15, 1909, a member of the majority party offered a rule resolution. The House defeated the previous question and a member of the opposition rose to a parliamentary inquiry, asking who was entitled to recognition. Speaker Joseph G. Cannon (R–Illinois) said: ''The previous question having been refused, the gentleman from New York, Mr. Fitzgerald, who had asked the gentleman to yield to him for an amendment, is entitled to the first recognition.''

Because the vote today may look bad for the Republican majority they will say ''the vote on the previous question is simply a vote on whether to proceed to an immediate vote on adopting the resolution . . . [and] has no substantive legislative or policy implications whatsoever.'' But that is not what they have always said. Listen to the Republican Leadership Manual on the Legislative Process in the United States House of Representatives, (6th edition, page 135). Here's how the Republicans describe the previous question vote in their own manual: Although it is generally not possible to amend the rule because the majority Member controlling the time will not yield for the purpose of offering an amendment, the same result may be achieved by voting down the previous question on the rule . . . When the motion for the previous question is defeated, control of the time passes to the Member who led the opposition to ordering the previous question. That Member, because he then controls the time, may offer an amendment to the rule, or yield for the purpose of amendment.''

Deschler's Procedure in the U.S. House of Representatives, the subchapter titled ''Amending Special Rules'' states: ''a refusal to order the previous question on such a rule [a special rule reported from the Committee on Rules] opens the resolution to amendment and further debate.'' (Chapter 21, section 21.2) Section 21.3 continues: Upon rejection of the motion for the previous question on a resolution reported from the Committee on Rules, control shifts to the Member leading the opposition to the previous question, who may offer a proper amendment or motion and who controls the time for debate thereon.''

Clearly, the vote on the previous question on a rule does have substantive policy implications. It is one of the only available tools for those who oppose the Republican majority's agenda to offer an alternative plan.

Mr. SMITH of Texas. Mr. Speaker, I support this rule and the underlying legislation.

We all know that port security has been news across the United States in recent weeks, and it should be.

The U.S. ports are on the front lines of homeland security. My home state of Texas has several major seaports, including Galveston, Brownsville and Houston, that offer potential routes for dangerous cargo and terrorist weapons.

This bill, the SAFE Ports Act of 2005, will help ensure that Americans feel confident that the U.S. Government is protecting them from yet another threat.

It does so by imposing security requirements on overseas shippers and ports where cargo starts its journey to the United States, on cargo transportation while enroute to the United States, and at the ports within the United States—the last staging area before cargo makes its way into the country.

Also, this bill requires the Department of Homeland Security Secretary to employ standards for sealing all containers entering the Unites States within two years of enactment. It also requires the Secretary to deploy nuclear and radiological detection systems at 22 U.S. seaports by the end of fiscal year 2007.

These are good ways to ensure port security, and there are many more included in the bill.

I thank Chairman KING of Iowa, Chairman DANIEL E. LUNGREN of California, and ranking member HARMAN for their work on much-needed legislation, and urge my colleagues to support the Rule.

Mr. SESSIONS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HASTINGS of Florida. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4881

Mr. SAM JOHNSON of Texas. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor from the bill H.R. 4881.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

MOTION TO INSTRUCT CONFEREES ON H.R. 4297, TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005

Mr. LARSON of Connecticut. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. Larson of Connecticut moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill II.R. 4297 be instructed—

(1) to agree to the following provisions of the Senate amendment: section 461 (relating to revaluation of LIFO inventories of large integrated oil companies), section 462 (relating to elimination of amortization of geological and geophysical expenditures for major integrated oil companies), and section 470 (relating to modifications of foreign tax credit rules applicable to large integrated oil companies which are dual capacity taxpayers), and

(2) to recede from the provisions of the House bill that extend the lower tax rate on dividends and capital gains that would otherwise terminate at the close of 2008.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Connecticut (Mr. LARSON) and the gentleman from Texas (Mr. SAM JOHNSON) each will control 30 minutes.

The Chair recognizes the gentleman from Connecticut.

Mr. LARSON of Connecticut. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today on behalf of my Democratic colleagues to offer a motion to instruct the House conferees on the tax cut reconciliation conference committee.

This motion has two simple yet important provisions. First, it closes over $5 billion in unneeded tax loopholes and subsidies for oil companies. It eliminates the ''last in/first out,'' LIFO, accounting method for oil companies, which amounts to $4.3 billion over the next 10 years. It prohibits oil companies from writing off costs associated with oil and gas exploration, which is about $292 million over the next 10 years. It limits the foreign tax credit that companies receive for the taxes they pay to oil-producing countries.

This rollback amounts to, for oil companies, a mere $540 million a year and $135 million each quarter.

To put this in appropriate perspective, this represents approximately 1.6 percent of Exxon's first-quarter profits in 2006 alone. Second, it ends the extension of lower capital gains and dividends tax rates.

We offered this motion last week. The distinguished gentleman from Washington State put forward the amendment in the motion because of the way that Americans are being hit this time both at the gas pump and again because we hoped that the other side would join us in this effort. Unfortunately, only nine Republicans voted for the motion, and it failed 190–232.

We offer this again because the American people simply cannot understand why their government would hand billions in tax breaks and subsidies to an oil industry that by all measures is enjoying an unprecedented level of success. In fact, last week, President Bush discussed his plan to address the rising price of gas and oil.

During his remarks the President stated, ''Record oil prices and large cash flows also mean that Congress has got to understand that these energy companies do not need unnecessary tax breaks. I am looking forward to Congress to take about $2 billion of these tax breaks out of the budget over a 10-year period of time. Cash flows are up, taxpayers do not need to be paying for certain of these expenses on behalf of energy companies.''

Now, if the President of the United States can call for this, it just seems logical to those of us on this side of the aisle that Congress ought to be able to join with the other body. This body ought to embrace what the Senate has already done and concluded, and be in harmony with the Senate and the President of the United States.

Mr. Speaker, I reserve the balance of my time.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, you know, talking about helping our companies, the energy bill that my opponent referred to was equally divided among oil, among chemical, among hydrogen, among all those renewable-type fuels so that we could bring this Nation into self-sufficiency. Today's Democrat motion to instruct conferees is just as bad as it was last week when it failed by a vote of 190–232.

Yes, gas prices are high, and I can't name anyone I know who is happy about having to pay $3 a gallon for fuel. But this motion is the wrong policy on any number of fronts. It is bad energy policy. It is bad economic policy, and it is bad tax policy.

The Democrats just do not want to understand the law of supply and demand. When supply is low and demand continues to rise, the price goes up. We are seeing continuing demand for gasoline both here in the United States and around the world. The demand for gasoline is growing leaps and bounds in developing economies such as China and India. We are not the only consumers of gasoline in the world, and we are sure not the ones in charge of supply. In the world, crude markets, the price of oil is bumping along at record prices. The worldwide demand for oil is chasing up the price of the basic commodity. This basic law of supply and demand is something that the Democrats think Congress can repeal, but they are sadly mistaken. This motion to instruct conferees is a reflection of this mistake.

The law of supply and demand for gas also has another component that my friends just want to complain about; that is on the supply of refined oil in the form of gasoline. They talk out of both sides of their mouth on the issue of price because they have refused to allow new refineries to be built since 1976. There are 148 refineries in America today, down from 324 in 1981. And last year, during the hurricane season, we saw that refining capacity damaged. This creates a choke point in supply regardless of the rising cost of crude. The ability to refine oil is itself a problem and a demand problem. We have a problem with refineries running close to capacity and some of them shut down due to damage and basic maintenance.

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At this point in the year, refineries also have to start blending niche fuels due to clean air requirements.

I support clean air. We all do. We like to breathe clean air. My grandchildren like to breathe clean air. But the blending of special fuels for 17 particular markets hampers the ability of refineries to keep running at capacity as they switch from one fuel to another.

The pipelines that move fuel to terminals, the trucks that run from terminals to stations are not carrying generic fuel. They have to move boutique fuels. All of that adds costs and, more importantly, causes disruptions in supply so we end up seeing some gas stations without any fuel at all.

Yet our Democrat friends just want to complain about some big conspiracy and own up to no responsibility for creating these supply problems that then drive the price to $3 a gallon. It is easier to send out press releases that claim they are attacking Big Oil than it is to take a semester of Economics 101.

Mr. Speaker, I reserve the balance of my time.

Mr. LARSON of Connecticut. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I certainly think that the President of the United States understands the laws of supply and demand and has prevailed upon this Congress to take action with regard to this.

More importantly, back in my hometown, John Mitchell, the former Republican mayor of South Windsor, Connecticut, and past president of the Independent Connecticut Petroleum Dealers, says there is no correlation between what is going on in this country between the laws of supply and demand and what is happening with home heating oil and what is happening at our gas pumps. He says the only thing that is happening here is a matter of fear, speculation and greed.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut (Ms. DELAURO), someone who understands that and someone who has represented the State of Connecticut with distinction.

Ms. DELAURO. Mr. Speaker, might I say to my colleague on the other side of the aisle on the issue of refineries, ExxonMobil has said that they will not build refineries, that it was not part of their business plan.

The issue of switching from MTBE to ethanol was something that was known a year and a half ago or more, and the decision, they knew it, they could prepare for it, they wanted it to happen, and they did not make the preparations to make that switch-over.

Mr. Speaker, as Americans struggle with $73 barrels of oil and gas prices that could reach $4 a gallon in the coming months, we have heard every excuse in the world for why these prices have skyrocketed.

We have been told that refineries are being victimized by overbearing environmental regulations and that Americans simply do not understand the laws of economics and that the market is simply responding to high demand.

Well, it does not take an economist to recognize that the oil companies are making out like bandits. In 2005 alone, ExxonMobil, the Nation's largest oil company, earned more than $36 billion in profits, profits that were 31 percent higher than the year before. Not far behind is Shell, with $22.9 billion of profit; BP, with $19.3 billion of profits; and Chevron, which took in $14.1 billion.

So what is this Republican majority proposing? To usher through more tax cuts for oil companies in their next round of corporate tax giveaways. This only hours after this House finally relented and voted to give the FTC the authority to investigate price gouging, something Democrats have been calling for for the last 8 months.

Why on earth we would be offering still more tax cuts to an industry that is enjoying record profits is beyond me.

Even the President has acknowledged that we should be paring these gifts to industry back. It is interesting to note that he did not know in the energy bill that he signed that they had $9 billion in the energy bill that he signed; and, in fact, his administration gave a $7 billion windfall to the oil companies by waiving their royalty payments to the Federal Government.

This majority is not doing what it should be doing in this bill. What they are providing is more tax cuts.

With the Larson motion, which would prohibit oil companies from using an accounting gimmick to reduce their tax obligations, we have an opportunity to say enough. No more financing $400 million executive retirement packages with taxpayers' dollars. With soaring budget deficits, war and a host of needs here at home, we have better things to do with the taxpayer money than to line the pockets of this majority's political friends and an industry reaping historic profits from American families. Let us get that process started by passing the Larson motion.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I wonder how many people in this country have stocks in gas companies, ExxonMobil, for example. You are making a profit, too. Stop and think about it.

Ms. DELAURO. If the gentleman would yield, I have no stock in oil and gas companies.

Mr. SAM JOHNSON of Texas. Well, I didn't understand her.

You claim you want to tax away the profits of oil companies, and yet they do not even come here with their tired old windfalls profit tax because they know it is a bogus policy that doesn't pass the laugh test. Instead, they come here convoluting tax items that sound intriguing in a 15-second sound bite.

The first of the items is to switch the way that oil companies account for their inventory. They claim to pick up on a Senate idea to move away from long-standing accounting rules for inventory. Well, what this motion would propose to do is go back in time to the 1930s to theoretical inventories still held by oil companies. We know darn well there is no oil inventories held by oil companies since the 1930s, yet the Democrats here propose that we go back that far to tax theoretical inventory, propose a one-time retroactive tax back to the 1930s.

Such a proposal is scary even for my friends on the other side of the aisle. They did not use some economic policy that was developed by a PhD. No, they simply decided how many billions of dollars they wanted to raise in taxes on oil companies, and with some simple division it came out to $18.75 for each layer of theoretical inventory for every oil company back to the 1930s.

This provision has no real policy behind it. It simply is a big ATM withdrawal from oil companies to punish them for following the laws of supply and demand. They couldn't pass the laugh test on the windfall profits tax, so instead they came up with a tax that is retroactive to the 1930s. We have to defeat this proposal.

Mr. Speaker, I reserve the balance of my time.

Mr. LARSON of Connecticut. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I say to my distinguished colleague and good friend and learned man who everyone respects in this Chamber, it is the Republican-controlled Senate that passed these initiatives. It is the Republican President that has called for these rollbacks.

I said last week that the administration's policy seems to be ''leave no oilman behind.'' Or as Thomas Freeman has pointed out in the New York Times, from an international perspective, it seems like the policy is ''leave no mullah behind'' because of what we end up exporting abroad and how that money in turn is used against us.

Mr. Speaker, I yield 5 minutes to the gentleman from Washington (Mr. MCDERMOTT), who articulated this position last week.

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, I sometimes wonder when I am out here on the floor whether anybody ever listens to anybody.

The distinguished gentleman from Texas who opposes this motion acts like some kind of wild-eyed liberal. Left-wing bunch of environmentalists come up with this idea all by themselves. This came out of the Senate, I would tell my distinguished colleague. This came out of the Republican Senate. This is an idea that sprang from conservative Republican minds who understand that there is some reason to think that the oil companies have enough.

Now, as Yogi Berra used to say, ''It's deja vu all over again.'' We are running the same script tonight as we ran about a week ago.

A week ago, the Republicans voted down my motion to stop the oil companies from legally cooking their books to avoid paying their fair share of Federal taxes. My distinguished colleague from Connecticut comes tonight with his motion.

The price tag for the oil industry is $5 billion, not by raising taxes, just by closing loopholes. But they would rather keep the money, inflate their profits and earn more money for buying bonds to finance our Federal deficit and charge the American people more at the pumps.

Now, for Big Oil, too much is not enough. That is all fine and good with this Republican leadership in the House, but it is not right with many of my Republican colleagues who know it. In fact, last week a handful of them were brave enough to vote with the Democrats and voted in favor of this motion. Now here we are, and we are going to give you a second chance.

Do we pave a road with gold for Big Oil? Do we allow them to continue to cook their books, to keep $5 billion that rightfully belongs to the American people? Even the Senate Republicans cannot buy that. My goodness, guys, come on. Even the Senate Republicans.

But, of course, the House Republicans are different. Your gas tank is empty. Your wallet may be empty. Your credit card debt may be rising with gas prices, but the party of 1 percent, which is really what the Republican Party is, does not care. Because Big Oil is part of the 1 percent of America that the House Republicans reward. They are going to pay for it by taking it out of the hides of 99 percent of the rest of America, the middle class.

I join gladly with my esteemed colleague from Connecticut to ask the House Republicans to act on the Senate Republican proposal which we support. They offered to buy you a tank of gas. That is what the leader in the other body said: we are going to give you a $100 rebate. Even industry turned that down. What good is it giving people two tanks of gas? That is simply not enough.

The American people deserve more than a Republican handout. They deserve a prescription to end America's addiction to oil. And in the weeks since the Republicans first voted down this motion, the price of gasoline has risen again.

You cannot seem to get the message. There is no surprise here. Net income of oil companies has nearly tripled since 2002, and the margins for oil refining have risen 700 percent. The answer to date from this administration and House Republicans is to give them all they want, and they want it all.

The American people are becoming a wholly owned subsidiary of Big Oil, and the House Republicans are going along for the ride. But with the enthusiastic report of the President, House Republicans are showing what their energy strategy really looks like. It is not about extracting oil. It is about extracting every dime from the American people for the oil companies. They are drilling in your wallet, and a gusher of consumer debt is paving a road of gold for Big Oil. That is the solution for our energy price for the party of 1 percent: supersize the price of a gallon of gasoline and let Big Oil get fat on the profits.

Their idea of energy independence is to dig deeper into your wallet. Democrats believe it is time to govern for the 99 percent of Americans that the Republicans have simply forgotten. It is time to stop Big Oil from cooking its books and frying the American people in the process. It is time we supersize renewable resources like wind and solar. It is time energy independence became a national policy, not a national advertising campaign by Big Oil paid for by the American people.

We can start now. We can pass this motion to instruct. We need to restore rational fiscal policy. The $5 billion would give us some money to do some of that and not endorse reckless financial tax holidays for Big Oil.

When Republicans talk about shared sacrifice, they have to prove they mean more than offering up the American people on the altar of corporate greed.

I urge all my colleagues to support the Larson motion. Just because the Democrats have the right policy on this issue does not mean the Republicans have to vote against it. You can vote with us once in a while. You will not die, nothing terrible will happen to you, and the American people will win. I urge adoption of this motion.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Last week, my colleague from Washington State submitted for the RECORD an article describing a draft economist paper that claims to find no positive effects from the 2003 dividend and capital gains tax cut. There is solid evidence to the contrary.

I would like to submit a column from Business Week magazine written by Robert Barro, an economist at Harvard University and nominee for the Nobel Prize in Economics. He sums up a paper published in the Quarterly Journal of Economics by saying the 2003 tax cuts enhanced incentives for work effort, saving and investment. The paper shows that tax policy can have substantial and rapid effects on economic behavior.

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I submit for the RECORD a list of seven academic papers that offer support that a dividend tax cut of 2003 had a positive effect on capital markets and the economy. These papers were written by a diverse group of prominent academic economists from such institutions as the University of California at Berkeley, the University of Michigan, the University of Illinois and the Federal Reserve Board, and they directly contradict the papers submitted by my colleagues across the aisle, that the dividend tax cut had no effect. In fact, according to the IRS, dividend income by taxpayers went up 22 percent in the year after the tax cut, and qualified dividend income went up 30 percent.

[From Business Week, Jan. 24, 2005]

HOW TAX REFORM DRIVES GROWTH AND INVESTMENT

(By Robert J. Barro)

Not since 1986, during President Ronald Reagan's second term, has the atmosphere in Washington been so promising for basic income-tax reform. Proposals are likely to include making permanent the tax changes of 2001 and 2003, flattening the tax-rate structure, and moving toward taxing consumption rather than income. The 2003 law gave a taste of what is to come by advancing the effective date for the 2001 marginal tax-rate cuts and by reducing rates on dividends and capital gains. The 2003 tax cuts enhanced incentives for work effort, saving, and investment. So I think it is no accident that the U.S. has enjoyed rapid growth rates in gross domestic product, investment, and productivity since early 2003. Employment also grew, albeit with a lag.

Because the sharp cut in dividend taxation was a centerpiece of the 2003 law, it is particularly interesting to see how companies' dividend policies changed. The anecdotal evidence suggests a strong positive response, highlighted by Microsoft Corp.'s initiation of a regular dividend in 2003. Other large companies that started regular dividends in 2003–04 include Analog Devices, Best Buy, Clear Channel Communications, Costco, Guidant, Qualcomm, and Viacom.

A broader picture comes from the recent National Bureau of Economic Research working paper, ''Dividend Taxes and Corporate Behavior: Evidence from the 2003 Dividend Tax Cut,'' by Raj Chetty and Emmanuel Saez, economics professors at the University of California at Berkeley. The Chetty-Saez study analyzes dividends paid by the universe of publicly listed corporations from the first quarter 1982 through the second quarter 2004. The sample, designed for statistical reasons to include the same number of companies in each period, comprises roughly the 4,000 largest companies by market capitalization in each quarter.

The study documents a surge in initiations of dividends after the dividend tax cut was proposed in January, 2003, and enacted in May, 2003. The percentage of companies in the sample that paid dividends increased from 20% in fourth quarter 2002 to 25% in second quarter 2004. This increased propensity to pay dividends reversed a long-term decline.

The 2003 reform was also followed by increases in payouts by dividend-paying companies. In the Chetty-Saez sample, the number of companies that raised regular dividends by at least 20% rose from 19 per quarter in the period before the tax reform was implemented to 50 in the post-reform period. Another response was a surge in special, one-time dividends. This number rose from 7 per quarter pre-reform to 18 post-reform. The most celebrated special dividend was Microsoft's payout of $32 billion, announced in July, 2004.

The post-reform increases in dividends—new dividends, larger dividends, and special dividends—still apply when Chetty and Saez control for profits, assets, market capitalization, and cash holdings. In other words, the tax reform made companies more likely to pay a dividend and to pay a larger dividend.

In addition, dividend initiations did not increase among companies for which the largest institutional investor was a pension fund or other entity not affected by the tax change. Neither did dividend initiations rise for Canadian companies, which are not affected by U.S. tax changes.

The study also revealed the relationship between the concentration of company ownership and the propensity to pay dividends. After the reforms, dividend initiations were more likely if share ownership was heavily concentrated among executives or taxable institutions. The desire of these players to have larger dividends when the tax rate falls is particularly likely to be translated into corporate dividend policy.

There's also evidence that the tax cut particularly heightened the propensity to pay dividends among companies with low forecasted earnings growth. So tax reform may have efficiently taken cash out of companies with below-average prospective returns on investment.

The dividend study shows that tax policy can have substantial and rapid effects on economic behavior. The data highlight the importance of the current deliberations on tax reform. The Bush Administration should seize the moment and deliver a tax system that promotes economic growth.

The following seven academic papers offer evidence of the positive impact of the 2003 tax relief:

Hassett (AEI), Auberbach (UC Berkeley), The 2003 Tax Cut and the Value of the Firm: An Event Study, NBER Working Paper No. 11449, July 2005, http://elsa.berkeley.edu/users/auerbach/03divtax.pdf.

Chetty (UC Berkeley), Rosenberg (UC Berkeley), Saez (UC Berkeley), The Effects of Taxes on Market Responses to Dividend Announcements and Payments: What Can We Learn From the 2003 Dividend Tax Cut?, NBER Working Paper No. 11452, July 2005, http://papers.nber.org/papers/w11452.pdf.

Chetty (UC Berkeley), Saez (UC Berkeley), Dividend Taxes and Corporate Behavior: Evidence from the 2003 Dividend Tax Cut, Quarterly Journal of Economics, Vol. 120 issue 3, August 2005, http://elsa.berkeley.edu/~saez/chetty-saezOJE05dividends.pdf.

Chetty (UC Berkeley), Saez (UC Berkeley), The Effect of the 2003 Dividend Tax Cut on Corporate Behavior: Interpreting the Evidence, American Economic Review (forthcoming), Papers and Proceedings, Vol 92, issue 2, January 2006, http://elsa.berkelev.edu/~saez/chetty-saezAEA06.pdf.

Brown (University of Illinois at Urbana-Champaign), Liang (Federal Reserve Board), Weisbenner (University of Illinois at Urbana-Champaign), Executive Financial Incentives and Payout Policy: Firm Responses to the 2003 Dividend Tax Cut, Presented at 2006 Boston American Finance Association meeting, http://papers.nber.org/papers/w11002.pdf.

Richard Kopcke (Federal Reserve Bank of Boston), The Taxation of Equity, Dividends, and Stock Prices, Federal Reserve Bank of Boston Public Policy Discussion Paper No. 05–1, January 2005 http://www.bos.frb.org/economic/ppdp/2005/ppdp051.pdf.

House (University of Michigan) and Shapiro (University of Michigan), Phased in Tax Cuts and Economic Activity, NBER Working Paper No. 10415, April 2004, http://papers.nber.org/papers/w10415.pdf.

Selected quotations from outside. independent academic papers offering evidence of the positive impact of the 2003 tax relief:

''The immediate tax rate cuts under the 2003 law provided incentives for production and investment to rise substantially . . . These incentives likely contributed to the stronger economic performance in late 2003.''—Christopher House, Matthew Shapiro, ''Phased-In Tax Cuts and Economic Activity,'' NBER Working Paper 10415.

''We find strong evidence that the 2003 change in the dividend tax law had a significant impact on equity markets.''—Alan Auerbach (DC Berkeley) and Kevin Hassett (AEI), ''The Dividend Tax Cut and the Value of the Firm: An Event Study,'' NBER Working paper 11449, July 2005.

''An unusually large number of firms initiated or increased regular dividend payments in the year after the (2003 tax) reform. As a result, the number of firms paying dividends began to increase in 2003 after a continuous decline for more than two decades.''—Raj Chetty and Emmanuel Saez (UC Berkeley), ''Dividend Taxes and Corporate Behavior, Evidence for the 2003 Dividend Tax Cut,'' Quarterly Journal of Economics, August 2005.

''Fiscal policy along with monetary policy was an important factor in helping to restart the economic engine in this latest episode.''—Federal Reserve Chairman Ben Bernanke, Testimony before the Joint Economic Committee, April 27, 2006.

Mr. Speaker, I reserve the balance of my time.

Mr. LARSON of Connecticut. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. CARNAHAN), whose State leads this Nation in ethanol production and certainly understands the importance of the need for energy and the need for us to roll back these costs.

Mr. CARNAHAN. Mr. Speaker, Republican policies continue in this Congress to favor the wealthy over middle-income Americans and without regard to the budget deficit that is expected this year to reach $370 billion.

In the Senate late last year, they had the good sense, common sense to block extension of special tax cuts. The argument was that they should not be extending these cuts to benefit the wealthy while our lawmakers were advancing a broad budget-cutting bill that mainly targeted programs for the poor such as Medicaid and welfare.

Our ranking Democrat on the Senate Budget Committee said, ''You talk about completely detached from reality. That's this place.''

Well, Mr. Speaker, on Tuesday, the AP reported that the average cost of unleaded gasoline was $2.92, up 35 cents from a month ago. Moreover, U.S. drivers are now paying about 14 percent more to fill their tanks than a year ago.

The energy bill passed by this Congress last year was a multibillion dollar giveaway to big oil companies. It picked the pockets of the American people and helped line the pockets of Big Oil. Those taxpayer funded special breaks for Big Oil could have much better been used for funding alternative fuels and getting us weaned off our dependence on foreign fossil fuels.

Despite the failure of this policy, the Republican tax bill gives even more to the big oil companies. It is time we stopped subsidizing the big oil companies who have made not just record profits but the biggest profits in the history of the world. This is why I rise in strong support of the motion to instruct, and I commend my colleague, Mr. LARSON from Connecticut, for offering it.

This motion would make three very important changes to close tax loopholes that are lining the pockets of Big Oil. First, it would eliminate accounting gimmicks that allow Big Oil to artificially inflate costs and reduce profits, thus reducing their tax liability, and continue on this course of record profits at the American public's expense.

Second, it would close the loophole that gives oil companies a tax break for taxes they pay for doing business in foreign countries.

And finally, the motion also eliminates the tax break for accelerating depreciation for oil companies that was given to them in the energy bill.

The Larson motion would eliminate a 2-year amortization treatment for certain expenditures, treatment that is wholly inconsistent with the way this type of expenditure would be treated by other businesses. It is not fair to other American businesses, Mr. Speaker. Even the Bush administration has acknowledged this is excessive.

It is time we end the Republican policy of giveaways to Big Oil, and I urge my colleagues to support the Larson motion.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I continue to reserve the balance of my time.

Mr. LARSON of Connecticut. Mr. Speaker, I yield 6 minutes to the distinguished gentleman from Michigan (Mr. STUPAK), who has put forward legislation of his own and is here to speak and address this issue as he so often does and articulates it with such conscience and with such articulation.

Mr. STUPAK. Mr. Speaker, I rise in strong support of the Larson motion to instruct conferees on H.R. 4297. The motion to instruct conferees is to adapt the three Senate provisions affecting large integrated oil companies and would raise over $5 billion in additional revenue over 10 years.

Basically, what the Larson motion is doing is saying the same thing the President has said, once oil gets over $40 a barrel. Right now it is at $73 a barrel; why do we have to continue to give oil companies, big gas companies more tax breaks?

Look at these record profits. 2005: this is just ExxonMobil. It was like $36 billion, the most ever by a U.S. company. The whole industry in the last year was over $110 billion. But yet the policy of this country is, give them more tax breaks.

We have Mr. HIGGINS from New York who has the bill to say, take away the tax breaks. Take away those subsidies. If you are making this kind of money, why do you have to gouge us again? It is bad enough you gouge us at the pump. Now you are going to gouge us on April 15 and every day we pay taxes, and you are not paying any, with those record profits.

Or take Mr. MARKEY's legislation. You know, when they drill for oil and gas on Federal lands, you are supposed to pay a royalty. But they get suspended. They can't even pay a reasonable royalty to the American people for drilling on the lands you properly own. Why can't we have the Markey bill before this House? Why can't we have the Higgins bill before this House? Because we will cut into these record profits, that is why. Because the American people are with the Democrats on the issue in support of the Larson motion to take away these tax subsidies for the richest companies in the world.

Or how about the bill that we have been talking about for the last couple of weeks now, which is the PUMP Act that we have introduced, which is, prevent unfair manipulating of prices. Look, these old futures, as these prices go up, how do they get up there? How did we go from $40 a barrel to $73 or $75 a barrel? Through speculation, through greed and through fear.

So we start speculating on the price of oil, add a little fear, like we have lately. That is called Iran because they might suspend oil supplies, so that is going to have to bring it up, and then we can get more profit out of it.

Underneath the PUMP Act, what we are saying is, and currently, under current situation, only 25 percent of the oil futures are traded under NYNEX, the New York Mercantile Exchange. That means 75 percent are traded off-market. OTC they call them, over-the-counter.

All the experts tell us if we would only regulate the trading of oil futures through the Commodity Future Trade Commission, we could cut the price of a barrel of oil by $20. That would be one-third off at the pump. That would be like 90 cents off a gallon of gas if we could just regulate it.

If it is good enough for 25 percent of the oil traders to be regulated under the Commodities Future Trade Commission, why can't we do all of them? Just a fair question.

That is our legislation. Democrats came up with that one. Again, we can't bring it to the floor. Look, price gouging, that is what we have been getting right here. And here today we passed the so-called price gouging bill, the Wilson bill. I even voted for it, as weak a bill it was on price gouging. And it is at least a start. The Republicans acknowledge that there is gouging going on, so at least they brought a bill today; that was a start. But we want to improve it.

Why do we have to improve the Wilson price gouging bill that was passed by the House today? Just take a look at it. If you are going to start getting at the cost of energy, you have to start from the ground all the way to the gas pump. We know that, during September 2004 to September 2005, the cost of refining a gallon of gasoline went up 255 percent. That is price gouging. Of course, the Wilson legislation doesn't take that into consideration.

The Wilson legislation, the so-called price gouging legislation, doesn't consider natural gas, doesn't consider propane.

See what happens here with the Republican Party and the special interests; only special interests are given freeness. We don't tax oil companies. We don't tax gas companies. We don't include all types of energy in price gouging, even if it does go up 255 percent in 1 year. That is not price gouging. Let's give them a break.

Look, people are tired of being gouged at the pump or when they heat their homes. I have been for 8 months trying to bring up a reasonable piece of legislation on price gouging. It takes in all forms of energy from the ground to the pump.

We had the PUMP legislation, which will actually cut $20 off a barrel of oil. Why can't we do that? Why can't we take away the tax subsidies? Why can't they pay a royalty when they drill on Federal lands? Why are we protecting these record profits that you see right here? I think the American people know.

So I have been on this for the last 8 months. I am on the Energy and Commerce Committee. I have written to the chairman to have a hearing on my bill, because this winter, the Escanaba Senior Center got their bill. $7,000; next month it was over $13,000. Their energy assistance, LIHEAP, Low-Income Heating Energy Assistance Program, only gives $6,000 a year. They used it all up in 1 month.

And after they get done gouging us at the gas pump, they will be gouging us this winter as we heat our homes. Therefore, let's use common sense. Let's give something back to the American people who are being gouged at the pump, at the thermostat and every day by these oil and gas companies.

Pass the Larson motion. It is the least we can do to try to bring some sanity back to this industry which is totally out of control and being protected by the Republican majority.

Mr. SAM JOHNSON of Texas. Mr. Speaker, can I ask the gentleman, how many more speakers do you have?

Mr. LARSON of Connecticut. I don't believe we have any more speakers. I believe I have the right to close. I will reserve that right, and the gentleman can proceed.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

You can talk about price gouging all day, but it costs money to get oil out of the ground and get it delivered, and we have an excellent delivery system. And that oil doesn't come from just this country, because some of my friends over there have blocked us from drilling for oil or gas in the major parts of our country.

I think that another provision that our Democrat friends propose in their effort to repeal the law of supply and demand by reducing foreign tax credits, they are proposing to increase the capital cost of American oil companies when drilling in other countries. And they think this will somehow reduce the cost of oil.

Well, if you are scratching your head and wondering how increasing capital costs will then somehow be able to reduce the cost of a final product, join me in voting against this motion. This motion simply doesn't make sense.

The Democrat proposal to take away foreign tax credits when American oil companies are drilling in far off places like Africa, South America or Central Europe, the last time I looked, that is where a lot of oil is. Yet the part of the Democrat motion on the foreign tax credit does increase the cost of drilling in those countries.

Perhaps our Democrat friends would rather have China National Offshore

Oil Company or Venezuelan companies winning these drilling contracts rather than American companies. I can assure you that the president of China National Offshore Oil Company and Hugo Chavez in Venezuela really don't care about the cost of a gallon of gasoline in suburban America.

To handicap American oil companies when drilling offshore would be to disadvantage American oil companies in these global drilling contracts and will ultimately harm Americans at the pump.

Again, Mr. Speaker, our friends on the other side of the aisle are aiming to repeal the law of supply and demand. Just like they can't repeal the laws of physics and have pigs fly, they can't repeal the law of supply and demand in the oil market. We should defeat this motion to instruct conferees.

Mr. Speaker, I yield back the balance of my time.

Mr. LARSON of Connecticut. Mr. Speaker, I yield myself such time as I may consume.

And to my distinguished colleague from Texas, apparently, pigs have taken flight in the United States Senate because the Republican-controlled Senate has sponsored this very straightforward legislation that calls for these rollbacks.

And no one less than the President of the United States, and I will reiterate again, said ''record oil prices and large cash flows also mean that Congress has got to understand that these energy companies don't need unnecessary tax breaks.''

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''I am looking forward to Congress to take about $2 billion of these tax breaks out of the budget over the next 10-year period. Cash flows are up. Taxpayers do not need to be paying for certain of these expenses on behalf of energy companies,'' the President of the United States.

But, you know, the real test here, I like to call it the Augie & Ray's test. Augie & Ray's is a little diner in my hometown of East Hartford. I go there frequently, and I have an opportunity to meet with people that are baffled by what is going on here in the United States Congress but surely astounded by the greed that exists in corporate America, especially as it relates to energy prices.

These are people, regular people, in the Northeast who have seen their moneys cut for low energy assistance to heat their homes. These are people that are paying huge prices at the gas pump that is chewing up all of the profits that a small businessman makes, and they are wondering aloud what the United States Congress is going to do about it. So the President of the United States, a Republican, and the Republican-controlled Senate call for this rollback that is modest at best; and yet our colleagues on the other side of the aisle persist in saying, oh, no, this is much-needed relief for oil companies that receive tax cuts on top of record-breaking profits, while we cut assistance to the poor.

People that have to make a decision between the food that they eat, heating and cooling their homes, and the prescription drugs that their doctors tell them to take want relief from their government. We have already made them refugees from their own health care system by sending them to Canada to get the kind of prices on their prescription drugs that they can afford, and now we are squeezing the middle class throughout the Northeast and senior citizens who have nowhere else to turn.

This is a modest, modest proposal that Mr. MCDERMOTT submitted last week and I submit this week, that the Republican-controlled Senate has already passed.

We implore you to embrace this straightforward rollback in a time when oil companies and their executives have made unprecedented profits so that we can provide basic relief to American citizens. I implore my colleagues to vote for this motion.

Mr. LEVIN. Mr. Speaker, I rise in strong support of the motion by Representative LARSON that calls for rolling back $5.4 billion in unjustified tax subsidies and loopholes for the oil industry. The Senate has voted to close these loopholes, and the House should do the same. We are here to represent the interests of American consumers, not the interests of the oil companies.

The average U.S. price for self-serve regular gas is $2.91 a gallon, or nearly 70 cents higher than it was at this time last year. This is the average cost. In many areas, the price of a gallon of gas is much higher. Some of this is due to higher oil prices and strong demand for petroleum, but some of the price hikes we are seeing simply cannot be explained away by supply and demand.

At the same time that consumers are facing pain at the pump, the oil companies are raking in record profits. Last week, the world's largest oil company, Exxon Mobil Corp., announced first-quarter profits of $8.4 billion, up 7 percent from a year ago. This gave Exxon the fifth-highest quarterly profits ever recorded by a publicly-traded company. Marathon Oil's profits more than doubled in the first quarter to $784 million. ConocoPhillips, the Nation's third-largest oil and gas producer, reported last week that its first quarter profit rose 13 percent. All told, the country's three largest U.S. petroleum companies posted combined first-quarter income of almost $16 billion, an increase of 17 percent from the year before.

Further, Exxon Mobil recently was able to give its former CEO one of the most generous retirement packages in history: nearly $400 million, including pension, stock options and other perks. The people I represent simply do not understand how the energy companies can keep posting sky-high profits, award $400 million golden parachutes to their executives, and keep raising the price of gasoline.

The very least Congress can do is to close some of the unjustified loopholes in the tax code that unfairly benefit big oil companies. Americans are watching what we are doing here. I am sure they noticed a plan floated by Senate Republicans last Friday to give consumers a $100 rebate check, paid for by a tax change on oil company inventory accounting. For most people, that would come out to about two or three tanks of gas. Consumers want us to fix the problem, not buy them off with a $100 check. But what's interesting here is how the proponents of the rebate plan quickly shelved their proposal just a few days later after oil companies waged an intense lobbying effort to block the closure of the inventory accounting loophole. This speaks volumes about who the Republican leaders of Congress listen to.

The motion before the House would roll back $5.4 billion over 10 years in tax subsidies and loopholes for the oil industry. That comes out to about $135 million a quarter, which comes out to be about 1.6 percent of Exxon's first-quarter earnings in 2006.

So there is a clear choice before the House today. We can stand with consumers who are struggling with these sky-high gas prices, or we can stand with the oil companies that are posting some of the highest profits in the history of the world.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Connecticut (Mr. LARSON).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. LARSON of Connecticut. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

MOTION TO INSTRUCT CONFEREES ON H.R. 2830, PENSION PROTECTION ACT OF 2005

Mr. GEORGE MILLER of California. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. George Miller of California moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 2830 be instructed to recede to the provisions contained in the Senate amendment regarding restrictions on funding of nonqualified deferred compensation plans, except that—

(1) to the maximum extent possible within the scope of the conference, the managers on the part of the House shall insist that the restrictions under the bill as reported from conference regarding executive compensation, including under nonqualified plans, be the same as restrictions under the bill regarding benefits for workers and retirees under qualified pension plans,

(2) the managers on the part of the House shall insist that the definition of ''covered employee'' for purposes of such provisions contained in the Senate amendment include the chief executive officer of the plan sponsor, any other employee of the plan sponsor who is a ''covered employee'' within the