANGING AN OLD RESTRICTION ON POWER AUTHORITIES WHICH BUILT THEIR FACILITIES WITH TAX EXEMPT BONDS FROM SELLING THAT POWER TO TWO OR MORE CONTIGUOUS COUNTIES. THIS PROVISION WAS ORIGINALLY DESIGNED TO PREVENT FACILITIES BUILT WITH TAX EXEMPT BONDS FROM COMPEATING WITH PRIVATE POWER GENERATING FACILITIES. SINCE N.Y.C. NEEDS ALTERNATIVE INEXPENSIVE POWER SOURCES, BUT ITS POWER COMPANIES SERVE THE FIVE COUNTIES THAT MAKE UP N.Y.C., IT WAS NECESSARY TO PROVIDE AN EXEMPTION FOR THE CITY. MR. RANGEL WAS SUCCESSFUL IN HIS EFFORTS TO PROVIDE THIS EXEMPTION.