



NEWS from U.S. Senator Bob Dole

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DOLE SAYS CRUDE OIL EQUALIZATION TAX IS DEAD

WASHINGTON, D.C. -- Following is the text of a statement made in the Senate today by Senator Bob Dole. Dole is a member of the Energy Tax Conference.

Mr. President, the Energy Tax conferees have been struggling with the crude oil equalization tax for almost three months. The tax is not only bad energy policy but has, in recent months become bad politics. Today, I doubt that the crude oil equalization tax, the centerpiece of the Administration's energy program, could muster even a handful of votes.

COET IN TROUBLE

The tax ran into trouble in the beginning. A motion to recommit the tax failed in the House by only a few votes. It was opposed during the Senate Finance Committee hearing by such diverse groups as the AFL-CIO, the Chamber of Commerce and the Consumer Federation of America. Only the Administration, which covets the enormous revenues generated by the tax, had any kind words to say about the equalization tax. Recently, the tax experienced another setback when the NAACP attacked the Administration's energy program as being seriously deficient.

Mr. President, as passed by the House, the equalization tax would artificially raise the price consumers pay for oil produced in this country by taxing oil up to world level price. With domestic production presently at 8 million barrels per day, revenues from this tax would quickly accumulate. It is estimated that the government would accrue \$15-18 billion per year on a program that totally ignores our energy problem. At this rate, it costs three times more to save a barrel of oil than it costs to buy one.

During the mark-up session, an Administration official stated that the Administration would like to see the tax extended from the 1981 House version to 1985. For many Senators, this remark sealed the fate of the tax.

Another blow was dealt the tax when the Senator from Kansas introduced the House-passed energy tax bill as a substitute for the Senate bill. The House bill, containing the equalization tax was rejected by the overwhelming vote of 14 to 74.

TAX INCREASE

There was a time that the Senator from Kansas referred to the crude oil equalization tax as the single largest tax increase in America's history. However, with the enactment of the \$227 billion social security tax increase, the energy tax bill is only the second largest tax increase in our history. At this pace, the 95th Congress will be known for one thing and one thing only -- the Congress that wanted to tax the American public into oblivion.

Mr. President, the events of the past few months indicate that the crude oil equalization tax is dead. It will not solve our energy problems.

MISGUIDED APPROACH

The Congress would only be fooling itself if it takes this misguided approach. The tax will disrupt the economy. It will cause prices to rise, dislocate jobs and squeeze our budding economic growth.

The Administration during the last several weeks has proclaimed that an agreement on the energy bill will soon be reached. Frankly, I do not know what events have occurred which leads them to reach this conclusion. The fact is, support for the energy bill is diminishing and diminishing quickly.

If the United States is to meet the challenge of the OPEC cartel and ensure energy supplies at an affordable cost, we must develop new recovery techniques and accelerate the development of our traditional energy resources. Until we adequately address the energy issue, we will continue to be dependent on imported petroleum.