



Department of Energy
Washington, D.C. 20585

September 8, 1979

MEMORANDUM FOR STU EIZENSTAT

FROM: CHARLES DUNCAN

SUBJECT: HOME HEATING OIL REBATE

I have reviewed the draft paper prepared by the Domestic Policy Staff on Middle Income Oil Assistance. Although a home heating oil rebate contains a number of substantive drawbacks, on balance, I recommend, subject to the conditions noted below, that the President propose a \$2 billion tax credit for home heating oil.

These conditions are that:

- o the program be proposed only for a maximum of 2 years as a temporary shock-absorber to assist heating oil consumers in meeting price increases arising from the Iranian curtailment;
- o the tax credit be: (1) fixed and not tied to consumption levels, maintaining an incentive to conserve heating oil; and (2) reduced in amount in the second year.

I also strongly recommend that consideration be given to adjusting the credit in the second year, based on the extent to which the household has taken energy conservation measures.

As indicated, I prefer the tax credit option. I recommend, however, that the President not adopt or announce any details about the mechanism until a particularized proposal has been developed by the Treasury Department, with assistance from the Department of Energy.

A handwritten signature in cursive script, appearing to read "C. Duncan".



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Washington, D.C. 20585

Memo - CWO to Eizenstat

*Full file
5/9/79*

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Charles Duncan