President Clinton is briefed by Los Alamos National Laboratory Director Siegfried Hecker during a May 17, 1993, visit to the lab, as Secretary O'Leary looks on.
Source: U.S. Department of Energy

major energy producers, particularly the petroleum industry hit by the supplemental tax, was countered by only lukewarm support from environmental and advocacy groups. Many environmentalists praised the energy tax as a step that would slowly move the Nation toward cleaner fuels and more-efficient manufacturing processes. Nonetheless, by the administration's own calculation, energy consumption would be reduced by only 2 percent, and some environmentalists were unimpressed. "It's not going to change energy-use patterns much," observed Douglas Bohi of Resources for the Future. "The tax rates are very small. The effect is going to get lost in the background noise." Moreover, most economists predicted that the tax, amounting to about an additional 8 cents per gallon of gasoline, would have little effect on use of automobiles. "The problem with automobile efficiency is that fuel costs are such a small percentage of the cost of owning and operating a car," noted Daniel A. Lashoff of the Natural Resources Defense Council. "The federal government definitely needs to do something more on fuel efficiency beyond the package that Clinton has here." The administration did not necessarily disagree with this assessment. Secretary O'Leary contended that the tax was one of many economic tools being considered in the long-term campaign to wean the Nation from its dependency on fossil fuels. "This is not the last proposal with respect to how to send that signal," she stated. "Outside of taxing the energy itself, I think there are other things you could do at the [gasoline] pump to force price signals about behavior, and I'm going to be thinking about some of those in the coming year."[256]

Congress, meanwhile, took up consideration of the BTU tax. Special interests descended on the House Ways and Means Committee, winning further exemptions and concessions. Most notable was the shifting in the collection point for the tax from producers to consumers. This weakened the tax as an energy efficiency measure, as Alden Meyer of the Union of Concerned Scientists observed, because homeowners and small business were less likely than a major industry or utility to improve energy efficiency in response to a 5 or 6 percent increase in costs. Environmentalists nevertheless continued to support the tax, lobbying for passage of the administration's five-year deficit reduction and reconciliation bill. On May 27, the administration scored a major—albeit narrow and, for the BTU tax, costly—victory when the bill passed the House by a vote of 219 to 213. To secure passage, the administration offered assurances that the BTU tax would be modified further either in the Senate or in a House-Senate conference. Unyielding Senate Finance Committee opposition to the BTU tax, led by John B. Breaux (D-LA) and David L. Boren (D-OK), soon convinced Senate leaders, with the acquiescence of the administration, to drop the BTU tax altogether. In its place, the Senate substituted a 4.3 cents-per-gallon increase in the tax on gasoline and other transportation fuels. Reduced were the modest oil import and energy consumption savings and the environmental improvements offered by the BTU tax. In addition, whereas the BTU tax promised deficit reduction of $72 billion over five years, the fuels tax would bring in only $24 billion.[257]

O'Leary was philosophical about the apparent demise of the BTU tax. In a late June one-on-one interview with television host John McLaughlin, O'Leary noted that the way