

News from Senator

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DOLE SAYS WINDFALL BILL WILL ADVERSELY AFFECT DOMESTIC PRODUCTION

WASHINGTON-- Senator Bob Dole (R.-Kansas) today predicted that the Windfall Profit Tax, signed by the President this morning, "will have a negative impact on domestic oil production and on the nation's economy."

Dole, the ranking Republican on the Senate Finance Committee, said that "More than three years ago the President declared the energy crisis to be the moral equivalent of war. His signing of this so-called Windfall Profits Tax bill takes us one giant step closer to defeat-- a self-inflicted defeat in our battle to attain energy independence."

It Will Reduce Production

According to the Kansas lawmaker, "The Windfall bill will reduce, rather than increase, future domestic oil production. The tax will lessen the economic incentive and capital available to undertake new oil exploration. Virtually all of the experts agree that this tax, in the form that it was finally passed and signed, will cause a drop in the expected production response from decontrol. Indeed, "Dole added, "some estimate that the Windfall tax will reduce domestic production by as much as 1.5 million barrels per day by 1990. This represents 1.5 million barrels per day that we will have to purchase from unpredictable, or even hostile, foreign nations. The price will surely be high, and the supply may be uncertain at best."

Senator Dole, who voted against the Windfall bill after the Senate failed to enact his motion to recommit it to the Finance Committee, said "the tax will not ultimately be paid by oil companies, but by American consumers. It is not a tax on profits, but, rather, an excise tax on domestic oil production that will undoubtedly be passed along in the price of every petroleum product that we purchase. The tax applies only to oil produced in the United States and does not extract a dime of tax from the sizable profits the multinational oil companies have recently earned abroad."

Unfair to Royalty Owners

The Senator also pointed out that the tax is unfair to the hundreds of thousands of royalty owners around the nation.

"This tax applies the same heavy tax rates to small royalty owners as it applies to the giant multinational oil companies. Most of these royalty owners are small farmers and many are retired persons who depend on modest royalty payments to supplement their Social Security. This is a grievous injustice, unfair by any measure. I intend to introduce legislation today to exempt these small royalty owners from this tax," Dole concluded.