News from Senator

BOB DOLE

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DOLE FORMULATING SOLUTION TO OIL DEALER AND CONSUMER CREDIT CRUNCH

CONCORD, NH-- Senator Bob Dole (R.-Kansas) tonight announced he is preparing legislation which would relieve the "credit crunch" effecting home heating oil consumers and dealers.

Dole, ranking Republican on the Senate Finance Committee and Chairman of the Republican Task Force on Energy, will propose a loan guarantee program which will allow heating oil dealers to obtain sufficient capital without demanding immediate payment from customers.

Fuel oil customers in New Hampshire and elsewhere have been hit with rapidly escalating costs-- and have been asked to pay "cash on the barrelhead."

The situation arose initially when OPEC cut in half the time it gives oil companies to pay for crude last spring-- demands for faster payment have since trickled down through the industry. The situation has been made worse because individual oil dealers cannot obtain sufficient credit from banks to cover the increased cost of oil from their suppliers.

"What I envision is a plan that would allow the federal government to guarantee a percentage of the loan from private banks in an incremental amount equal to the increase in the wholesale price of heating oil. Thus if a heating oil dealer finds he must borrow $100,000 rather than $75,000 to maintain the same inventory, the federal government would guarantee, in return for a small fee, the additional $25,000. This program would be strictly limited to bona fide heating oil dealers and would involve an absolute minimum of red tape," said Dole.

"Perhaps of greatest significance, it would give the heating oil consumer a bit of breathing room. The skyrocking cost of oil could at least be spread out a bit more, thus allowing people to budget properly and get through the winter."

Dole says he expects to introduce his bill in the near future.

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