

DPC Staff Contact: Sara Mills (202) 224-3232
DPC Press Contact: Barry Piatt (202) 224-2551

April 25, 2006

Republicans Flip-Flop on Democratic Proposals to Reduce Record-High Gas Prices

With gas prices climbing toward \$3 a gallon and high oil company profits released yet again this week, Republicans are suddenly expressing support for price-gouging investigations, using the Strategic Petroleum Reserve (SPR) to lower gas prices, and removing tax breaks they gave to the oil and gas industry. Democrats have offered smart, pro-consumer policies to stop price gouging, manage the SPR, and remove tax incentives for the highly profitable oil and gas industry, but Republicans have blocked or ignored these proposals. Now, faced with growing dissatisfaction with their pro-industry energy policies, Republicans are borrowing from the same Democratic proposals they have opposed for years.

Gas prices are climbing again. In just the last four weeks, gas prices have risen by 40 cents. On April 24, 2006, a gallon of regular gasoline cost \$2.91. Gasoline prices have increased by 67 cents or 30 percent since last year and have more than doubled since President Bush took office in January 2001.

Record prices mean record profits for oil companies. The average household with children will spend about 75 percent more on gasoline costs this year than in 2001. This money has flowed directly from consumers' pocketbooks to the coffers of large oil companies and oil producers, including the foreign oil cartel, OPEC. While Americans pay more at the pump, the five largest oil companies reported a record \$110 billion in profits in 2005. Exxon Mobil alone raked in \$36 billion in profits, the largest annual profit of any American company.

Democrats have proposed price-gouging legislation. In September 2005, Democrats proposed legislation to establish a federal ban on price gouging for oil, gasoline, and other petroleum products during national emergencies, provide civil and criminal penalties for price gouging, ban market manipulation, and require greater transparency in oil and gasoline markets. A majority of the Senate supported this

legislation, but Republicans blocked its adoption. [S. 1735; S. 1744; S. Amdt. 2612, Vote #334 11/17/2005, Failed motion to waive budget act, 57-42]

Democrats have proposed suspending deliveries to the Strategic Petroleum Reserve to lower prices at the pump. Democratic Senators have repeatedly called on the President to suspend deliveries to the SPR in order to reduce high gasoline prices. Republicans have not taken up the proposed legislation and have blocked amendments to improve management of the SPR, and the Administration rejected calls to use the SPR to lower prices. [S. Res. 364, 108th Congress; S. 847, 109th Congress; S. Amdt. 451 ruled non-germane to Supplemental Appropriations bill 4/20/2005; S. Amdt. 805, Vote #147, 6/22/2005, failed 39-57]

Democrats have proposed removing tax breaks for oil companies. When oil company CEOs testified before the Senate Energy Committee in November 2005, they said they did not need the tax breaks given to them by Republicans in the Energy bill (H.R. 6). During consideration of the budget resolution, Democrats proposed repealing these tax breaks, but the Republican leadership did not bring the issue up for a vote. [S. Amdt. 3046, 109th Congress]

Democrats have proposed a change in energy policy. After touting the success of last year's Energy bill, the President's budget failed to fund programs that would move America toward energy independence. Democrats introduced an amendment to increase energy research and development funding and extend the renewable energy production tax credit, but Republicans blocked it. [S. Amdt. 3039, Vote #42, 3/14/2006. Defeated 46-54]

Democrats have proposed a tax rebate for American gasoline consumers. Democrats have introduced proposals to impose a temporary windfall profit tax on large oil companies and return the tax collected back to American consumers. Profits used toward investments in new refining capacity and alternative energy infrastructure would be exempted from the tax. Democrats first proposed legislation on this issue on September 7, 2005. [S. 1631, S. 1809]

Democrats have proposed creating a strategic gasoline and jet fuel reserve. A gasoline and jet fuel reserve, like our Strategic Petroleum Reserve, would protect Americans from price spikes like those after Hurricanes Katrina and Rita. It would also reduce the effects of the gasoline price spikes Americans are experiencing today, when a limited supply of gasoline, not oil, is driving up prices. Democrats introduced legislation creating such a reserve on September 29, 2005. [S. 1794]