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WASHINGTON, D.C., Dec. 1 -- U.S. Senator Bob Dole (R-Kans.) today offered qualified support to the oil depletion allowance amendment offered by Senator Allen J. Ellender (D-La.).

The Ellender amendment would restore the oil depletion allowance to the current level, 27½%. The Senate Finance Committee set the figure at 23%, after the House reduced the allowance to 20%.

In a Senate statement, Dole said, "Most realistic individuals recognize that meaningful tax reform will result in some reduction of the present depletion allowance. But there are features of the current bill which, unless changed, would inflict grave consequences on the oil industry, particularly the small independent oil and gas producers."

"If the five percent minimum tax on intangible drill cost deductions could be eliminated," the Senator said, "many in Congress and the industry would readily accept the Committee's judgement in fixing the depletion rate at 23%."

"Therefore, I am supporting the Ellender amendment with reservations, primarily to gain some leverage in the House-Senate conference on the bill," he said.

Dole urged his colleagues to consider the total tax reform bill "carefully, as there must be an understanding of priorities in the measure. "

"The oil depletion allowance is important," he said, "but not as important to Kansans and the total oil industry as other features of the bill."

Dole said the depletion allowance cannot be completely eliminated because, "for 43 years, it has assured an ample supply of petroleum at reasonable prices and has encouraged an industry which has not made an unreasonable or inordinate profit and has paid its fair share of taxes."

"With the ever-increasing demand for petroleum to meet our current and future needs and the spiraling expenditures required to replace depleted reserves, it would be shortsighted and folly to adversely change this tax provision which has served our nation and consuming public so well," he added.