

LARSON OFFERS MOTION TO ELIMINATE OIL INDUSTRY TAX GIVEAWAYS

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WASHINGTON, DC – U.S. Representative John B. Larson (CT-01) last evening offered a motion to instruct the conferees on H.R. 4297, the Tax Reconciliation Act, to accept three bipartisan Senate provisions that would remove subsidies and close loopholes for large integrated oil companies. The motion failed by a vote of 197 to 224.

The bipartisan provisions, which passed the Senate virtually unanimously, would rollback over \$5.4 billion in tax incentives for the oil industry. Specifically, they would:

- eliminate the Last In, First Out (LIFO) accounting method for the inventory profits of big oil. Closing this loophole will save \$4.3 billion over 10 years;
- prohibit oil companies from writing off the costs associated with oil and gas exploration, which would save \$292 million over 10 years, and;
- limit the foreign tax credit that companies receive for the taxes they pay to oil producing countries, for a savings of \$776 million over 10 years.

The motion would also instruct House conferees to strike the extension of the capital gains and dividend tax cuts, which will save \$50 billion over 10 years.

Larson recently introduced the Oil Subsidy Elimination Act (H.R. 5234) to repeal these same tax breaks for oil companies. He has also cosponsored the Federal Response to Energy Emergencies (FREE) Act, introduced by Representative Bart Stupak (D-MI), which would provide the Federal Trade Commission with the explicit authority to investigate and punish those who artificially inflate the price of energy. Additionally, Larson is an original cosponsor of Stupak's Prevent Unfair Manipulation of Prices (PUMP) Act to improve transparency and oversight of oil futures speculation. Finally, Larson previously joined with Congresswoman Rosa DeLauro (D-CT) to introduce the Consumer Windfall Excess Oil Profits Protection Act of 2005 (H.R. 4276) to impose a windfall tax on oil profits.

As oil companies are bringing in record profits and oil executives receiving obscene salaries and retirement packages, the price of oil has risen over \$70 a barrel and the price of gas is over \$3 a gallon, stated Larson. The correlation between the net income of oil companies tripling since 2002 and spiraling costs to consumers is not lost on the average American. The motion I offered would have rolled back unneeded tax giveaways to the oil industry so the federal government could use that money to promote alternative sources of energy or reinvest in low-income energy assistance.

A motion to instruct conferees is a formal action taken by the House urging its conferees to uphold a particular position on a bill in a conference committee. A conference committee is comprised of members of the House and Senate who meet to reconcile the differences in a bill that has passed the House and Senate without different language.

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