



# NEWS from U.S. Senator Bob Dole

(R.-Kans.)

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## DOLE, CHAFEE CALL ON COLLEAGUES TO NOT REJECT WINDFALL PROFITS TAX OUT OF HAND

WASHINGTON -- Sen. Bob Dole (R-Kan.) and John Chafee (R-R.I.) said today that fellow Senate Republicans should not reject out of hand the concept of a windfall profits tax on decontrolled domestic oil.

"Decontrolling the price of oil will result in a sacrifice for American consumers," the senators said in a letter to all other Senate Republicans. "The Congress has an obligation to assure that this sacrifice will result in an increase in our domestic energy supplies and decreased reliance on costly foreign oil.

"While we are not now endorsing a specific proposal, we think that some form of windfall profits tax should be seriously considered. Indeed, it may be that a higher rate of tax than that suggested by the President is appropriate if the tax is carefully designed to encourage increased energy exploration.

"The principal objective in decontrolling the price of oil is to stimulate domestic oil production which in the past has been retarded by artificial price restraints. Yet, nothing in the President's spending and tax credit proposals is specifically directed toward increasing domestic oil production."

Dole, ranking Republican on the Senate Finance Committee, said the President's tax proposal is "seriously flawed" and that a windfall profits tax "must be structured to insure increased exploration and production of domestic oil."



# United States Senate

WASHINGTON, D.C. 20510

April 6, 1979

Dear Republican Colleague:

In his energy address, the President proposed a 50 percent windfall profits tax on the increased oil revenues that decontrol will generate. We think that the President's tax proposal is seriously flawed; nevertheless, it is important that Senate Republicans do not reject out of hand the concept of a windfall profits tax.

The principal objective in decontrolling the price of oil is to stimulate domestic oil production which in the past has been retarded by artificial price restraints. Yet, nothing in the President's spending and tax credit proposals is specifically directed toward increasing domestic oil production. We think that any windfall profits tax must be structured to insure increased exploration and production of domestic oil. This result can be accomplished by providing oil producers with a credit against the tax for money used to increase new domestic petroleum exploration and development.

While we are not now endorsing a specific proposal, we think that some form of windfall profits tax should be seriously considered. Indeed, it may be that a higher rate of tax than that suggested by the President is appropriate if the tax is carefully designed to encourage increased energy exploration.

Decontrolling the price of oil will result in a sacrifice for American consumers. The Congress has an obligation to assure that this sacrifice will result in an increase in our domestic energy supplies and decreased reliance on costly foreign oil.

Sincerely yours,

JOHN H. CHAFEE  
United States Senate.

BOB DOLE  
United States Senate