

News from Senator

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FOR IMMEDIATE RELEASE:
TUESDAY, JULY 10, 1979

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WINDFALL TAX WILL FILL THE TREASURY, NOT GAS TANKS, SAYS SENATOR DOLE

WASHINGTON-- Senator Bob Dole (R-Kansas) today said that he believes the Administration's Windfall Profits Tax "will not do what's needed-- increase domestic production."

The following is the full text of the Finance Committee's Ranking Republican's statement during the energy tax hearings:

"The federal government is in a state of energy panic. Everyday government officials try to assess the blame for our energy shortage. The administration demagogues about the oil lobbyists on Capitol Hill and accuses the Congress of inaction. Congress complains about the Department of Energy and the OPEC cartel. The result is a state of confusion.

"This "debate" has yielded virtually nothing. We have lost sight of the problem. Rhetoric and policies designed to punish the energy industry and the American consumer may make great reelection speeches but do little to address the issue. Promising quick-fix solutions and energy gimmicks just further deceives the American public.

"Mr. Chairman, the committee today is beginning its consideration of H.R. 3919 -- The Windfall Profits Tax Act. As in the last Congress, the committee is presented with a tax bill -- not an energy bill.

ENERGY PACKAGE

"However, this bill is only the first part of the "energy tax" legislation the committee is likely to consider. The second part -- the foreign tax credit is still in the ways and means committee. The third part -- the conglomeration of tax credits -- has not even been proposed in Congress. The committee and the Senate may have a better perspective if all the legislation was considered together -- not in a helter skelter, piece-meal fashion. The issue is too important -- too vital to the future of our country to make hasty decisions. In addition, the President has been secluded and isolated for a week. We must all wait in anticipation for the momentous decisions that are surely to be announced. I'm sure it will take some time to digest the change of events.

DECONTROL

"I support the decision to decontrol the price of domestic oil. Artificial prices, more than any other factor, have increased our reliance on imported petroleum. However, the purpose of decontrol is to increase supplies of oil. Thus, the administration's program amounts to only a half-step in the right direction.

EXCISE TAX

"Administration refers to their plan as a "windfall" profits tax. As I have stated before, the administration's plan is not a tax on profits. Nowhere is the term or even the concept of "profits"

(More)

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mentioned. The tax is simply an extremely complicated excise tax on crude oil imposed at the well head. In that sense, it is similar to the crude oil equalization tax. The oil tax will not increase supplies of energy. It will, however, raise billions of dollars in new taxes. The excise tax is a revenue machine that will fill the Treasury, not shorten gas lines and fuel American Commerce.

"Mr. Chairman, the tax passed by the ways and means committee was punitive. It was tempered only slightly by the House. I believe the Senate Finance Committee will act rationally and report a bill that is fair to industry and meets the expectations of the American Consumer.

CONSTRUCTIVE APPROACH

"There is enormous latitude for improvement. Specifically, I believe the committee should address the notion of a small producers exemption. Independent oil producers should not be penalized by the tax.

"The committee should also provide the maximum incentive for newly discovered oil. I might point out the house bill is expected to deny this country over 700,000 barrels of oil a day in 1985 as compared to no tax. Finally, the committee should consider a production credit against the tax -- a reward for those who increase exploration and development.

"Mr. Chairman, the energy situation is a national crisis. It will take firm leadership to move the country on the path towards energy independence. It is my hope, we can devise a constructive approach."