

News from Senator

BOB DOLE



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DOLE ROYALTY OWNER TAX CREDIT LEGISLATION, STRIPPER EXEMPTION, PASSES SENATE

WASHINGTON - A proposal to provide a tax credit for royalty owners equal to the first \$1,000 of windfall profit liability in calendar year 1980 was accepted late yesterday by the full Senate as part of the revenue portion of the reconciliation budget.

The tax credit concept, which was developed by Senator Bob Dole (R.-Kansas), was originally passed in the Senate Finance Committee on June 25.

Full Senate action brings the tax credit a step closer to enactment.

Also adopted last night was an amendment supported by Senator Dole which will exempt from the Windfall Profits Tax the first two barrels of "stripper" oil produced daily. This provision, which is available to both producers and royalty owners, will take effect in fiscal year 1981 (September 1980 - October 1981). Approximately 78 percent of all oil produced in Kansas is "stripper" oil.

Royalty owners will not be able to claim both a tax credit and the exemption during an "overlap" period between the two provisions.

"These are significant victories in the fight by royalty owners across the country to combat the adverse effects of the Windfall Profit Tax," said Dole. "One of my main objections to the Windfall Tax was the unfair treatment royalty owners received. I believe adoption of my provisions will neutralize those effects and will insure that increased production of oil will be a high priority of landowners in Kansas and across the country."

Limitations

Senator Dole pointed out that the credit would not be available to trusts, estates, corporations, non-resident aliens and married persons who file separate returns.

Individual taxpayers would claim the credit after the close of the year by filing a form along with their income tax returns.

According to Senator Dole, there are approximately 2 million royalty owners in the United States.

"Many of these people are farmers or are retired persons who use their earnings to supplement meager social security payments," said Dole. "Royalty owners have no lobbyists, nor do they even have a national organization to protect their legitimate interests, so they unfortunately ended up getting taxed at the same high rate as the major oil companies, which was never the intention of the Finance Committee."

The House of Representatives will have an opportunity to substitute the Senate language on the tax credit and stripper provision when they consider the reconciliation budget, or it could be included in a House-Senate Conference Report, according to Dole.

"Yesterday's action was a big first step in insuring that royalty owners are treated fairly," said Dole. "Eventually I hope that there will be a 10-barrel per day exemption for royalty owners, but this is a start."