



NEWS from U.S. Senator Bob Dole

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STATEMENT OF SENATOR BOB DOLE
HEARINGS BEFORE THE SUBCOMMITTEE
ON ENERGY AND FOUNDATIONS

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Mr. Chairman, it has been over two years since the Administration declared the "moral equivalent of war" on our energy problems. However, since that time, our energy supply situation has deteriorated: we have not lessened our dependence on imported fuel. Instead, Congress spent the first two years of the current Administration considering a tax bill, not energy legislation. Ultimately, Congress rejected most of the ill-conceived taxes, including the centerpiece--the Crude Oil Equalization Tax.

The Administration, in initiating decontrol of domestic oil has, at last, taken some positive steps towards ending the subsidization of foreign crude oil. I have advocated replacement prices for "newly discovered" oil for many years.

The Administration has suggested a tax on the new revenues generated by oil decontrol. The tax has been labelled a windfall profits tax. Windfall profits tax is a misnomer. There is no tax on profits. The proposal is nothing more than an excise tax on crude oil. It is a warmed over version of COET. Therefore, it suffers from the same deficiencies. Little in the President's new energy plan, other than world prices for newly discovered oil, provides incentives for domestic exploration.

I am concerned that oil companies will receive billions of dollars in increased revenues and can use that money for whatever purpose they desire. I don't believe we should reject out of hand an energy surtax to be imposed unless decontrol revenue is spent for increased oil exploration. If the American people are being asked to sacrifice because of higher prices, they should have some assurances that more energy will be available.

A true "windfall profits" tax is the proper approach. I expect to introduce such a proposal in the near future.

I look forward to hearing the comments of the witnesses today.