

## News from Senator

# BOB DOLE



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### DOLE SAYS WINDFALL BILL EMPHASIZES IMPORTANT MARKET INCENTIVES FOR PRODUCTION

WASHINGTON -- Senator Bob Dole (R-Kan.), ranking Republican on the Senate Finance Committee, said today the windfall profits tax bill that emerged from the Finance Committee "minimized the most pernicious effects of the tax and created important market-oriented incentives."

"When the Finance Committee began consideration of the so-called 'windfall profits tax,' Dole said, "I and the other Republicans on the committee recognized that the political climate in this country dictated that some kind of crude oil excise tax would be a reality. Further, some felt it was essential that limited federal assistance be made available to encourage the development of synthetic fuels.

"We had two options: we could rant and rave that no tax was needed and let the majority party write a tax that could seriously, and perhaps permanently, retard oil production in this country; or, we could attempt to minimize the most pernicious effects of the tax and infuse it with market-oriented incentives. We chose, I believe correctly, the latter course.

"Significantly, there was bipartisan support for proceeding in such a manner. A number of Democratic senators from such oil-producing states as Louisiana, Texas and Oklahoma reached a similar conclusion."

The committee enacted several Dole amendments that provide benefits to encourage additional exploration and production by small and independent petroleum producers, including the exemption of all newly discovered oil and independent stripper wells from the tax.

"It is crucial that we continue to support the efforts of small and independent petroleum producers, especially now, when domestic production is so crucial for the energy future of our nation," Dole said. "We cannot afford to let U.S. production languish while at the same time we import up to 50 percent of our oil.

"Independent producers have historically made up 80 percent of our total domestic drilling, so their contribution has been significant. It is noteworthy also that they have re-invested 105 percent of wellhead revenues in drilling, exploration and production activities."

The Dole amendment on stripper wells exempts up to 1,000 barrels a day of stripper oil produced by an independent producer. The exemption of stripper oil has a significant production response. The Finance Committee received testimony of increased production of nearly 500,000 barrels per day by 1990.