

News from Senator

# BOB DOLE



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## DOLE ANNOUNCES ALTERNATIVE WINDFALL PROFITS TAX

WASHINGTON -- Sen. Bob Dole (R-Kan.), ranking Republican on the Senate Finance Committee, today announced that later this week he will introduce a true alternative windfall profits tax designed to maximize crude oil and gasoline supplies to the American consumer. Dole made the announcement during Finance Committee hearings on the "windfall profits tax," during which Energy Secretary James Schlesinger offered testimony.

The Dole proposal, the Energy Development Surtax, is an income tax that would raise an estimated \$3-\$4 billion a year in revenues. "With these revenues, we can undertake further development of existing and alternative fuels," Dole said.

The major features of the Dole Energy Development Surtax will include:

- 80 percent tax rate
- Incentives for increasing production from existing wells
- Small producers exemption
- Production incentive credit for increased exploration and development
- Improved cash flow for investment
- Reduced paperwork and regulation
- Definite termination date of tax

"I listened very closely yesterday to Treasury Secretary Blumenthal," Dole said. "I have also studied very carefully the House-passed oil excise tax.

"I have concluded that an excise tax composed at the wellhead will detrimentally affect short-term energy supplies. However, as I stated yesterday, I do support a 'windfall profits tax.' My legislation is designed to encourage the development of oil and natural gas. The proposal is based on the assumption that the American consumer expects increased supplies from the increased revenues generated by decontrol.

"The Administration refers to its 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' mentioned. The tax is simply an extremely complicated excise tax on crude oil imposed at the wellhead. In that sense, it is similar to the crude oil equalization tax. The excise tax is a revenue machine that will fill the treasury, not shorten gas lines and fuel American commerce.

"My proposal -- the Energy Development Surtax -- is an income tax, not an excise tax. A tax should be levied on profits, not on ad hoc increases in prices. I feel that my proposal will effectively maximize supplies, while at the same time maintain fairness to the consumer.

"Today this nation is in a state of energy panic, and the Administration's 'profits' tax is only one more 'quick fix' to cover confusion about energy policy. I am sure that the Senate will act rationally, and I appeal to my colleagues and all U.S. citizens to retain perspective on the need to treat both producers and consumers fairly."