

All Senators from States within the Second Circuit support her confirmation. I also note that I did not hear Republican Senators raise any concerns about lack of judicial experience when President Bush nominated, and the Senate confirmed, 24 nominees to circuit courts with no prior judicial experience, and a number with little trial litigation experience.

Even as some Republicans have opposed this nominee by saying that she does not have sufficient litigation experience, Republican Senators have recently tried to twist nominees' litigation experience against them. Their partisan attacks are not consistent. When a nominee has extensive experience and is a successful trial lawyer, they complain that the nominee has too much experience and will be biased by it.

Republicans opposed Judge McConnell of Rhode Island because he was an excellent trial lawyer. They opposed Judge Chen of California despite his 10 years as a fair and impartial Federal judge magistrate and disregarded his judicial record. The Republican opposition to President Obama's judicial nominees has been anything but consistent. Now some will turn around and oppose Ms. Carney, a nominee with more than 30 years of legal experience, by saying she has not had sufficient experience as a trial advocate.

This reminds me of the story of the mother who sent her son two neckties as gifts. When she visited, the son picked her up at the airport dutifully wearing one of the ties, only to hear his mother complain: "What's the matter? Don't you like the other tie?"

Let us turn away from such double standards and return to the long-standing Senate practice of judging nominees on their merits, not based on caricatures. Our ability to finally reach a time agreement and have a vote on the nomination of Susan Carney is a welcome sign of progress. We still have a long way to go to do as well as we did during President Bush's first term, when we confirmed 205 of his judicial nominations. We confirmed 100 of those judicial nominations during the 17 months I was chairman during President Bush's first 2 years in office. So far, well into President Obama's third year in office, the Senate has only been allowed to consider 84 of President Obama's Federal circuit and district court nominees, well short of 205. We need to work together to ensure that the Federal judiciary has the judges it needs to provide justice to Americans in courts throughout the country.

I congratulate Ms. Carney and her family on her confirmation today.

Mr. President, I yield the floor and suggest the absence of a quorum, and ask unanimous consent that the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRAPO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRAPO. Mr. President, I yield back all time.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Susan L. Carney, of Connecticut, to be U.S. Circuit Judge for the Second Circuit?

Mr. CRAPO. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Vermont (Mr. SANDERS) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 71, nays 28, as follows:

[Rollcall Vote No. 71 Ex.]

YEAS—71

| | | |
|------------|--------------|-------------|
| Akaka | Gillibrand | Merkley |
| Alexander | Graham | Mikulski |
| Ayotte | Grassley | Murkowski |
| Baucus | Hagan | Murray |
| Begich | Harkin | Nelson (NE) |
| Bennet | Hatch | Nelson (FL) |
| Bingaman | Hutchison | Portman |
| Blumenthal | Inouye | Pryor |
| Boxer | Johnson (SD) | Reed |
| Brown (MA) | Kerry | Reid |
| Brown (OH) | Kirk | Rockefeller |
| Cantwell | Klobuchar | Schumer |
| Cardin | Kohl | Shaheen |
| Carper | Kyl | Snowe |
| Casey | Landrieu | Stabenow |
| Cochran | Lautenberg | Tester |
| Collins | Leahy | Toomey |
| Conrad | Levin | Udall (CO) |
| Coons | Lieberman | Udall (NM) |
| Corker | Lugar | Warner |
| Cornyn | Manchin | Webb |
| Durbin | McCain | Whitehouse |
| Feinstein | McCaskill | Wyden |
| Franken | Menendez | |

NAYS—28

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|-----------|--------------|----------|
| Barrasso | Heller | Risch |
| Blunt | Hoeven | Roberts |
| Boozman | Inhofe | Rubio |
| Burr | Isakson | Sessions |
| Chambliss | Johanns | Shelby |
| Coats | Johnson (WI) | Thune |
| Coburn | Lee | Vitter |
| Crapo | McConnell | Wicker |
| DeMint | Moran | |
| Enzi | Paul | |

NOT VOTING—1

Sanders

The nomination was confirmed.

The PRESIDING OFFICER. Under the previous order, the motion to reconsider is laid upon the table and the President will be immediately notified of the Senate's action.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:47 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

CLOSE BIG OIL TAX LOOPHOLES ACT—MOTION TO PROCEED

Mr. REID. Mr. President, under the previous order, I move to proceed to Calendar No. 42, S. 940.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

Motion to proceed to the bill (S. 940) to reduce the Federal budget deficit by closing big oil tax loopholes, and for other purposes.

OFFSHORE PRODUCTION AND SAFETY ACT OF 2011—MOTION TO PROCEED

Mr. REID. Mr. President, under the previous order, I move to proceed to Calendar No. 43, S. 953.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

Motion to proceed to the bill (S. 953) to authorize the conduct of certain lease sales in the Outer Continental Shelf, to amend the Outer Continental Shelf Lands Act to modify the requirements for exploration, and for other purposes.

The PRESIDING OFFICER. Under the previous order, there will be 4 hours of debate equally divided prior to the vote on the motion to proceed to S. 940.

The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, I rise to follow on the majority leader's bringing this legislation to the floor, which I am privileged to sponsor with a whole host of my colleagues, and really to speak out for taxpayers and against continuing to provide subsidies to multibillion-dollar big oil companies. We are talking about the big five. We are not talking about any other entity, just the big five.

A positive vote on my bill presents a simple choice for everyone in this Chamber: Are you on the side of working class families or are you on the side of Big Oil? There are lots of ways to cut the deficit. Many of our colleagues, particularly in the other body, want to end Medicare and cut student loan programs. What I and my cosponsors want to do is end wasteful oil tax breaks for a wealthy industry that does not need them.

Clearly, we all need to tighten our belts to help address the deficit—all of us—even the oil companies. We all know oil companies are among the largest, most profitable companies in the world, but sometimes it is hard to understand the true scale of their wealth. So this chart is a simple attempt to give some perspective.

The median income in the United States is about \$50,000. ExxonMobil, just one of these big five, is projected to earn in profits \$42.6 billion this year—\$42.6 billion. Now, it is impossible to show this disparity on a chart,

but if this chart were to scale and each bundle of money equaled \$50,000, then we would need more than 850,000 stacks of bills to equal ExxonMobil's profits over the next year. So 850,000 stacks of bills on this poster would be about 170,000 feet high or about 32.2 miles straight up, through the ceiling of this Chamber, and beyond the stratosphere.

Now, the printing and graphics department is very good at the Senate, but 32 miles of posters was probably a bit much. So I decided not to do that. I appreciate the Parliamentarian acknowledging that I shouldn't have done that.

My bill would close several loopholes for Big Oil—loopholes that, given the current budget climate, would let Big Oil get away without making any sacrifices at the very time we are asking middle-class families, the disabled, and the elderly to tighten their belts and help reduce the deficit. There simply is no commonsense explanation for balancing the budget on the backs of working families and letting multibillion-dollar oil companies keep billions in taxpayer dollars.

At the same time the median income is \$50,000 for Americans, here is what it is if you are a CEO of one of the big oil companies. In the last year alone, the CEO of ExxonMobil got paid \$29 million. The ConocoPhillips CEO last year was paid about \$18 million and Chevron about \$16 million. Most Americans will never see that in their lifetime of work. So to have these executives come last week before the Finance Committee and say, as one of the companies put out, the suggestion about taking away some—not all, some—of their tax subsidies was un-American is pretty outrageous.

Let me explain the provisions of my proposal. The first provision has to do with foreign tax credits. U.S. taxpayers are taxed on their income worldwide, but they are entitled to a dollar-for-dollar tax credit for any income taxes that are paid to a foreign government. They get that taken off. It makes sense because we don't want to tax the same activity twice, but U.S. oil and gas companies have pretty smart lawyers and clever accountants. They have figured out if they can convince a foreign government, such as Indonesia, to charge them taxes instead of a royalty, which is, in essence, a fee they pay for the purpose of drawing that oil out of that country, they can get a big break on their U.S. taxes. But what this amounts to is that the U.S. taxpayer is subsidizing foreign oil production. This bill would close that loophole and return \$6.5 billion to the Treasury.

Another one. In 2004 Congress created the domestic manufacturing tax deduction. It was designed to help U.S. manufacturers that export a product to a foreign market; so cars, iPhones, iPads, all of that. Well, few would see the extraction of oil from the ground as manufacturing, but, again, Big Oil's lobbyists earned their money. They saw an opportunity, some made phone

calls, and, lo and behold, according to the Tax Code, oil companies are in the manufacturing business.

This legislation closes that loophole and saves taxpayers almost \$13 billion. That would be \$13 billion more toward deficit reduction.

Now, the American people understand this bill. They understand Big Oil makes enormous profits. There is nothing wrong with making profits, by the way, but they don't need to have our tax dollars in order for them to make those profits. The American people understand Big Oil does not need taxpayer subsidies, and they understand if Big Oil wants to lower gasoline prices, they could put a lot less money in stock buybacks and a lot more in lowering prices or producing more oil.

But in order to combat this straightforward, commonsense bill that even the CATO Institute supports, Big Oil and its supporters have come up with some pretty straining rhetoric. The strangest by far, as I alluded to before, is suggesting that those who support cutting these wasteful subsidies are un-American. It seems to me when a company stoops so low as to question the patriotism of those who would suggest that maybe they can do without \$21 billion in taxpayer subsidies when they are going to make anywhere between \$125 billion in profits—not proceeds, profits—to \$140-some-odd billion, to question the patriotism of those who suggest they don't need further taxpayer subsidies is to suggest they don't have very good arguments on their side.

The charge of un-American is outrageous, and I think the 74 percent of Americans who support ending oil subsidies know they are more American than that point of view.

Another argument I keep hearing is that oil companies are entitled to these breaks. This argument seems to suggest that the wealthy and powerful deserve what they get, and working class families should know their place and know better than to ask oil companies to do their fair share as well. Warren Buffett, one of the richest men in America, said:

There's class warfare all right, but it's my class, the rich class, that's making the war and we're winning.

This bill says even the most rich and powerful among us must do their fair share to help us reduce the deficit. Their high-priced lobbyists cannot stop us from doing what is fair and what is right.

Some in the industry have also claimed that cutting \$2 billion in annual oil subsidies to the big five oil companies will somehow make oil and gasoline more expensive. That argument is absolutely false. This bill would save taxpayers \$21 billion over 10 years, roughly a little over \$2 billion per year. Compare \$2 billion in taxpayer subsidies to the projected—anywhere between \$125 billion and \$144 billion in profits the big five oil companies are expected to make this year. So

if the big five oil companies could just live with \$142 billion in profits in 2011, they could pay their fair share in taxes, help lower the deficit, and not raise the price of gasoline.

Let's put it a different way. The Finance Committee recently went through the corporate filings of the big five oil companies and found their costs of extracting oil is about \$11 per barrel. When oil is trading at nearly \$100 per barrel, it is simply absurd to suggest that the costs oil companies are facing is what is determining the price of oil or that cutting \$2 billion per year in subsidies will somehow force oil companies to raise prices.

In addition, the nonpartisan Congressional Research Service just came out with a definitive report echoing the sentiments of countless economists and other disinterested observers concluding that my legislation would not increase gas prices at all.

So it is time for the big five to do what is right for a change and pay their fair share. This should not be hard since in 2005, the CEOs of some of the big five oil companies testified they agreed with former President Bush that they do not need subsidies to drill for oil when it is selling at \$55 per barrel. Well, it is selling at nearly \$100 per barrel right now, so it is quite strange that anyone thinks they need government handouts to drill when the marketplace is driving them that way. We simply cannot expect the average working family to shoulder the burden of lowering the deficit alone.

I hope some of the favorable comments I have been hearing from my Republican colleagues in recent weeks means they are ready to join in this effort and lower the deficit because all of the savings go directly to deficit reduction under the legislation, and do so in an equitable and effective manner.

What is fair is fair, but nothing about continuing these subsidies is fair. Those on the other side would end Medicare as we know it in the name of deficit reduction while continuing to pump billions of dollars in corporate welfare into a \$100 billion profit industry. That is the height of hypocrisy. It is not fair to working families. It is not a wise use of limited Federal resources. If this body does the right thing today, it is not going to continue. There is nothing fair about the suggestion of ending Medicare in favor of Big Oil subsidies.

Big oil has to do the right thing by America. They can be part, and should be part, of the solution to our deficit challenge, and that is the opportunity we have today.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Ms. MURKOWSKI. Mr. President, I ask unanimous consent that I be recognized for up to 15 minutes, and that the following list of Republican speakers be recognized for up to 10 minutes each, not necessarily in this order. But the Senators to be recognized will be

MCCAIN, CHAMBLISS, CORNYN, BARRASSO, PAUL, HATCH, HUTCHISON, and VITTER.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Ms. MURKOWSKI. Thank you, Mr. President.

I have also come to the floor today to speak about the proposal to raise taxes on the five largest domestic energy producers. I think it is important we remember we are speaking about five energy producers, five oil companies. We are not talking about a tax proposal that is broad and wide and encompassing. We are talking about a proposal to raise taxes on the five largest domestic energy producers.

I have to admit, I had some hesitation about even engaging in this floor debate at all because I think we recognize that the words and the statements we are delivering here are just that; they are just talk, they are just words. This proposal is designed to fail. But in failing, it is designed to score some political points, and it seems as if that is where we are today. But as a Senator who represents a State—Alaska; an oil and gas producing State, a State that would clearly be hurt by this proposal—I am obliged, obligated to outline why I feel this is so deeply flawed.

I want to start by stating the obvious here. This legislation will not reduce energy prices, but, if anything, it will increase our energy prices. It will not substantially reduce our deficit or our debt, but, if anything, it will add to those burdens by shutting off production and forcing the government to forgo production revenues.

I think it is important we put this in context because people around the country—as they look at the price at the pump go up day after day—are saying: What are you doing in Congress to lower the prices? What are you doing to deal with the higher price of gasoline in this country?

I think it is important we recognize this legislation we have in front of us does nothing to reduce our energy prices. It is not just me who says that. The chairman of the Finance Committee has indicated that. We have heard several Members on both the Republican side of the aisle and the Democratic side of the aisle say this is not going to reduce our prices. So what exactly is it we are seeking to do, other than send a message?

This proposal, I think it is important to recognize, will hurt poor and working families across our country. We all know what the price of gas is in our respective States. I will remind my colleagues that as much as Alaska benefits from high prices of oil, as we are a producer, it is a fact that it kills us in our local communities in our economies because we are the State with the highest gas prices across the country right now.

There was a news story last week back home. In Kotzebue, which is the

northwest region up in the State, they are paying \$7.55 in Noorvik, \$8.25 in Kobuk, and \$8.95 in Ambler. I was in Fort Yukon a couple weeks ago. There they are at a \$5, \$6, \$7 gas figure. But the spring barge, which will be coming in in about 4, 5 weeks now, will be delivering fuel at prices that were set some weeks ago, and people have been alerted that on the day the barge delivers the fuel, the price will go up at the pump one additional dollar. We are not talking cents here; we are talking an additional dollar paid by the people in Fort Yukon.

So we know very well what high prices mean to us, and our constituents are asking us to do something about it: What can you do to lower those prices, to develop a coherent energy policy that starts to work now, and then yields progress over time? Our constituents are not asking us to make this problem worse. Yet that is precisely what these proposed tax increases will do.

I heard my colleague here say that, no, this is not designed to increase the prices that are out there. Well, it might not be designed to do that, but that is what we can expect if, in fact, these tax increases do go into play.

It has been a few years since I got my degree in economics, but even though it was more than a few years ago, I do remember some of these very early entry level classes I took. I remember learning that raising taxes on something is going to tend to make it more expensive. And I remember learning that when you tax something, you tend to wind up with less of it. That is just basic economics.

I think there is at least some understanding of these concepts around here because I do not see anyone who is proposing to raise taxes on solar panels or raise taxes on wind turbines to bring down their costs.

The reality is, this proposal—and I believe the point is conceded by its supporters—this proposal will not cause gasoline prices to drop. Instead, it could very well cause them to rise. I understand a memo from the Congressional Research Service suggests that no significant impact on prices will be seen in the short run. But that is the key phrase here: in the short run. Because what we need to be doing is looking longer term than next week or next month.

Whenever corporations face increased costs, they have a responsibility to their investors to recover those costs wherever possible, and usually what happens is, they pass them on to the consumers. To the extent the costs of this proposal cannot be passed on, and these companies will simply have less to invest in new projects.

That is talking about what does not happen with the price of gas. But this proposal is also not about reducing the debt either. I think it is important to put that in context. At best, it may be a drop in the bucket. According to the CBO, the President's budget for fiscal

years 2012 through 2021 would result in nearly \$9.5 trillion in new debt. This proposal, assuming it has no negative economic impact, would raise \$21 billion, or about 0.2 percent of that debt. We would still need something like 450 times more revenue to break even, never mind the \$14 trillion debt we have already incurred. We all know we hit the debt ceiling yesterday, so it does cause you to wonder: Is this the best we can do when we are talking about balancing the Federal budget?

I understand this proposal is not all it will take, and no one is proposing that it do so. But I think it is important we be honest with the American people when we talk about what this would mean in terms of a reduction in the deficit. If we are being honest with each other, we are going to see this proposal for what it is. Essentially a “yes” vote tonight to raise taxes on oil and gas companies is simply a vote to try to take a pound of flesh from these five major companies that, yes, in fact, are making money, yes, in fact, are making a profit. A “no” vote on this proposal tonight is a vote to try—try—to keep our prices under control, and it is a vote to help preserve America's competitiveness within the global economy.

I also want to take a moment to kind of set the record straight on subsidies. There are no payments from the Federal Government to the major energy producers as some have implied. Past Congresses have decided that those companies—and most other companies in America, I might add—deserve certain tax reductions. This is a critical distinction because we have not decided the Federal Government should actually give more to these companies. What we have decided is, the Federal Government should take less from them.

If that is the same as a subsidy, then new homeowners are direct recipients of subsidies because we deduct mortgage interest payments, and that means almost every company in our country—whether it is a Hollywood studio or the New York Times, whoever it is—almost every company then is somehow or other subsidized.

If we are talking about leveling the playing field by eliminating all the incentives within our Tax Code, especially in the context of broader reform that makes our Tax Code simpler and more fair, I welcome that discussion, and I think many in this Chamber do. It would be a much different conversation if we were considering a reduction in the corporate tax rate. But, instead, we are here debating whether to give different tax treatment to essentially punish a handful of companies in just one sector of our economy, and there is no policy justification for it other than they can afford it, they are making money, they can afford it.

I would ask my colleagues, is this the kind of business climate we want for the United States? I have to wonder, then, if the answer to that is yes, who

the next target will be, if making large profits signals to Congress you should be taxed at a higher rate.

In reality, domestic energy producers are already amongst the most heavily taxed companies in this country. While the effective tax rates for all corporations averaged 26.5 percent last year, the oil and gas industry's tax rate was at a much higher 41 percent. Instead of being subsidized by the Federal Government, the industry is actually a very large taxpayer.

The Federal Government taxes gasoline at a rate of 18.4 cents a gallon. It also receives billions of dollars each year in nontax revenues from the industry. Producers must pay the government for the rights of each of their leases. They have to pay the annual "rents" to hang on to those leases. They pay the royalties on any production that ultimately results from them.

So in terms of what is paid out, according to one estimate, the oil and gas industry's total payments to the government amounted to \$86 million per day—per day—in 2010.

I would also remind my colleagues that the President has established a goal of cutting oil imports by 3 million barrels a day by 2025. If we intend to achieve that goal, which is a good goal, raising taxes on domestic oil production defies logic. To reduce imports, we will need to increase our domestic production. That will not happen if we impose a hostile tax environment for the companies that operate here—companies that are already challenged to produce the oil and gas resources we know we have but we have not been allowed to explore.

Before I conclude, I want to mention an article that recently appeared in the *Financial Times*. It noted that in 2011—this year—OPEC nations stand to take in more than \$1 trillion from exporting oil. Our Nation—the United States—will provide a pretty good share of that money, likely tens of billions of dollars. And what do we hear about it? Nothing from the people who are proposing these tax increases, nothing about the tremendous sums of money we send overseas each year for foreign oil—just the far smaller sums that could be collected from domestic companies through higher taxes. That is missing the forest here, to cut down the one tree that happens to be growing in our line of sight.

So here we are. Instead of doing everything we can to halt the hemorrhage of Americans dollars to foreign countries, the Senate is now focused on an effort to raise taxes on five companies that actually operate here. The day after we hit the debt ceiling, we are debating a measure that would hardly make a dent in our debt. We are on pace to spend trillions of dollars outside of our economy in the years ahead, and we are on pace to incur trillions in Federal debt, but so long as a few companies pay higher taxes, somehow or other it makes us all feel bet-

ter. No wonder the American people have lost so much faith in the legislative process. No wonder so much blame for high energy prices is placed on the Federal Government.

The proposal before us today is not an answer for high gas prices or the Federal debt. It is more likely to raise our energy prices, reduce our Nation's oil production, and deepen our annual deficits. I had hoped we would have a good, substantive, reasoned debate and discussion about how we are going to solve all these problems. But instead we are left to debate a measure that is all but certain to fail.

I think the Senate can do better. We will have a debate tomorrow about the Republican alternative—a bill that while it is not perfect will increase production, generate revenues for the government, create new jobs, and improve the safety of our offshore operations. If we are looking for good policy, I think that is where we need to start.

We have a long way to go. But I think what we have before us today is unfortunate.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, what is the order?

The PRESIDING OFFICER. There is 4 hours of debate equally divided on the question of proceeding to S. 490.

Mrs. BOXER. Is there a specific time limit on each individual Senator?

The PRESIDING OFFICER. The majority leader has 107 minutes remaining.

Mrs. BOXER. I ask for such time as I may consume, probably less than 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator is recognized.

Mrs. BOXER. I want to say that the Senator from Alaska does an excellent job of representing the oil companies. She puts forward the oil companies' arguments magnificently. She is very good at it. She was an economics major, and so was I. She said what she learned in her time, and let me tell you what I learned.

I learned that corporate welfare is wrong, that corporate welfare to companies that are on the Fortune 500 list is particularly wrong.

ExxonMobil, No. 2 on the Fortune 500—excuse me if I do not cry for Exxon. Forgive me if I shed no tears for Chevron—they are No. 3—and forgive me, ConocoPhillips. You are No. 4, but you are working on it. I tell you whom I shed tears for—my people at home who are having to pay ridiculous prices and who also have to face a Federal deficit and are looking to us for leadership here. And leadership requires us to say: How long do you have to give corporate welfare to oil companies that have been getting it for 100 years? Count them—100 years. And they are so huge. They are multinational. They are multibillion. I will get into what their people earn, what their CEOs earn in a minute.

So I learned that corporate welfare is bad. It distorts the market. And to compare the tax deductions Big Oil has with the home mortgage deduction gets right under my skin because the people who benefit from the home mortgage deduction are primarily the middle class of this country. So do not come here and compare home mortgage deductions with corporate welfare for the biggest companies in our country.

When are the defenders of Big Oil going to decide how much corporate welfare is enough? When are the defenders of Big Oil going to answer this question: How high does the deficit have to go before you are willing to step up to the plate and end corporate welfare for the biggest corporations that are cleaning our clocks all the way to the bank? I would hope the time is now.

I am going to try to lay out in a series of charts why I believe that. So let's go with the first one.

First of all, we see the first quarter profits: ExxonMobil, \$10.7 billion; as a percentage increase from last year, 69 percent. I am supposed to cry for them. I don't think so. BP, with all of their troubles, corporate profit, \$7.1 billion—this is just in the first quarter—up 17 percent; Shell, up 30 percent; ConocoPhillips, up 44 percent; and Chevron, up 74 percent. Yet Big Oil has the defenders on this floor saying: Wah wah. We cannot allow them to pay their fair share.

Well, I tell you, we have a deficit problem. If we cannot ask the wealthy few in this country to do their share, I do not know where we are headed.

Let's cry for Big Oil—or let's not. Mr. President, \$14.5 million is the average compensation for the big five oil company CEOs. That is 307 times the average salary of a firefighter, it is 273 times the average salary of a teacher, it is 263 times the average salary of a police officer, and it is 218 times the average salary of a nurse. So we actually have people in this Senate coming here not only to defend these corporations but the CEOs who are crying to us that their companies cannot pay a few dollars more to help us solve our deficit problem.

Do you know what? We could lose this vote. They are filibustering it. We need 60. Let the American people see who is on their side.

Well, who is on the side of these corporations? The effective tax rate for Exxon is 18 percent on their \$7.7 billion in income. A family of two teachers has an effective tax rate of 19 percent. Can you believe this? We have people coming to this floor crying for the oil companies when they pay an effective tax rate less than a family of two teachers. ExxonMobil, 18 percent on their billions; a family of a truckdriver and a dental hygienist, 19 percent. So the effective tax rate of these humongous, multibillion-dollar, multinational corporations is less than our middle-class families, and people are coming here to cry tears for these oil

companies, and the companies were whining in front of that committee. I mean, they may be very nice people, but they are out of touch. I agree with that. I think it was Senator ROCKEFELLER who made that statement.

What we could do with the \$21 billion over the next 10 years. We can continue these handouts, this corporate welfare to Big Oil, or we could fund the entire COPS Program for all of those 10 years and we could also provide afterschool care for 2 million kids. So I am asking people, would you rather have a cop on the beat at home and know our police are out there and they are protecting our families, would you rather make sure 2 million kids are kept off the street and have quality afterschool programs, or would you rather continue corporate welfare for these five corporations in the Fortune 500—three of the American companies are in the Fortune 500.

We could also provide 10 years of Federal Emergency Management Administration disaster relief. We are looking across this great Nation of ours, and we are seeing flooding, evacuations, sandbagging—all of the problems—typhoons, hurricanes, and in California we know about earthquakes. FEMA is running out of money. Would you rather make sure they are ready for the next disaster or would you rather continue corporate welfare for these five corporations? You have to answer that question, America, because it does not look as though we are going to win this one.

These are issues you have to decide when you vote. That is the beauty of this country—people make a decision when they vote. If they agree with the Senator from Alaska that these five big oil companies still need corporate welfare, they know whom to vote for.

What could we do with \$21 billion over the next 10 years? We could fund the Ryan White Program, which handles the AIDS epidemic at the level the President requested, and get rid of that dreadful disease.

You heard the sort of veiled threats from my colleague from Alaska, an oil State. I fully respect her; I just disagree with her entirely. But she has the absolute right to say what she said and believe what she said. I think it is parroting what the oil companies say. That is fine. That is her option. But the Joint Economic Committee said that repealing the oil subsidies would have no effect on consumer energy prices in the immediate future. So all of those threats that they are going to raise prices—I ask you rhetorically, Mr. President, for all of the years they have been getting all these subsidies, have they ever lowered their prices? No, they have not. The Congressional Research Service said that a small increase in taxes would be unlikely to reduce oil output and hence increase petroleum prices. So the experts are saying that nothing in this bill to make them pay their fair share is going to adversely impact gasoline prices.

The former CEO of Shell Oil said that with high oil prices, such subsidies are not necessary. He said that in February—their own people. Their own people. Yet, when they come to the committee, they are all whining about it.

Then you hear from those from the oil-producing States: Well, we do not have enough rigs in operation. This administration is not drilling.

Excuse me. There are such things called the facts. Let's look at them in this chart. We see more drilling than ever before. This administration is moving forward. The oil companies have over 50 million acres of leased land and offshore that they can drill on today, and all they want is more, more, more. They want to come to California, drill off our pristine coast, and threaten tens of thousands of jobs we have in our fishing industry, our tourism industry. They do not have to do that. They are sitting on these leases. They are drilling many more.

So let's just have the facts be part of the debate. That is what I am trying to do today with these charts, is to lay out the facts.

Now, how do we reduce gas prices? I had a press conference actually in an independent gas station last month. The independent gas station owner was wonderful. He said: I agree with you, Senator.

There I was, coming out with this plan. Here is how we can reduce gas prices:

End Big Oil subsidies and take that money—some of it—reduce the deficit, and take the rest and invest in alternatives so we have alternative clean fuels and batteries that can run our vehicles so we do not have to have these automobiles that are gas guzzlers.

Crack down on fraud and speculation. A lot of this increase is due to that.

Use it or lose it, say to the oil companies. You own all of these leases; drill on those leases.

Release oil from the SPR. We know the Strategic Petroleum Reserve has a tremendous amount of oil. This is the time to tap it. The last time we did it, prices went down 30 percent.

Invest in clean energy and efficiency.

Reduce exports. Can you believe that the producers right here in America are exporting their oil—some of their oil? Keep it home. We need it here.

So that is a plan we can take. But let me conclude my remarks this way. In the land of the free and the home of the brave, we need to have some fairness in our lives. It is crucial.

All the talk about competition—we want competition. You do not have competition. When you are looking at these huge companies—and my colleague from Alaska talked about comparing them to these little bitty solar companies that are just getting started. When companies are just getting started with a new technology, that is one set of circumstances, but when you give these tax subsidies to Big Oil, you distort the price of the commodity.

You distort the price of the commodity and you bring it down. Therefore, it is anticompetitive with other sources of energy.

This is the moment. We are looking to cut the deficit. We are looking for ways to bring billions of dollars home so that we can get out of the red. What could be more perfect than this opportunity in the name of fairness, in the name of competition, in the name of deficit reduction, frankly, in the name of the consumer? Let's have some fairness. Let's not come down to the floor and compare these corporate giveaways to the mortgage deduction our middle class so needs.

I thank you very much for this opportunity. I hope we will have the courage to vote to end this corporate welfare.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. BOXER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Mr. President, I ask unanimous consent that all the time not used be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. VITTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. VITTER. Mr. President, I ask unanimous consent to speak for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. VITTER. Mr. President, American families all around the country, certainly including Louisiana, are suffering as the price at the pump goes up and up. It does so just as we are trying to get ready to enjoy a little vacation time with our families, use more gasoline maybe driving places. That is always tough. But it is not just a typical summer experience. This is worse than ever. I have the sinking feeling this is more permanent. I am afraid this is not a blip, that this is a long-term trend and it is hitting American families in the pocketbook hard. It is hitting Louisianans in the pocketbook hard.

At the same time we see historic turmoil in the Middle East. We see so many signs that we need to get hold of our energy picture. So energy and the need for, among other things, increased domestic energy production is absolutely crucial.

That is why it is so darn disappointing what we are going to do or,

perhaps more appropriately, not do on this crucial subject in the Senate this week.

First of all, it is disappointing because we are going to end up doing nothing. We are going to have some votes—we are going to have some debate—that are more or less messaging votes and nothing comes of it. That is disappointing because America needs leadership and action, not just posturing.

Secondly, it is disappointing, in my opinion, when we look at the two proposals before us. Because I am deeply disappointed in them, I am going to vote against both proposals—the Menendez bill and the McConnell bill—although for very different reasons.

The first vote will be later today on the Menendez bill. I am afraid this bill is just pure political demagoguery—attacking Big Oil because I suppose the author and some Members think that is an easy target and meanwhile doing nothing substantive about the real problem, providing no relief to Americans who are paying more and more at the pump.

The bill purports to do away with taxpayer subsidies to Big Oil. Let me give the factual translation of that. The factual translation is to increase taxes on certain energy companies by disallowing them from claiming the same sort of deductions and credits that thousands of other American businesses and manufacturers can claim, some of which go back and are almost as old as the income tax itself. That is the factual translation.

Let me also give the translation of what it would do, according to non-partisan sources, such as the Congressional Research Service. It would decrease gasoline supply and increase price at the pump. What a great result. American families are suffering as it is going into the summer with historically high prices. Measures are being proposed on the floor that would actually decrease supply and increase price, exactly the opposite of what we need.

I am completely open to doing away with all sorts of deductions and exemptions in the Tax Code, but we should do that overall, across all industries, across all groups in America as part of fundamental tax reform. We should not just demagog the issue and target one industry and a few companies.

The President's own deficit commission suggested that brand of fundamental tax reform. I agree with that general approach. Unfortunately, so far the President has not led on that issue, perhaps because it would mean not just impacts on big oil but maybe favorite companies of his, such as GE, that might have to pay some taxes or maybe gold mining companies in Majority Leader REID's State of Nevada would also have to sacrifice very attractive special tax benefits.

Let's get serious about two serious issues: fundamental tax reform and let's look at that and lead on that and let's get serious about energy.

I also have to say I am deeply disappointed with the McConnell bill. It does some positive things at the margin in terms of opening access. But meanwhile, the very first section of the bill, the very first substantive section, which is section 2, actually increases the regulatory burden in the permitting process.

I can tell you, living in the gulf, we have been trying to slog through that overly burdensome permitting process to let energy companies get permits to begin with. That process is already too burdensome, too cumbersome, too long. It virtually shut down the gulf, produced less energy, and has thrown a lot of Louisianans and Americans out of work. We need to streamline that process. We need to accelerate that process, not add any new burdens and any new hurdles in it.

Unfortunately, section 2 of the McConnell bill does exactly that. It increases the burdens and requirements and hurdles of even the new Obama regulations that have been put in place since the BP disaster. Specifically, since the BP disaster, the Obama administration has required containment plans to be presented and approved by the Interior Department before exploration plans and drilling permits are issued.

This bill would go further than that and add a new layer and a new level and a new requirement that even before submission to Interior, these containment plans would have to be third-party reviewed. Again, I think this is a completely unnecessary extra burden, extra hurdle, extra layer of requirement. We need to make the permitting process smoother, more streamlined, more accelerated, not move in the opposite direction.

Secondly, while the McConnell bill opens a little bit more access, it is very modest. It does not touch the eastern gulf. It hardly touches the Atlantic. It does not touch the Pacific coast. It does nothing onshore, including in our western shale areas, where there are enormous oil resources trapped in that western shale which we can access because of new and safe technology. I am also disappointed that the bill is so modest in terms of increased access.

To summarize, this week is pretty darn frustrating for me. It is frustrating because we are not going to do anything. There is going to be a whole bunch of sound and fury, in the end signifying nothing—all too common an experience in the Senate.

When we look at the two specific proposals, they are darn frustrating—the first pure demagoguery; the second moving in the wrong direction in terms of the permitting process and not being big and bold enough in terms of opening access.

The United States is the single most energy-rich country in the world, bar none. Only Russia even comes close. No Middle Eastern country—Saudi Arabia, anyone else—comes close to our overall energy richness, our resources. But we

are the only country in the world that puts 95 percent of all those resources off-limits under law; says, no, can't touch the eastern gulf, can't touch the Atlantic, can't touch the Pacific, can't touch Alaska offshore, can't touch ANWR, going to make it difficult in western shale.

Over and over we make it difficult to impossible to produce good, reliable American energy right here at home. Most recently we have done that by virtually shutting down the only productive part of the United States in terms of energy—the western Gulf of Mexico. That is what we need to change. We need to change that in a big way.

In closing, let me say, I am a proponent of all of the above. It is not either/or. It is not just oil and gas. But it is also not just new, undeveloped, advancing forms of technology and energy. We need all of the above in a big way. Let's come together around that commonsense wisdom of the American people who favor all of the above, and let's start doing all of the above aggressively. But that surely has to include much more domestic production of energy, open access to all these vast resources we have. We can do it. We can do it safely. We need to do it to provide some relief to American families.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MANCHIN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. LANDRIEU. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. LANDRIEU. Mr. President, I ask unanimous consent to speak for up to 15 minutes from the time reserved on the majority side on this issue.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. LANDRIEU. Mr. President, this is a very important issue we are debating today, and there are very different views about how we should proceed. I rise to object to the Menendez bill that is on the floor. I urge my colleagues to vote no, and I wish to give at least five reasons why.

I don't think this bill is the right approach. It will not solve the problem of high prices at the pump. I think, in many ways, it is actually a waste of time to be taking a whole day on an issue that is not going to result in lower prices at the gas pump or in more domestic supply, which are two things we need to attempt to do sometime in the next short period.

I have a great deal of respect for my colleague from New Jersey—as I do my colleague from California, who spoke in favor of this direction—but I want to give a couple of thoughts about why I will be voting no and why I am urging my colleagues to do the same.

According to economic analysis, the bill Senator MENENDEZ presents to us

today to remove tax credits and subsidies from the five major oil companies will do nothing to lower prices at the pump. So as everyone goes to fill up their cars, their trucks, or their minivans today, even if this bill passed—which it will not, because it will not get near the 60 votes needed to move it forward—it will not lower prices at the pump by 1 penny.

Mr. President, I ask unanimous consent to have printed in the RECORD a document I am going to refer to, which is information from an independent economic analysis.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WRITTEN TESTIMONY OF JAMES J. MULVA,
CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
CONOCOPhillips

Good morning Chairman Baucus, Ranking Member Hatch and members of the Committee. My name is James J. Mulva. I am Chairman and Chief Executive Officer of ConocoPhillips. I am particularly pleased to be here today to tell our side of the story in this important debate, which I believe will help shape the future of our industry and our country. Naturally, I am very concerned about the misinformation being circulated about our industry and my company in particular—especially the misinformation surrounding our corporate tax liabilities and attempts to use these false impressions to justify further increases in our company's tax burden. I feel that it is imperative to make you aware of the impacts that the tax proposals will have, not only on our company, but on American jobs, energy consumers and national energy security.

While there is much discussion about high energy prices and proposals to increase taxes on oil and natural gas companies like ConocoPhillips, there seems to be far less information about the rest of the story—how much we pay already in taxes. As depicted in this chart, our industry already has one of the highest tax rates among all U.S.-based businesses. Of the top 20 Fortune 500 non-financial companies (ranked by market capitalization), the three U.S.-based oil and gas companies represented here today are the top taxpayers on the list. In fact, ConocoPhillips tops the entire list, with a 46 percent effective tax rate. By comparison, the top 20 companies together pay an average effective rate of 27 percent. While there have been some media reports on our industry's actual tax burden, this fact seems to be consistently and unfortunately overlooked in the debate inside the Beltway.

Ms. LANDRIEU. Mr. President, it might make us feel better to beat up on Big Oil, it might present a scapegoat in some quarters, but it will not lower prices at the pump, and that is what we need to talk about. The economic recovery we are in—slow and spotty in places, but underway—can be stalled out by prices as high as \$4.37 a gallon—a price I saw at a station right here in the Washington, DC area. That is frightening to consumers, to families, to small businesses, and to large industry that are seeing their cost of business go up because of these prices. We should be working on real solutions, and this is not one of them.

According to the Joint Economic Committee report on this bill, published last week, repealing these tax incentives “would have little or no impact on consumer energy prices in the immediate future. The impact in the long term will also be negligible.” So

why are we doing it? Why would we want to harm five large oil and gas companies that work internationally, that employ 9.2 million people in the United States directly—good, hard-working Americans working in and for these companies? Why are we doing this? That is a good question.

No. 2. The industry pays its taxes and then some. I think there is some real misunderstanding that these large oil and gas companies pay either little or no taxes. Maybe people have been told, and believe, that they have so many tax subsidies they do not pay taxes. I want to put that issue to rest. First of all, three companies, ConocoPhillips, Chevron and ExxonMobil—I am sorry I don't have this chart blown up. I would like to, and I don't know if the camera can pick up this small 8-x-11 sheet here—you will see by the red lines here, these three companies have paid approximately 49 percent, 43 percent and 42 percent. This is their tax rate. I think that is pretty high.

They are making billions of dollars, that is true, because prices are high and there is an increase in demand. That is the American way. That is the profit incentive. I know people are angry they are making these profits, but they are paying significant amounts in taxes. In fact, these companies pay more than \$86 million to the Federal Government in income tax and production fees every day. That is \$86 million today, \$86 million tomorrow, and the next day and every day. So the thought that they are not paying their taxes, that they are hiding behind some extraordinary loopholes in the Tax Code doesn't measure up.

People might say: Well, Senator, what are those blue lines on your sheet? I will tell you what those blue lines are. This is Walmart. Walmart is a big company. They make a lot of money and they are in all of our States. Their tax rate is 33 percent.

One of the most successful investment companies—Berkshire Hathaway—makes tons of money, has profits for shareholders, has made thousands of millionaires—and congratulations to them, people who have invested in Berkshire Hathaway. They have made millions of dollars. Warren Buffet is one of the most respected investors. I personally have a great deal of respect for him. But you know what their tax rate is? Thirty-one percent.

What is Intel? Intel is one of the largest companies in the world—27 percent. Phillip Morris, a tobacco company, 27 percent; IBM, 27 percent; all the way down to telecommunications companies—Verizon and Coca Cola, 21 percent; all the way down to GE, one of the largest companies in the world. You know what they paid last year? Nine percent.

In fact, people were shocked—myself being one of them—that GE paid zero taxes to the Federal Government last year when these five big companies are paying \$86 million a day. GE paid nothing any day—all year—zero. Yet these five oil companies are paying \$86 million a day and we have to have this discussion?

Should some of these subsidies be looked at? Absolutely. When should

they be looked at? In the Finance Committee, when we look at all the subsidies in the Tax Code for these other industries—both oil and gas and non-oil and gas, resource based and not, both retail, telecommunications and software companies, such as Intel, Microsoft, et cetera. I will be the first to stand and say that many of these subsidies—or some of them—need to be eliminated, particularly when the taxpayers are looking to close the deficit and reduce our debt.

Most certainly we need revenues. Should this be on the table when that serious, thoughtful, deliberate debate happens? Yes. But today, this is entertainment. And it is not funny and it is not laughable. It is very serious.

I am going to submit this for the RECORD. These are all the large companies—these five large oil companies that everybody enjoys beating up on. I understand they are making a lot of money today, but that is no reason to go after them, singling them out, particularly because of the 9.2 million Americans who are working in and around and for them, and the thousands of independent companies and suppliers that work in partnership with them.

Let me give my third reason for opposing this bill. This approach undermines domestic production. According to the EIA study, published in 2008, the oil and gas industry received about 13 percent of the U.S. subsidies. If you listen to the debate on this side of the aisle, you would think that they get all the energy subsidies and that they don't need them because prices are high and they can make a lot of money drilling. The facts are that of all the U.S. energy subsidies, the oil and gas companies—the big ones—get only 13 percent, but they provide over 60 percent of the energy. So for the 13 percent of subsidies, they produce 60 percent of the energy.

Unfortunately, while the United States was at an all-time high of oil production, the EIA, which is the Energy Information Administration, now estimates U.S. Gulf of Mexico production will decline to 1.14 million barrels a day by the year 2012. The last time the Gulf of Mexico produced less than 1.2 million barrels of oil was in 1997—more than 10 years ago.

Everybody—including the President and the Secretary of the Interior, who was before our committee today—is touting that oil production is at an all-time high. They are correct, but that is only half the truth. If you flip the page, or look to the next chapter, what you will see is that production is declining precipitously for two reasons. We have almost shut down drilling in the gulf. There has been virtually no new exploration and production because of bureaucracy and delay. And attacks like this don't help. We need to be increasing production, not decreasing it.

The truth is we are at an all-time high, but we won't be for long. We are going in the wrong direction. That is

why I want to commend the President for saying he wants to step up domestic production. We couldn't step lively enough for me. So I am hoping that is what we can do and move on.

I see my colleague on the floor, so I will try to finish in 2 minutes.

The fourth reason for opposing this bill is that it does hurt independent producers. I am happy to see this main attack is not directed at independents. That would be a terrible thing, because it is pretty bad for the big companies, but it would be devastating if it were aimed at independents. It does affect independent producers, because many of the independent producers, several of which I represent—some are in West Virginia, some are in Texas, some in Oklahoma, some of them are in Pennsylvania, and some in New York—so I am not the only Senator here who represents a lot of independents in oil and gas, and “wildcatters” have a very proud tradition where we come from—have partnerships with the big oil and gas companies. The money and the resources they have go into supporting those partnerships with those independents. So indirectly this does affect independent producers.

Finally, this bill gets our energy and job priorities backwards. One of the provisions in the bill, which I wish to speak to, says the economy of the United States suffers huge net losses in jobs and productivity from growing annual trade deficits in energy due mainly to the \$250 billion or more we pay for foreign oil. I understand that we have a trade deficit for foreign oil. So why are we doing something to diminish domestic production right here at home? That is what this bill does.

These are five reasons I am going to vote against the bill. I urge my colleagues to do the same. This industry contributes a lot to our economy. If this country would make it a priority to increase domestic production and to reduce our foreign consumption, we would reduce that annual trade deficit and do right by our people.

There are many other things I would like to say, but we are restricted on time. I will submit the rest for the RECORD. I can only say we need to produce more at home, produce it safely, and produce it equitably.

Finally, when we want to review tax subsidies across the board for all big companies I will be at the table. Until then, I am going to sit at this seat and vote no.

THE PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, before she leaves the floor, I want to say to my seatmate on the Energy Committee, I am looking forward to working closely with her on a host of these issues. I think she is spot-on with respect to her concern about the independents. This morning we talked about natural gas, where there is enormous potential. I want to assure my friend and colleague I will be working very closely with her.

Ms. LANDRIEU. I thank the Senator.

Mr. WYDEN. Mr. President, let me start by discussing briefly what happened in 2005. Then-President George W. Bush spoke to the American Society of Newspaper Editors. It was at their convention in 2005. Then, as now, energy was a very important issue—obviously, central to our economy. President George W. Bush made some very important remarks, in my view, at that convention. I would like to read briefly what President Bush said to the convention. On energy, he said:

One of the initiatives I will push, again, is to get an energy bill out. I will tell you with \$55 oil we don't need incentives to oil and gas companies to explore. There are plenty of incentives. What we need is to put a strategy in place that will help this country over time become less dependent. It's really important. It's an important part of our economic security, and it's an important part of our national security.

George W. Bush was right then, and he is just as accurate today. His comments with respect to the importance of an energy bill to our economic security and national security, in my view, is indisputably accurate. Because the President, who of course comes from oil country and has been an oil man himself, took this position, I thought it important to look at that in the context of where we were headed in terms of our country's energy policy.

We had a hearing back then, in 2005. We had all the major oil companies with us that day, their executives. In fact, one of them who was before the Finance Committee last week, Mr. Mulva, also was there in 2005. I asked each of the executives of the five major oil companies whether they agreed with the statement George W. Bush had given to the American Newspaper Convention, and all of the major oil companies testified at this joint hearing that they agreed with President George W. Bush. They said they did not need any incentives.

There were no qualifiers, there were no caveats, there was no this, there was no that. The five major oil companies, through their CEOs, said they did not need any incentives to explore for oil. Period, end of discussion. I thought it important to get that on the record to compare it to their views now.

Last week, in the Senate Finance Committee on which I am honored to serve, we got a very different story. In effect, the CEOs did an about-face. Frankly, they did it with a pretty straight face. Each of them defended the \$2 billion a year in tax breaks they specifically get for exploration and drilling. These are industry-specific tax breaks. I know there has been a lot of confusion in this discussion. Is this effort somehow about ending something that other people get as well? Why don't we move on to tax reform?

I don't take a back seat to anybody on this tax reform issue. I have been involved in the first and only bipartisan tax reform effort in the last quarter century with our former colleague, Senator Gregg, and now Senator

COATS. So tax reform is certainly crucial. But now we are talking about industry-specific tax breaks, and the five major oil companies that said they did not need them in 2005—in fact, basically, said they didn't even get them—now say somehow if they don't continue to get them, we are going to have enormous economic problems.

These are not just plain old tax breaks. Tax credits such as “expensing of intangible drilling costs” under section 263 of the Tax Code and “amortization of geological and geophysical costs” under section 167 of the code are, in fact, not available to every American business. We are talking, again, about specific sections of the Tax Code. I mentioned two, section 263 and section 167. These oil and gas provisions which President Bush, in 2005, said were not needed—the executives in 2005 said they were not needed—are not like every other business tax provision. How many businesses do we know that have expenses for oil drilling that are not in the oil business?

At the Finance Committee last week the CEO of Chevron said the intangible drilling tax break was like the research and development tax credit that all other American companies get. That is not accurate.

First of all, as I reminded that CEO, oil companies also get the R&D tax credit. When they have legitimate R&D expenses, they can claim the credit. If intangible drilling costs were just like research costs for the oil and gas industry, they would be getting two tax breaks for the same thing. That would be double dipping at taxpayer expense.

In reality, as the major oil companies know, building access roads to bring in drilling rigs—which is the kind of thing that is covered by the intangible drilling provision—is nothing like the research and development tax incentive. It is a cost of doing business in their major business, drilling for oil.

What is more, the tax breaks for these kinds of expenses are usually spread out over a number of years, but with expensing of drilling costs the oil companies get to write off these costs in the first year. They not only get extra tax breaks that other companies do not get, they also get to claim these breaks sooner than would other types of businesses. It simply defies old-fashioned common sense to claim that the tax incentives oil companies get for exploration and drilling costs, which they did not need when oil was \$55 a barrel, somehow today become essential when oil is at \$100 a barrel. Even if we adjust for inflation, today's oil price is \$30 to \$40 a barrel more than it was in 2005—not a couple of dollars more but substantially more, no matter which of the inflation indices you use.

Just so there was no confusion about what was said in 2005, I thought it was important to actually look at that video and, as I indicated, each of the CEOs of the major oil companies reversed their position from 2005 and said those billions of dollars in tax breaks

were essential if they were to continue to drill for oil.

In 2005 the price of gasoline at the pump had soared to what was then a record high. Today the price of gasoline is just below the all-time high price set in 2008. Then, as now, the oil companies were reporting record-high profits. So both in 2005 and today the oil companies have high prices and certainly record profits to incentivise them to drill for oil.

Then the question is, What has changed from 2005 until now to continue justifying providing these major companies with taxpayer subsidies? I want to spend a couple of minutes unpacking a couple of the arguments we heard at the Senate Finance Committee.

Last week we heard from the CEOs that oil was getting harder and harder to find, and they faced increased global competition. If anything, U.S. oil supplies and prices are less tied to the global market now, and new oil supplies are easier to find than they were in 2005. After declining steadily since the mid-1980s, U.S. oil and natural gas production has begun to climb since 2008 due to new onshore discoveries in shale formations and development in the Gulf of Mexico.

As the distinguished Presiding Officer knows, we have great interest in this subject of natural gas and discussed it this morning in the Senate Energy Committee. The location and technology for getting oil and gas, especially from these onshore shale formations, have not only dramatically increased U.S. oil and gas reserves, but the technology is now sufficiently well established that U.S. oil and gas production is rising, and rising rapidly as a result.

According to a recent analysis by the U.S. Energy Information Administration, oil production from the Barnett Shale formation in Texas—literally in the backyards of the headquarters of some of the companies we heard from last week in the committee—oil production from that Barnett Shale formation in Texas has tripled since 2005. In North Dakota, oil production from shale has gone from next to zero in 2005 to 240,000 barrels a day and is expected to continue to grow. In 2010, production in the Woodford Shale in Oklahoma increased 40 percent between 2009 and 2010.

In one area after another, there was significant increase in production. In fact, total oil production has increased over 10 percent since hitting its low point in 2008, and the Energy Information Administration predicts that because of the increased production in oil shale and other sources in the Gulf of Mexico, it is going to continue to grow. U.S. prices are also less tied to global markets and competition now than they were in 2005 because of the increased U.S. production and increased Canadian tar sands production that is pouring into the U.S. market. This ought to be of no surprise to the five

major oil companies that testified last week because each of them has also made significant investments in the Canadian tar sands project.

According to the Wall Street Journal, in 2009, Exxon announced it had acquired more reserves than it had produced for the 15th straight year, and half of those new reserves, 1.1 billion barrels of crude, were from a single Canadian tar sands project it was developing—a topic for another day.

I see my friend from Oklahoma on the Senate floor. Canadian tar sands developers are so concerned about the oversupply of tar sands oil to the North American market that they are pushing to build a new pipeline, the Keystone Pipeline, to the Gulf of Mexico that would allow them to export crude and refined products to the other markets.

The argument that it is just too hard to find new sources of oil simply does not hold water. Further evidence of just how much the U.S. and North American markets are being disconnected from global competition by these developments is the fact that the benchmark U.S. oil price, West Texas Intermediate, has been selling for \$10 and \$20 a barrel less than the benchmark for European oil. If supply was as tight in the United States as some of the majors told us last week, there would not be such a discrepancy in prices.

Last point. The Senate will certainly be hearing arguments that the loss of these tax breaks is going to drive up the price at the pump. This is, obviously, very much on the mind of every Senator when our people are struggling to pay the already steep cost of filling their tanks.

At the 2005 hearing I also asked the CEOs about ending these tax breaks on their companies, and several of them said it would not affect them, or it would only affect them minimally.

The CEO of Exxon said: “As for my company, it doesn’t make any difference.”

The Chevron CEO said ending these tax breaks would have “minimal impact on our company.” The CEO of BP said the same thing: “It’s a minimal impact on us.”

Again, common sense would tell us major oil companies earning combined profits of close to \$32 billion in a single fiscal quarter would not suffer a big economic impact from the loss of those industry-specific tax breaks I have been talking about. They are certainly not going to stop doing business with prices at \$100 a barrel.

In an important moment last Thursday, our colleague, Senator CANTWELL, asked the head of Exxon what the price of oil actually should be with all other things being equal. Mr. Tillerson, the head of Exxon, said the price of producing the next marginal barrel of oil was probably between \$60 and \$70 a barrel. That is \$30 to \$40 a barrel profit at current prices. It is simply not credible to think these companies would signifi-

cantly change their investment decisions if they lost these tax breaks, and the Congressional Research Service in a report last week concluded exactly the same thing.

I began my remarks this afternoon by quoting George W. Bush at the Newspaper Publishers Convention in 2005. He said the major companies did not need incentives to drill for oil at that price. I continue to ask how in the world, given George W. Bush’s comments in 2005 and the other considerations I have outlined—that, again, prices are way in excess of inflation; again, profits are at record highs—how in the world can you justify getting industry-specific subsidies when George W. Bush said no incentives—no incentives—and he said it without a qualifier or a caveat—were warranted if you wanted to drill for oil.

As we move to this vote, I hope my colleagues will keep in mind the words of George W. Bush then. In my view, they are even more accurate today.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. COBURN. Mr. President, I ask unanimous consent that the order for the Republican speakers include myself and Senator BLUNT and the order for Senators MCCAIN and CHAMBLISS be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COBURN. Mr. President, I am pretty amused at what the Senate is doing. We sit here with a \$1.6 trillion deficit and we are running bills based on political philosophy rather than what the real problems are in front of our Nation.

Do my colleagues know why oil is expensive today? It is because the dollar is on its back and oil is priced in dollars. If we want the price of oil to go down, as it has this week and the tail end of last week—if we want the value of the dollar to go up, because the world trades oil in dollars—why is the dollar down? The dollar is down because an incompetent Congress continues to spend money we don’t have on things we don’t absolutely need. If we want the dollar to improve in value, what we have to do is hold the Congress accountable for doing what they were elected to do, which is live within our means. We can’t come together and solve the very real problems.

Do my colleagues realize that if, in fact, our deficit wasn’t \$1.6 trillion but about \$600 billion, the price of the dollar would shoot way up and the price of oil would go down? We hear all these stories. I get all these letters from my constituents who say: Well, we have to eliminate the commodity speculation. We can do that in this country. We can say you can’t speculate on oil unless you can take delivery. That will do nothing to the speculated price of oil because oil is an international commodity and people are always going to speculate on what they think the price of a needed commodity is going to be.

So if we controlled all the economics in the world, we could control that speculation, but we can't. What we do know is price controls don't work. They don't work at all. So if, in fact, we want to fix the price of oil, what we have to do is fix our economic mess and strengthen the dollar, which will lower the price of oil and lower the price of gasoline.

The debate we are going through is all about politics, creating somebody who is bad. Do my colleagues realize the five big oil companies make less than 8 percent return on their sales? They make a lot of money, but they are giant companies. But compared to most other of the S&P 500, their return on sales is far less, and they are not making record profits. They made record profits when oil was at \$142. That is when they made record profits. It is this terrible habit we have of saying—and let me throw a corollary. If I am an Iowa farmer or from Indiana or Illinois or Oklahoma and I have a great corn crop and the price of corn is \$4 and I decide not to sell my corn, I decide not to sell it, and now all of a sudden corn is \$6.80, I am going to sell it now at \$6.80. What are we going to do? Are we going to penalize that farmer for having a resource he took a risk on and selling at a higher price? Are we going to say we are going to double or triple tax you?

The other thing I am amazed at—most people know me as a doctor, but I spent 10 years as an accountant and business manager. I have a degree in accounting. The lack of knowledge of my colleagues on American standard accounting principles is amazing. Every benefit they are talking about taking away will not go away because they are all legitimate business expenses, and they will all be expensed. Why did the Congress back in 1906 give this advantage to our oil companies? Why did they do that? Because drilling for oil is a capital-intensive business, and if we want more oil found, what we have to do is be able to generate the internal rate of return to put that capital in. So we offered accelerated write-offs for expenses.

It is interesting that we are not going after all the oil companies or all the gas exploration; we are only going after the big five. Why is that? Because my colleagues know that if we did the same thing to the ones that are actually producing most of the gas in this country, all the new technology which the R&D tax credit and the intangible drilling costs allowed to be developed—that makes this country with 100 years' worth of natural gas—would go away, and the smaller and medium-sized oil companies will never be able to have the capital to continue to perform and raise our level of energy resources ourselves.

So what we are on the floor for is a charade. The price of oil is high because the dollar is weak. If we want to punish somebody for that, punish the Congress, punish the Federal Reserve,

punish the executive branch, but don't go after somebody who is going to create 90,000 new jobs in our country this next year.

We always look for the right political moment to make somebody look bad. The people who look bad are in the Congress because we don't have the guts to stand and say we need a cogent energy policy that says we are going to go after our own resources. We are going to use every asset we have to utilize cleanly and in a friendly way the tremendous reserves we have in this country.

We know we have 160 billion barrels of recoverable oil in this country. They are not proven, but that is what the estimate is. We are the third largest oil producer in the world. We could become the second largest oil producer in the world if we had a cogent government policy and an environmental policy. We have oil out the kazoo. We are going to find more oil as we explore for more natural gas. Right now, we are only importing 47 percent—47 percent—of our oil needs. It was 65 percent less than 10 years ago. Why is that? A part of it is smaller demand because we have been in a recession, but the vast majority of it is the very technology they want to deny the fast writeoff for is what has created gas liquids that have filled the void. It is better than the best crude oil in the world. That is coming out of North Dakota, it is coming out of West Virginia, it is coming out of Oklahoma and Texas. It is great stuff, easy to refine, cheap gasoline in terms of the cost to get it from a product to a product we can use.

I am pretty well disgusted with what I am hearing on both sides of the aisle because the real problem is not the price of oil. The real problem is the price of the dollar, and if we will fix that, we will fix tons of things that will help our economy. But we are recalcitrant to the point we will not do the things we need to do.

Our government is twice the size it was 11 years ago—two times the size. No wonder we are running a \$1.6 trillion deficit. No wonder we don't have an effective—we have the largest number of regulations to ever come out of any administration in the history of the country in the first 2 years of this administration. It is killing job formation. It is causing people not to invest. It is causing a lack of economic growth in our country because we have people making decisions who have no idea what they are doing or what are the ramifications of those decisions. They are lawyers whose first creed is don't do what is best for the country, do what is safe for the bureaucracy. That is how we are running this government today.

We have 45 percent more regulations issued in the first 2 years of the Obama administration than anybody else has ever done, and we wonder why we are not getting job creation. We continue to refuse to debate on the Senate floor the very real issues in front of this

country, the very real issues such as what part of government can we do without? How do we get a future for our children? The fact is, we have lived the last 30 years off the next 30 years of our kids, and that bill is due. It is not due 1 year from now; it is due now.

We are tied up in knots because we have this false indication that a debt limit means something. If a debt limit meant something, we wouldn't be raising the debt limit, we would quit borrowing. But, instead, every time we come up to the debt limit, we are asked to raise the debt limit. We will not make the hard choices of what part of government is not valuable in light of the fact that we are cutting the legs off from under our children and our grandchildren.

In this debate, we are going to hear a lot of finger-pointing about what is bad with Big Oil, what is bad with oil, what is bad with the price of gas. What is bad is, Congress isn't doing its job. We are not addressing real issues and solving the real problems in front of this country.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. PAUL. Mr. President, sports teams often have a motto. They want to describe how they are going to win the event. The Senate Democrats have a motto and it goes something like this, "I am from the government and I am here to help."

Beware when your government comes to help. They have figured out there is a problem and the problem is gas prices are rising and people are being hurt by the rising prices. Actually, if we measure inflation the way we did back in the 1970s, we have inflation of 10 percent.

Senator COBURN is exactly right. It has to do with the fact that we are losing the value of our dollar. Our dollar is going down in value because we spend money we don't have and we are running up these enormous deficits. But it is a problem nonetheless.

But those who believe government is always the answer are rushing to rescue us. They are rushing to rescue us from high prices at the gas pump, but they haven't even diagnosed the problem, so they are going to come up with the wrong solution. Their solution is to raise taxes on oil companies. Do my colleagues know what taxes are? Taxes are simply a cost. If you run a business and I raise your costs, you will raise your prices. So let's see. Prices are too high, so we are going to raise the cost, which will raise the prices further. It makes absolutely no sense.

It is because their motto is wrong. Their motto is, "I am here from the government and I am going to help you." Their motto is, "It is the government that is going to solve your problems." But they are going to solve your problems by compounding your problems.

The price of gasoline is a problem. If we include the price of gasoline and the

price of food in the CPI, it would be 10 percent or higher. People are struggling to pay for gas. What are the main things people who are just getting by pay for? Their gas, their food, their rent. So how are we going to make it better? We are going to make it worse before we make it better. We are going to raise costs to the oil companies by raising their taxes, which means we will pay more at the pump.

It is economic illiteracy and it is what is wrong up here in Washington. We still have too many people who do not understand the basic economic realities. If you raise costs on a business, if you raise taxes on a business, you will raise prices at the pump.

The interesting thing is, there are some answers. They say: Well, let's go after those greedy oil companies because they are making a profit. Out of every \$1 you spend at the pump, about 7 cents is profit to the oil companies. Well, do you know what. If you eliminate profit, you will not have oil companies. Everybody works for a profit. We all work harder because we want to maximize our profit.

Who owns the oil companies? Is it a bunch of greedy rich people running their fingers through piles of gold? Are they Midas in some room full of gold? You own the oil companies. I own the oil companies. If you have a 401(k), if you have an IRA, if you have a mutual fund, you own the oil companies. OK. Corporations are owned by people.

Do some people make a lot of money in the corporations? Yes, but if we limit that or try to obscure that or try to get rid of profit, you will get rid of companies. Then where will they go? They will go overseas. Oil companies are international. If you make it hard for them to do business here, they will flee our country. And they already do. We have high corporate taxes in our country, so they keep their profits overseas.

Lower corporate taxes—do not raise taxes—lower taxes and people will bring their profits home to the United States.

This is their profit, as shown on this chart: The oil companies make about 7 cents on the dollar. How much does the Federal Government take? The Federal Government takes 18 cents of every \$1.

Do you want to have lower gas prices this summer? Do you want to help the people who are struggling? Let's have a gas tax holiday. It is only a short-term solution, but let's get rid of the 18 cents for the next 4 months through the summer season. It will cost the Treasury. There will be less money coming into the Treasury: \$10 billion to \$12 billion over 4 months. Let's take it from somewhere else. We are spending \$30 billion a year in foreign aid. This is money we give away to other countries so they can build schools, they can build bridges, so they can rebuild their infrastructure. We give this away to foreign countries. A lot of times it winds up in the hands of foreign leaders who simply steal it. Mubarak was said

to have gotten \$60 billion over 30 years and accumulated at least \$5 billion to \$10 billion we can count that he stole. Many of these dictators throughout the African nations, as well as throughout the rest of the world, have simply stolen our foreign aid money and used it for their own personal aggrandizement.

Let's eliminate the gas tax. Let's take the money from foreign aid and let's give it back to the American people who have worked hard to earn it. You cannot do this forever, but you can do it for 4 months, and pay for it by getting rid of foreign aid. That would help people. That would lower the price of gasoline, and that would be a stimulus to the economy.

What I am saying is, let's have a gas tax holiday. Let's eliminate Federal taxes for the next 4 months on gas, and let's take the money that would be lost, put it into the highway fund, but let's take it from money we are giving away to other countries. That would be a short-term answer.

There is also a long-term answer. Senator COBURN was right that much of the price of gasoline rising is from inflation. Basically we are destroying the value of the dollar. But there is another reason gas prices rise: because demand for oil and gas is outstripping the supply.

Why don't we have more supply? Because the current administration is basically an enemy to production, an enemy to drilling, an enemy to all things related to energy. We now are going back and looking at permits to mine coal that have been approved for 10 years. We are taking away drilling permits to drill for oil in Utah, in Alaska, off our coast. If we want gasoline prices to be less, if we want to send less money to Middle Eastern countries that hate us that we have to buy oil from, let's make more here. Let's drill for oil. Let's produce more here. Let's drill in Alaska. Let's open up new places to drill.

Can we do it responsibly? Yes. Nobody wants to damage the environment. Do it responsibly, but let's produce energy here. We have, as Senator COBURN says, 160 million barrels of oil waiting to be extracted. Let's go for it. But we have to have a government that is friendly to energy. We have a government now, an administration that is unfriendly to energy and at every aspect of producing energy places roadblocks. They think for some reason we can get electricity to supply our country from some windmills that are made in China. What we need is, we need oil and gas production in our country. We need nuclear energy in our country. We need coal in our country. We have the ability, we have the resources, but we need to get government out of the way. Instead, what we are doing is placing new obstacles.

There will be a long-term solution that Senator MCCONNELL and our party will introduce. I will support that also. It will encourage domestic production of oil and gas, domestic production of

energy. That is what we need. But you are not going to get it until we have new faces here in Washington because the current crop of faces is opposing production at every turn.

I wish to conclude by saying, if you want to help people, even for a short period of time, there is a short-term solution. Let's get rid of the gas tax for 4 months. Let's pay for it by not sending the money overseas to have other countries either steal it or build their own infrastructure. Let's keep those U.S. tax dollars here at home. Better yet, let's keep them in the pockets of the consumers by having a gas tax holiday.

Thank you very much. I yield back the remainder of my time.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mrs. MCCASKILL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mrs. MCCASKILL. Madam President, I rise to speak in support of the legislation that is going to be voted on in a few hours. I have listened to the last couple of speakers, and while I certainly respect Senator COBURN's commitment to fiscal responsibility—and he and I have worked together on a number of projects in that regard and have the same view of many of the spending habits around here—I have to say, I am a little confused by the opposition to this legislation by my friends across the aisle.

We have two ways to spend money around here: one, through the appropriations process; the other is what I call tax goodies. These goodies are called tax expenditures. What these do is they basically say to whatever group has successfully lobbied for them: You are not going to have to pay all your taxes. So there are two ways we deny the Treasury money. One is by spending money. The other is by telling people: You do not have to pay the money the Tax Code says you owe. And we put into the Tax Code special deals.

Many of those special deals are done because the case is made that they spur economic development or they spur some kind of activity in our country that we think is desirable. A good example is the interest deduction on people's homes. The notion is that we want to encourage people to buy homes, so we allow them to deduct the interest they pay on those home loans against their income tax.

Charitable deductions are another good example. We want people to give to charities, so we say: Do you know what. You do not have to pay as much in taxes if you give to charity.

The realty sector is full of tax goodies for the development of real estate and the creation of jobs that go with the development of real estate.

One of the big tax expenditures we have in our Tax Code is goodies for Big Oil. That is what this is about. Can we get to where we need to be on our structural debt and our annual deficit without touching the Tax Code? No way. Are we going to have to look at revenues for multimillionaires? I think we are. Are we, obviously, going to have to look at spending? Of course we are. And aren't we going to have to look at the tax goodies? Well, I would surely hope so, because, frankly, as some of my colleagues across the aisle have said—and I thought they agreed with us—cleaning out some of those goodies could potentially lower taxes for everyone.

So where do we start with the goodies that are in the Tax Code? Might we not start with the most profitable companies in the history of the planet? Do they need this extra money we give them by telling them they do not have to pay the taxes other companies have to pay? How many quarters will we have where we read the headlines: "Record-Breaking Profits for Big Oil"? How many times are we going to read that before we are willing to take the baby step—just the baby step—of saying: Maybe these tax goodies for Big Oil are not a good idea in light of our deficit and our debt. Maybe this is a good place to start. They made north of \$35 billion in the last 3 months.

I know there are all kinds of things that are being put out there to kind of hide behind as we cast this vote because this is a tough vote for people who vote no. How do you explain to your constituents—who are struggling around their kitchen table to figure out how they can afford to drive their kids to soccer practice—how do you explain to them that we think that instead of \$123 billion of profit Big Oil is going to make this year, they need to make \$125 billion? That is what this is. Instead of making \$125 billion—north of \$125 billion—of profit this year, Big Oil is going to have to suffer along with only \$123 billion in profit. And that \$2 billion we want to take back from them is going to go toward the deficit. How do you explain that to people around their kitchen table?

Oh, this means the cost of fuel is going to go up. Everyone has debunked that. Really? The cost of fuel has gone up just fine and they have all those subsidies. I remember when oil was \$55 a barrel and they had all these subsidies. By the way, all these subsidies did not help them go out and do what they needed to do to keep the price of fuel down.

By the way, today a letter was sent to the FTC by myself and other Members of the Senate saying: What about this refinery process? Talk about economic illiteracy. Anybody who believes the oil companies today are making 7 cents of profit on a gallon of gas has no idea what is going on with refineries right now. A year ago at this time, refineries were operating at a capacity of close to 90 percent. Today, they are

only operating at 80 percent. Why would that be? Their profit per gallon of gas—just the refineries—has gone from less than 40 cents a gallon to 80 cents a gallon in a matter of a few months: 80 cents a gallon of refinery profit. Some of these refineries are independently owned. But many of them are owned by the big five, the big five big oil.

So why is that capacity down? Is it because they do not have crude to go through the refining process? No. There is plenty of crude. And how about this. We are giving these big oil companies tax goodies, and what are they doing today? They are exporting a record amount of oil and fuel from the United States—exporting. They are sending it to South America and Mexico.

So while my constituents are suffering mightily at the gas pump, week after week, these guys are sending the oil they have produced with our tax goodies to another country, instead of putting that additional supply into our supply chain, which, in turn, reduces the price.

The more supply, the less the price. So, one, they have cut back refining capacity. Two, they are exporting more. And they want to say it is about drilling. Really? We have more rigs drilling right now in this country than we have had in many years. We have production higher at this point—domestic production—than it was at the end of the Bush administration. We just issued 12 new deepwater permits in the last few months. There are all kinds of leases out there that are not being explored. Meanwhile, cha-ching, cha-ching—these big oil companies are continuing to make profits that make your jaw drop.

So, honestly, seriously, you talk about economic illiteracy. I will tell you what economic illiteracy is. It is thinking these companies—what about the free market I always hear about from the other side of the aisle? What about that free market? Why do they need our tax goodies to help them if this is truly a free market?

Maybe they are right. Maybe we shouldn't pick on Big Oil. But what a great place to start. Frankly, if we can't take these things away from the most profitable companies in the history of the planet, how are we ever going to take them away from the mohair industry or how are we ever going to do what we need to do with the Tax Code in the real estate sector or any of the other goodies we have larded up our Tax Code with to make it so complicated and so long that, frankly, the people who get the most advantages out of it are the families who can afford to hire accountants and tax lawyers. Meanwhile, the real tax rate for most Americans is much higher than the real tax rate for most multinational corporations.

So I think economic illiteracy is to spend a lot of time talking about the debt and deficit and not being willing

to take this baby step to take back \$2 billion a year that these companies get that they do not need and they are not using to hold down the price of gas.

I mean, when I realized how cynical this whole process has become is when today I got a question from a reporter that said: Well, the oil companies say most of these profits are going to these pension companies. Give me a break. You know, really? Really? These guys want to talk about free market and how this is all about the bottom line, and then they want to try to hide behind the fact that some of the pension funds have stock in their companies, that somehow that justifies them feeding at the public trough? Talk about greed. Talk about greed.

So I think this legislation is a real litmus test because if we can't do this, then I question what we can do to right this ship that is all about the footprint of the Federal Government, how much money we are spending and how many tax expenditures are out there. And anybody who tells you this is about raising their taxes—no, this is about saying to them: You have to pay the taxes the free market says you should pay, not avoid taxes by these extra goodies. This isn't about raising their taxes; this is about saying: You need to pay your taxes the way average citizens do, as it relates to their businesses. You should not get this extra help in the Tax Code that allows you to avoid taxes. It is a tax expenditure. It is real money that will come to our bottom line as it relates to our deficit, and it is important to get it done.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas is recognized.

Mr. CORNYN. Madam President, I yield myself up to 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CORNYN. Madam President, I wish to talk for a moment about the ill-considered proposal we will be voting on at 6:15 tonight and about the administration's chaotic approach when it comes to our national energy policy. I say "chaotic approach" because to pay attention to what the President and this administration have said about fossil fuels and energy will give you whiplash if you try to keep up with it because there are so many, apparently, inconsistencies between what is said and what is actually done, and then when something like high gasoline prices becomes very much a concern around kitchen tables in America, then all of a sudden the President again, as he announced the last day or two, is all of a sudden open for more domestic product.

It is a problem for a number of reasons. One is, who in their right mind would invest the kind of money that is necessary in order to develop our domestic energy reserves when the administration and the President himself seem to be of two minds about whether

we should punish domestic production or whether we should encourage it.

I would suggest to you that the message has primarily been one of how to discourage or how to punish domestic production of energy in favor of imported energy from abroad. For example, one of the mixed messages the President gave was in March of 2010 when he proposed expanding offshore drilling along the Atlantic coastline, the eastern Gulf of Mexico, near my home in Texas, and the north coast of Alaska. At that time, he said as follows. He said: The answer is not drilling everywhere all the time, but the answer is not also for us to ignore the fact that we are going to need vital energy sources to maintain our economic growth and our security.

Well, I agree with that statement, but, as you know, following the Deepwater Horizon incident last April, the administration overreacted in a way that killed jobs and discouraged energy production here at home. We all agree that when something like this terrible incident occurs, we need to find out what happened, fix it, and make sure it never happens again. But every time there is a car accident, we don't ban driving. Every time there is an airplane crash, we don't ban flying. We find out what the problem is, we fix it, and then we move on.

That is not what happened in the Gulf of Mexico. First, there was an overbroad moratorium that was issued by the administration, which ultimately ended up being struck down by a Federal judge. But after that, the administration was not through. While their formal moratorium no longer existed, there was, in effect, a permitorium—in other words, foot-dragging when it came to issuing permits for drilling in the Gulf of Mexico—and only 12 deepwater permits have been approved in the last 12 months. There were, in addition, the cancellation of dozens of lease sales in Utah and Montana and exclusion of new areas in the eastern Gulf of Mexico and off the Atlantic coast. That, to me, is completely inconsistent with the President's statement just in March 2010. And then we know there are numerous examples where the Environmental Protection Agency has thrown up roadblocks and impediments to energy production right here at home.

Well, because the President has not had an adequate response, or at least his actions have been inconsistent with his words, he reversed himself again this Saturday, and he said now he supports more domestic oil and gas production like he did more than a year ago. But my conclusion is that this is not an energy strategy. This is a public relations strategy. This is a "how do I get reelected?" strategy. It does not solve the problem or the pain Americans are feeling at the pump. And unfortunately this strategy too often ends up being a job-killing strategy as well.

But when high gas prices are in the news, when people around kitchen ta-

bles all around America are complaining about the loss of their discretionary incomes, the fact they are having to cut corners so they can drive their kids to school or so they can drive to work, finally we have a new speech and a new announcement from the administration but very little when it comes to a coherent energy strategy.

Another mixed message is that the administration at times has suggested that we are actually overproducing domestic energy. You may ask, how could that be possible? How could it be possible that we are producing too much oil and gas here at home when we have to import 60 percent of what we use from abroad? Well, the Congressional Research Service that we depend on—it is an arm of the Library of Congress—has documented that America's recoverable resources are far larger than those of Saudi Arabia, China, and Canada combined. We have more here at home than Saudi Arabia, China, and Canada. And America's recoverable oil, natural gas, and coal endowment is the largest on Earth. And we have learned in the last couple of years that America has more shale gas from previously unrecoverable reserves—thanks to new technology, horizontal drilling and the like—we have enough natural gas to last us for 100 years here in the United States.

But compare that—really that gift we have been given of domestic energy at home—with what the administration said in 2010. The Treasury Department issues an interpretation or explanation of the administration's policies when it talks about energy production, and this is what the Treasury Department said in 2009 or 2010. The Treasury Department—this is Secretary Geithner, who is appointed by the President, confirmed by the Senate—the Treasury Department said:

To the extent the [tax] credit—

That is the tax credits we are talking about here—

encourages overproduction of oil and gas, it is detrimental to long-term energy security.

So the Treasury Department, President Obama's Treasury Department, is making the extraordinary claim that I have not heard any Senator here make because it is so implausible that these tax provisions encourage overproduction of oil and gas right here in the United States. If we are overproducing oil and gas in the United States, why is the administration telling the existing leaseholders they have to use or lose the leases that we have? It is an ideological fixation that says: We have to discourage production of oil and gas even though about 80 percent of our energy needs come from fossil fuels because we prefer alternative forms of energy. Well, I do too—solar panels, wind, biodiesel. These alternative sources of energy are important, but we simply don't have enough of them to keep our economy moving and keep prices low for our domestic consumers.

Well, another part of this mixed message is our dependency on imported oil.

On March 30, 2011, President Obama called for reducing foreign imports by one-third. But then he went to Brazil recently. He told the people of Brazil that he encouraged offshore drilling in Brazil, and he said that America wanted to be Brazil's best customer. In other words, rather than producing what we have been given by the Good Lord right here in America—American production, American jobs—he wants to be Brazil's best customer by importing energy from abroad.

Well, part of the vote we will be having at 6:15 or so tonight is another part of the mixed messages we have been getting when it comes to energy. This is the so-called Close Big Oil Tax Loopholes Act. Now we know why the Senators who introduced this bill have done so—because they have been getting so much heat back home because of high gas prices. Their constituents are demanding that they do something. But what they are proposing to do has nothing to do with bringing down the price of gas at the pump. In fact, it will likely increase the price of gas at the pump.

In fact, the chairman of the Finance Committee, on which I sit, said: You know, this is not going to change the price at the gasoline pump. That is not the issue. I do not see that as an issue at all.

The senior Senator from New York said: This was never intended to talk about lowering prices.

The majority leader himself said: It is not a question of gas prices; it is a question of fairness and priorities.

Well, if gasoline prices being paid by Americans all across this country are not the priority and if jobs that are created and sustained by producing domestic oil and gas right here in America are not the priority, my colleagues who are proposing this legislation have the wrong priority.

Now we are told they have a new idea—that the money that is supposedly saved from these tax provisions will then be used to pay down the deficit.

The truth is, the amount of money that would go to pay down the deficit—even if our friends across the aisle had a conversion and decided that was their priority rather than spending 43 cents on every dollar in borrowed money, borrowed from our kids and grandkids and bought by the Chinese—it would only be a drop in the bucket in the \$1.5 trillion deficit we are experiencing this year and the \$14 trillion national debt we are going to have to reckon with in the next couple months.

If deficit reduction is a priority, I submit the very best way we could do that is to pass a balanced budget amendment to the U.S. Constitution. But that is not the priority of the majority leader or of the majority or of our friends across the aisle. If the rationale for this bill is not to reduce gasoline prices, if the rationale for this

bill is not to produce a balanced budget, then what is it? What is it? The majority leader suggested it was fairness—fairness.

The Chairman of the U.S. Chamber of Commerce calls it punitive taxation, picking out five taxpayers in America and saying: We are going to raise your taxes and leave everybody else's the same. It is discriminatory and it is punitive. But it is also, in the immortal words of Rahm Emanuel, former White House Chief of Staff, now mayor of Chicago, a case of never letting a crisis go to waste to advance another ideological agenda.

The truth is, we know our Tax Code is already biased against U.S. domestic energy producers. If our goal is to tax people who are making money in America, this chart demonstrates that the oil and gas industry is down the list of industry sectors that are making far more money. The tobacco and beverage industry, the pharmaceutical industry, the computer equipment industry, the chemical industry, the electrical equipment industry, the manufacturing industry, the apparel industry, the machinery sector—all of those come well ahead of the oil and gas sector when it comes to making money.

I did not think making money was a crime in America. I thought we still believed in the free enterprise system. The very people our friends across the aisle are going to punish are the retirees and the pension holders, the people who own stock in these oil and gas companies who are going to be forced to pay higher prices which will ultimately be passed along to the consumer, I believe, in higher energy costs.

The other revealing point about this debate is they want to punish people who produce American energy right here at home, and they are going to leave OPEC and these other countries to pay lower effective relative rates. If we raise taxes on American producers and we do not do anything to similarly raise taxes on their competition, what is going to happen? What is going to happen to the Saudi Arabian Oil Company? What is going to happen to the Iraq National Oil Company? What is going to happen to the Kuwait Petroleum Company, the state-owned oil company of Venezuela and the like? These are places where we end up buying oil because we do not produce it at home, and we are going to raise taxes on the people who produce it at home and make it, in effect, cheaper for foreign energy producers to produce it and sell it to us. It makes absolutely no sense. It is punitive, it is discriminatory, and it is not going to solve the problem that most Americans are complaining about today, which is high gasoline prices. In fact, it will make it worse.

If my colleagues want to talk about fairness, let's talk about fairness to the 9.2 million people who are employed in the oil and gas sector in America. I witnessed the people who work in this

sector in my State. In March I visited a brandnew drilling rig that is using the latest technology to produce natural gas from the Haynesville Shale in east Texas. This is amazing technology that goes down thousands of feet and drills horizontally and uses high pressure fluids to fracture this shale—in effect, the rock—to get natural gas out of it.

Down in the Gulf of Mexico, after the moratorium was issued, I stood on a deepwater drilling platform that was left idle.

The ACTING PRESIDENT pro tempore. The Senator has used 15 minutes.

Mr. CORNYN. I ask for 2 more minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CORNYN. Madam President, I could go on and on about the economic impact on job creation in my State and across America. But if, in fact, our colleagues are interested in tax reform, if they really are concerned that the Tax Code is unfair and some people do not pay enough and others pay too much, I ask them to consider the fact that according to the Congressional Research Service, 77.9 percent of our primary energy production in America is fossil fuel sources, and of the Federal tax support targeted to energy in 2009, 12.6 percent went to fossil fuels—12.6 percent of those Federal tax supports went to people who produce oil and gas.

Conversely, 10.6 percent, the Congressional Research Service tells us, of primary source energy was produced using renewable sources. Yet the Federal tax support targeted to renewable sources of energy was 77.4 percent.

Why are we picking on American oil and gas production, forcing us—actually hurting job creation at a time when unemployment is unacceptably high—forcing us to rely on imported energy and actually rewarding our foreign competitors who will not have to pay these higher prices, and when, in fact, even as our friends across the aisle acknowledge, at the very best this will not bring down the prices at the pump.

They say that is not the point. If that is not the point, then the point appears to be a game of gotcha and a sort of finger-pointing and class warfare we have seen that is endemic inside the beltway.

I have to tell you, I think the American people are sick and tired of this sort of game playing when, in fact, they send us here to solve real problems. If we could find a way—instead of this game playing, instead of this phony game of gotcha—to try to work together to solve real problems through increased domestic supply, which would, indeed, bring down prices at the pump, as the President himself has acknowledged when he said we have to look at domestic production, then I think they would reward that with their appreciation, and appreciation in terms of American jobs being

sustained and created here because we are not creating jobs abroad to buy the very product we need to run our cars and trucks.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROCKEFELLER. Madam President, to me, this argument is, in fact, all about fairness. It has nothing to do with class warfare. It has nothing to do with gotcha but has to do with abrogation of social responsibility on the basis of levels.

Every once in a while we have an exchange in the Senate or in a Senate committee that is revealing and stunning all at once. Recently, I had one of those moments when I had the opportunity to ask a question to—guess what—five executives from the largest oil and gas companies in the country.

I was not linking price of gas—but in the people's minds it is—with the gas prices up beyond \$4 a gallon, with many people spending close to \$100 a week to gas up their cars. I was cautiously optimistic that we would have in this Senate Finance Committee hearing a real dialog on the idea that everybody has shared responsibility and that you share your responsibility—in this case, the need to balance the budget or come closer to it and then share prosperity. But we have to share responsibility first because that is what leads to the discipline that allows prosperity generally in this country to get ahead.

I thought the oil executives might at least reveal a bit of unease, a bit of discomfort on their part about how gas prices are standing like a dead weight on our economy, about the fact they make so incredibly much, inexplicably, unexplainably so much money and loving that, especially when they together earned just about \$35.8 billion in profits in the first 3 months of this year.

How wrong I was. They were eager only to defend the way Big Oil does business, defend the enormous salaries, defend the business model that puts control of gas supply in the hands of a few. One would not even answer when asked about his company's claim that trying to reduce taxpayer subsidies—which is what we want to do—given to this industry would be un-American. He said that a number of times in that exchange. It was not very fruitful, but it was insightful.

As I said then, put simply, these men are all completely out of touch—deeply, profoundly out of touch—with what the rest of the country is going through. Again, that is what it is about, fairness. Do you know what other people are suffering? Their situation is this: very profitable. Other people are on very hard times. Is there not some way they could give up their tax subsidies—in this case \$2 billion a year—instead of making a \$125-billion-a-year profit—not just more money but actually a profit; \$125 billion would go down to \$123 billion. They would not hear of it. They are so caught up in

their profits that they have lost sight of what is happening in mainstream New Hampshire and mainstream West Virginia, across our economy, and our schools on Main Street and around the kitchen table.

Gentlemen—the five—here is some of what you need to know. For starters, Congress is in the midst of a full-throated debate about how to reduce our growing deficit without breaking the backs further of working families or leaving our seniors out in the cold literally or reducing our support for the veterans who serve our country and children who just happen to be our future. We are debating proposals to cut back Social Security and the promise that we made to generations who have worked and want to live their final years with dignity. We are debating legislation that forces Medicare to be privatized, how it will cost senior citizens about \$6,000 more per year. I hope they know that. Medicare privatized, chopped up, made an optional grant program run by States, drastically scaled back.

The Congress is debating deep cuts to Federal programs ranging from highways and airports to medical research to coal mine safety inspections and money for schools—everything.

Quite simply, we are talking about making drastic cuts to programs that touch the lives of virtually every single person in the country, except for them. These slick executives seem blind to the real-world consequences of having made almost \$1 trillion in profits during the past decade—profits—while collecting \$4 billion a year in subsidies, courtesy of the very same U.S. taxpayers about whom I have just been talking, the same taxpayers who are also forced to pay at the pump and whose lives are being changed dramatically because of their position.

Why focus on them? Because they are a symbol. They are the top of the heap. They always prevail. They always win. They always have the lobbyists, the campaign contributions. They always can get what they want. Everybody always caves to them because they are so big, as they fly around in their shiny jets. I do not think it is going to be that way this time.

The same oil executives who blanch if anyone questions their mega salaries—speaking of salaries, it might be interesting to know that the CEO of ExxonMobile is paid \$29 million a year. I am just trying to think of the Presiding Officer's State of New Hampshire. I wonder how many people make \$29 million a year just in salaries. I do not know if that includes stock options.

During my conversations with these executives last week, we talked a little bit about how the effective tax rate on their profits is significantly lower than what average workers make in my home State of West Virginia and in the Presiding Officer's home State.

Exxon paid a 17-percent effective tax rate over the past 3 years—17 percent—

while the average individual in my State and the Presiding Officer's State paid an effective rate of 20 percent. Is that class warfare? Is that gotcha? Or is that about fairness, about people doing something to help their country when their country is almost on its knees?

The effective rate, to explain, is the amount of tax one is actually paying on income earned when factoring in deductions and credits.

It is a vast understatement to say West Virginians, like many others all across the Nation, are not having an easy time of it during this period of record oil company profits. And they—those five—understand perfectly well that there is no longer any justification for maintaining generous subsidies for this highly profitable industry. The public appears to feel that way. The poll numbers are just stunning—70 to 30 that it is not right, that we should take away the subsidies. It varies according to the poll, but it is always high up, including two-to-one Republicans across the country who believe they should not be able to have those tax subsidies that we are so easily giving them.

They know that without a willingness to stare down sacred cows like corporate subsidies—not just with them but with others—we won't ever be able to make progress in eliminating the massive Federal deficit which is staring us in the face. Why wouldn't they care about that? It is so easy for them. It is called sharing, being fair. But no, it doesn't work that way.

The average West Virginian, again, makes \$32,000 a year. They can't afford another 10 years of handouts to Big Oil. The current high gas prices are like a dark cloud. The working class in rural States like mine commute 25 miles or more each way every day, and high gas prices cut heavily into their weekly paycheck. Of course they do. Things are much worse in the summer, of course, when people travel, if they can any longer afford to. I hear often from constituents who are experiencing sticker shock at the pump. Police departments, schools, hospitals, and community organizations also feel the pinch of rising fuel costs and the pinch of everything else that isn't coming through. Philanthropy is down in this depressed economy. It is bad. Even the smallest increase can have a serious impact on family budgets and a business's bottom line.

I do not mean to suggest that the oil industry profits and subsidies are the sole culprit for rising gas prices because listening to those who are industry experts and economists, too, has convinced me that the big factor in the rising cost of energy is the role of speculators. I won't get into that too much now, but I will say that these speculative investors make a quick profit in betting on what the cost of a barrel of oil might be next Friday. If they turn out to be right, they get a whole lot of money. I mean, it is stupid. It is Wall

Street at its dumbest, and they have shown us several ways to be that way. They take no risk themselves.

I am not alone in thinking these speculators are driving up oil prices and creating more price volatility. I have joined with other Senate colleagues in asking the Commodity Futures Trading Commission to look closely at the role of speculators in the oil futures market and in pressing the Commodity Futures Trading Commission to get moving on a power they already have, which is to set margins on what speculators can make—to crack down, rein this in. I have also written to the Federal Trade Commission—to investigate any potential fraud or market manipulation in the oil markets.

I also believe what is needed in the big oil industry is a sense of fairness. It is not too much to ask when it comes to paying taxes, when it comes to paying the price for gas. To me, fairness has always meant shared sacrifice in tough times and shared success in good times—a sense of giving something for the larger good. I am not suggesting that they stop being competitive or aggressively profitable, but at least show for a minute they see where we are today. If they had expressed concern about average people and then refused to take any decrease in their tax subsidies—paid for by these people I am talking about—that wouldn't have given me much comfort, but at least it would have been just a bit of a bend. We got none of that. What we got was, we like our business model, we are staying with it, don't punish us for being profitable. We do business the way we do business. We have been doing it for 130 years, and that is that.

So what is needed here is a reminder that a lifetime of always beating their adversaries and never losing or giving anything of themselves to the greater good does not, in fact, lead to a prosperous or morally just society. That is not too much to ask, especially of Big Oil, and I am not going to stop just because they do not get it yet.

I thank the Chair, and I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

Mr. BARRASSO. Madam President, across this country Americans are feeling the pain at the pump. Gas prices are approaching \$4 a gallon. Families are going to spend, on average, about \$800 more on gas this year than they did last year. Unrest in the Middle East and a weak dollar are driving oil prices even higher. Now more than ever, we must produce more American energy. We need to do this to reduce our dependence on foreign oil.

Americans are looking to Washington for leadership. All you have to do is pick up today's USA TODAY to know how much—and I know you hear about it, too, when you are home on the weekends—this \$4-a-gallon gas is impacting people in our States.

Here is one headline. "Poll: Gas prices hurting many. \$4 a gallon requires cutbacks."

Let me read to you, Madam President:

As gas prices hover near \$4 a gallon, nearly seven in 10 Americans say the high cost of fuel is causing financial hardship for their families, a new USA TODAY/Gallup poll finds. More than half say they have made major changes to compensate for the higher prices, ranging from shorter trips to cutting back on vacation travel.

The article goes on:

For 21%, the impact is so dramatic they say their standard of living is jeopardized.

So here we have families all across the country, in your State as well as in mine, who are dealing with kids, bills, mortgages, and this sort of increase—\$800 out of their ability to pay for other things this year—clearly impacts their quality of life. So Americans want answers and they deserve answers. They are asking: How am I going to pay my gas bill? When we have American energy, energy right here in this country, they are asking: Why are we so dependent on foreign countries for our energy? They want to know where the leadership is in Washington.

This very week, the President has finally said he understands the need to produce more American energy. Well, he has used that same line many times.

The actions of the Democratic Party today on the floor of the Senate do not track with the lines coming out of the White House. The administration wants Americans to believe the administration has seen the light, but Republican Representative DOC HASTINGS, a Member of the House of Representatives, has already called their bluff. Representative HASTINGS is the sponsor of legislation that would allow more energy production off the coast of Alaska. He said it is ironic that the White House is now supporting this idea because the White House just recently opposed the idea when he introduced it in the House of Representatives.

The Associated Press was even more direct. They said that all of the administration's ideas had come from three bills that were passed by the Republican-controlled House down the hall, and the Associated Press said the White House had opposed every single one of these bills.

So despite acting against the production of more American energy just a week ago, the President now wants us to believe he supports it just because this week he says so. Well, I hope his change of heart is sincere, but I have my doubts because, unlike energy, talk is cheap.

The administration is trying to use this sudden change of heart as a bargaining chip to pass legislation that was brought up by liberals in the Senate this past week. Unlike increased production, the bill brought to the floor by the Democrats will not help the American people. In fact, the bill is clear evidence that the Democratic Party has no plan to address high gasoline prices. Why do I say that? Well, the solution we hear for high gas prices

is a tax increase. Since when did raising taxes lower the price of gasoline? Since when does raising taxes on one thing ever lower the price of that thing? To me, this is just another distraction. The nonpartisan Congressional Research Service has already told us there are some commonsense facts about energy taxes. They have told us that raising energy taxes will not lower the price at the pump. In fact, the Congressional Research Service says increasing energy taxes will increase the price of gas and increase our dependence on foreign oil.

This administration has consistently pushed policies that actually make the pain at the pump worse. Instead of supporting the all-of-the-above energy production across our country, they have been more focused on excuses about why we shouldn't use more American energy. If you look back over time, there is a clear pattern. In 2008, when he was a candidate for President, then-Senator Obama said high gas prices weren't a problem. He said the only problem is that they went up too fast. Interior Secretary Salazar, when he was a Member of this body, said he would not support more offshore drilling even if gas prices hit \$10 a gallon. Even Secretary Steven Chu, who is our Energy Secretary, was quoted that same year as saying: We have to figure out how to boost the price of gasoline to the levels of Europe. Gas prices in Europe routinely hit \$8 a gallon. With these individuals in charge of our energy policy, it is no wonder prices are way up—up over \$1 from where they were a year ago.

This administration's shutting down of drilling in the Gulf of Mexico will drive American oil production down by 20 percent in 2012. Even former President Bill Clinton called the continuous shutdown ridiculous.

To make matters worse, President Obama appears to be more enthusiastic about importing oil from other countries than he is in terms of using our own. Brazil has discovered huge reserves of shale oil, and the President recently visited Brazil. He said he wants the United States to be Brazil's best customer for oil.

When it comes to oil consumption generally, the President's story continues to change. A few weeks ago, President Obama tried to make the case that Americans should decrease their consumption of oil. He said we only have about 2 to 3 percent of the world's oil reserves and we use 25 percent of the world's oil. According to the President's measurements, the United States has about 28 billion barrels of oil, but according to the Congressional Research Service, the United States actually has 163 billion barrels of oil. That is over five times as much as the President says we have, and the United States is currently the third largest oil-producing nation in the world.

President Obama has also said he wants to cut imports of foreign oil by

a third. Well, his new proposal is definitely a step in the right direction, so why would he tie it to this bill that makes American production harder and more expensive?

Another of the President's goals is to make alternative energy the cheapest form of energy. He continues to talk about that, and I applaud that goal. But we need to make energy as clean as we can, as fast as we can, and do it in ways that don't raise the prices for American families. Regrettably, the President's method has been to make everything but alternative energy more expensive, and the bill his party is pushing right now is another step in that direction.

So the evidence is clear: The liberal energy strategy is not creating American jobs. No, it is not creating jobs here in America, it is not reducing the cost of gasoline in America, and it is not strengthening America's national security. Instead, Americans are paying more at the pump, they are living with high unemployment, and they are producing less American energy.

I hope the President will follow up on his promise to help America produce more oil. I also hope he will stop pushing the damaging legislation his party has put forward here this week.

It is time we have a true bipartisan approach on energy. Senator MANCHIN of West Virginia and I have introduced just such a bill. It is a bipartisan bill called the American Alternative Fuels Act. This bill truly would ease American's pain at the pump. It would repeal barriers to alternative fuels so American energy can thrive. It would promote the production of alternative fuels derived from American sources. This bill acknowledges the truth about our energy crisis. We need more American energy—we need it all.

In addition to the green jobs the President keeps talking about, we need red, white, and blue energy and red, white, and blue energy jobs. We must keep focusing on making our energy as clean as we can, as fast as we can, and do it in ways that do not increase the costs on American families.

The only way Americans can take the President's call for more energy production seriously is if he and the Democratic leadership abandon their fixation on raising taxes on producing American energy. That is the first step we need to take in helping relieve the pain at the pump.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CASEY). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President, I rise to speak in opposition to the Menendez proposal which would raise taxes on a handful of our Nation's energy producers. This bill makes the assumption that raising taxes on the five

major oil companies will somehow reduce the deficit and lower the price at the pump. This is misguided and it will also have the opposite effect. Raising taxes on our domestic oil industry will drive up gasoline prices and who in America driving a truck or a car doesn't realize that gasoline prices are already very high? Second, it will threaten the jobs, 9 million jobs dependent on drilling, exploration, and operating in America. If we drive these companies overseas, it will increase foreign imports and it will stop jobs being created in America.

Those who threaten to repeal these deductions fail to recognize the tremendous costs and risks that go into exploring for the energy needed to drive our country forward. Our oil and gas industry is a business or industry that creates jobs like any other business or industry in our country. Why would we single out one sector of our economy and say you can't deduct your expenses? Every other business in America can deduct expenses. Other manufacturing businesses in America can get the tax credits for manufacturing jobs because we want to keep jobs in America and it offsets the very high corporate tax rate that we have in our country, that the President has recognized as being too high. Because we want to keep manufacturing jobs, there is a credit for manufacturing. But we are going to take that away if the Menendez bill passes, and send those jobs overseas.

We are making it so hard to create our own natural resources from our own people working in this country, instead sending jobs overseas. At a time when we ought to be helping to create jobs, when we ought to give every possible fair break to companies that will hire in America, now we are going to take one sector of our industry and tax it differently from every other sector.

Since business started in our country we have had tax deductions for expenses. Yet here we are trying to say we are going to take one sector of our industry—maybe they are doing too well right now—and we are going to tax them more. Look out, other industries that happen to be successful right now; whether you are making Kleenex or computers, you are going to be taxed if you earn too much. Is that what America wants to change to, as our business policy, which has a foundation of fairness and equity?

We have a corporate tax rate that is so high it encourages businesses to go overseas. Now we are going to single out one industry that wants to do work in America, that wants to bring our natural resources out of the ground and bring down the price at the pump. But, no, we are going to add taxes so we will not see any lowering of gasoline prices at the pump. Instead, we are going to increase it. If we increase the cost of doing business and we force these companies to go overseas to get fair and stable regulatory environment, then we are going to pay more at the pump. There is no doubt about it.

Senator LANDRIEU and I introduced bipartisan legislation earlier this year called S. 516, the Lease Extension and Secure Energy Act of 2011, known as LEASE. It restores time lost as a result of the offshore moratoria by extending the impacted leases by 1 year. It is fair and it is simple.

Over the weekend, the President stated he would be extending leases in the Gulf of Mexico that were affected by the moratorium, but he was not clear about which ones. He didn't say I will extend every lease that went through the processes to get the environmental and the safety restrictions in place.

They got the lease. Then they had a moratorium. So they are paying people, they are continuing to have all of the expenses of the lease but they do not get to do the exploration. We are saying whether you were in the exploration phase or in the drilling phase it doesn't matter. If you are impacted by a moratorium on a lease that you are still paying for and you are still paying people to try to keep people on the payroll, your lease will be extended for 1 year. That is all the bill Senator LANDRIEU and I submitted will do.

The Secretary of the Interior, at a hearing this morning in the Senate, said they were looking into extending Gulf of Mexico "wells" directly impacted by the moratorium—meaning only those leaseholders who have already performed all seismic tests and were conducting exploration drilling. This will only cover 33 leases out of thousands that are still affected by the moratorium, because they are in the exploratory phase, not the exploratory drilling phase.

This year alone, over 350 leases are due to expire. Many of them have not had the opportunity to be developed because of the moratorium. The development of oil and gas in the Gulf of Mexico is an extremely expensive and technical process. It takes about 3 years of tests, surveys, and appraisals before even drilling for the exploration well. Regardless of which stage all of the exploration leaseholders are in, the administration ordered all leaseholders to halt exploration activities when its moratorium was enacted. Every one of those leases is still being paid for but they are not able to be explored. We need to restore at least 1 year of the moratorium so they get fairness for the money they have spent and also for the people they have kept hired, not sending them away—which has been a hardship on many companies, including some having to go bankrupt because they could not afford to be idle while they also were meeting a payroll.

The exploration and development of oil and gas must follow a meticulous process, and any delay such as a moratorium can derail an exploration plan causing companies to have to give up on their leases. The length of deep-water offshore leases is usually about 10 years because that is what it takes to get all the way through the explo-

ration and the exploration drilling phase to determine if it is worth actually drilling. Many times when you drill, you get a dry well.

Our commonsense legislation has bipartisan support. Recently, the Office of Management and Budget stated, "The administration fully supports suspensions for Gulf of Mexico leaseholders directly impacted by the drilling moratorium," but the administration fails to recognize that all leaseholders in the Gulf of Mexico were "directly impacted by the drilling moratorium."

James Noe, the executive director of the Shallow Water Energy Security Coalition, wrote me to express his support for the LEASE Act. In the letter, he said:

Without the LEASE Act, vast quantities of proven, present and producible oil and gas in these expiring leases will be trapped.

Leaving the resources trapped will hurt our domestic production and delay when these resources can come online.

I received another letter from Stephen Heitzman, the president and CEO of Phoenix Exploration, a small Houston-based exploration company. Mr. Heitzman wrote that the LEASE Act is vital to Phoenix Exploration and other small offshore companies because they have been prevented by the administration from drilling in the moratorium and have not been able to even evaluate many of their Gulf of Mexico leases which have been fully paid for through the competitive bidding process. He goes on to say the time lost from the moratorium makes it very difficult for shallow water independent operators to put together the partnerships and attract sufficient capital resources needed to develop leases.

The LEASE Act is needed to give offshore energy producers the certainty they need to obtain proper financing to produce domestic oil and gas.

I ask unanimous consent that the letters I have read excerpts from be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PHOENIX EXPLORATION COMPANY,
Houston, TX, May 12, 2011.

Hon. KAY BAILEY HUTCHISON,
U.S. Senate, Russell Senate Office Building,
Washington, DC.

DEAR SENATOR HUTCHISON: On behalf of Phoenix Exploration Company LP and its employees in Texas and elsewhere along the Gulf Coast, we thank you for your leadership efforts in the development and hopeful enactment by the Congress of S.516, the Lease Extension and Energy Security Act (LEASE Act). Your legislation is vital to Phoenix Exploration and other small offshore oil and gas companies that were prevented by the Administration's de facto drilling moratorium from fully evaluating many of its Gulf of Mexico leases acquired and fully paid for through the Federal OCS competitive bidding process. Your reasonable solution of an additional 12 month extension of the offshore leases impacted by that moratorium will help to prevent further adverse business and employment impacts throughout the Gulf Coast Region of the United States.

The loss of time associated with the de facto moratorium and the ensuing new high level of uncertainty associated with the Bureau of Ocean Energy Management, Regulation and Enforcement's permitting process, makes it very difficult for shallow water independent operators to put together the required business partnerships and attract sufficient capital resources to develop leases. Consequently, these permitting and timing uncertainties cause potential business partners for resource development to be reluctant to begin discussions to work on the hundreds of leases that are left with reduced development periods.

Your LEASE Act will provide the small companies in the offshore oil and gas industry the additional time to compensate for the actual lost time associated with the de facto moratorium and the newly increased permitting time required to develop the acquired leases. The Administration's unilateral de facto moratorium of oil and gas operations in the Federal OCS has caused significant economic risk in the minds of the investment community. This uncertainty has caused disruption in economic development of Federal OCS leases in the Gulf of Mexico and has negatively affected jobs throughout Texas and the Gulf Coast Region. Your proposed legislation will provide a welcome incentive to Phoenix Exploration and other similarly-situated companies to develop the resource potential of existing offshore leases and in doing so, creates domestic jobs which will bring domestic energy resources to the American public.

Thank you for your support of Phoenix Exploration Company and the people of Texas in this vitally important matter.

Sincerely,

STEPHEN E. HEITZMAN,
President and Chief
Executive Officer.

SHALLOW WATER ENERGY
SECURITY COALITION,
Houston, TX, May 13, 2011.

Hon. KAY BAILEY HUTCHISON,
U.S. Senate, Russell Senate Office Building,
Washington, DC.

DEAR SENATOR HUTCHISON: On behalf of the member companies of the Shallow Water Energy Security Coalition ("Coalition") and their employees, we are extremely thankful for your leadership in the introduction and efforts to enact S. 516, the Lease Extension and Energy Security Act (LEASE Act). This legislation is urgently needed to avoid further adverse economic and employment impacts resulting from the Administration's de facto moratorium on offshore drilling activities in the Gulf of Mexico. The Coalition is comprised of the leading exploration and production, drilling and offshore contractors in the Gulf of Mexico.

As a result of the de facto moratorium on offshore drilling, all related shallow oil and gas exploration activities on the Outer Continental Shelf of the U.S. came to a grinding halt. However, the expiration period for offshore oil and gas leases was not suspended. As you have so appropriately recognized, it is only fair and reasonable to provide a short-term 12-month extension to return to the affected leaseholders the lengthy period of time in which they were prevented from developing those leases. Your legislation will most certainly help to protect American jobs and increase domestic oil and gas production.

Clearly, it is imperative that the LEASE Act be enacted as quickly as possible. In this year alone, over 350 offshore leases are due to expire, many of which have not had the opportunity to be developed because of the de facto moratorium. Without the LEASE Act, vast quantities of proven, present and pro-

ducible oil and gas in these expiring leases will be trapped. Once these leases expire, they revert to the federal government only to be developed when and if the Administration holds an offshore lease sale. The Administration cancelled the Gulf of Mexico lease sale, which was scheduled in March, 2011, and it now appears that, for the first time in 40 years, the country will not hold a lease sale in 2011. With soaring gasoline prices and the countries growing dependency on foreign sources for the supply of oil and gas, we must reap the fruit of our offshore leases.

The economic impact of the Administration's offshore oil and gas policies continues to be direct, severe and long-lasting. Your legislation will provide some welcome relief for the hundreds of thousands of Texas, Louisiana and other Gulf state employees who rely on a strong and vibrant offshore energy industry.

Thank you for your support of the Coalition and its members in this vitally important matter.

Sincerely,

JAMES W. NOE.

Mrs. HUTCHISON. Mr. President, let me close by saying I hope we will not do something so wrongheaded and counterintuitive as to take one section of an industry and say you are bigger than all the others, so we are going to tax you differently. We are not going to give you the manufacturing tax credits we give to every other manufacturer in the world, including the big ones that manufacture in the United States, and we are also going to tax you differently from the smaller oil and gas companies because you are big and they are small. Is that America? Is that the country that wrote a Constitution that said we would guarantee due process of law, that we wouldn't single out one company that is bigger than the others and tax it differently? That is not what our country was founded on.

We should have a fair process. We should have fair taxation. We should be encouraging manufacturing in our country because these companies have a trust with their shareholders. We expect them to do well for their shareholders, and they have millions of shareholders who depend on them to do the right thing with their business and with the investment these shareholders have made. I might add that many pensions are dependent on these kinds of stocks, and it is expected the CEOs will run the companies in a way that will keep our economy going, keep jobs in America, and keep their stockholders in a position where retirees can live on the income. We are singling out an industry and saying: No, you are too big, so you are going to be taxed differently from other industries, and you don't get the manufacturing incentives that even other big manufacturers get. Why wouldn't they move overseas to create jobs overseas where they have a stable regulatory environment, a lower tax base, a lower tax rate, and where they can bring up oil from the ground and import it right back into America, even though it will be at a higher price because we are going to have to pay for the people to go overseas and haul the oil back.

Does that make sense? It doesn't make good business sense, and it certainly doesn't make good economic sense. It is not good for our country, and it is certainly not good for the job market we are trying to build.

I hope we will not make the mistake of going forward on the Menendez bill. I hope we will realize we are a country that has vast natural resources and we should be using those resources so our businesses can thrive, so prices stay low, so people will not be strained to put gasoline in their trucks to go to work or to do their farming or ranching to contribute back to the economy. I hope we will defeat the Menendez bill, and I hope we will adopt a policy that will come through the McConnell bill tomorrow which will increase exploration, increase production, and lower the price of gasoline through our own natural resources, not by importing our own—the jobs that ought to be in America, exporting the jobs and importing the product. That doesn't make sense. Let's keep the jobs in America and let's keep our natural resources working for us. That would be the prudent thing to do and that will be the McConnell bill.

I hope we can defeat the Menendez bill, and maybe we can come together in the Senate and give the President a bill that will ask that we have more production and give the level playing field to all the companies that would hire more people and create jobs in America. They will do it if there is a level and fair and stable regulatory and tax environment in America.

Thank you. I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. UDALL of Colorado. Mr. President, I rise today to speak about the energy-related votes we face this week in the Senate.

Coloradans—and all Americans—are feeling the sting of skyrocketing gas prices. And "pain at the pump" puts a crimp in the budgets of hardworking families and small businesses everywhere. I hear this every time I am back in my home State, talking to folks. They think it is unfair—and I agree.

Runaway gas prices are not acceptable and we must work across the partisan divide to bring a stop to it.

In fact, I recently called on the State Department and the U.S. Trade Representative to do everything they can to crack down on global oil market manipulation. And I joined my colleagues in urging the Commodity Futures Trading Commission to ratchet up their efforts at preventing overspeculation in oil trading domestically. Taking these steps would help reduce the chance that market manipulation is hurting American consumers.

But from a larger perspective, the challenge is that we simply do not have any quick fixes. And substantial relief today would have required us to take steps years ago to reform our energy system. Unfortunately, we let those opportunities pass us by. That is the unvarnished truth the American people

need to hear, not false promises or bumper sticker solutions.

The real solutions involve tough choices and strategic investments in clean energy that will help wean our Nation off foreign sources of oil. It really is the only way we will be able to dig ourselves out of this hole and lower gas prices. And, importantly, it is one of the ways that we will get the United States back on the path to winning the global economic race.

Unfortunately, neither of the votes we will take this week will reduce gas prices for consumers.

As are most Americans, I am frustrated that once again politics is getting in the way of progress I would much rather be debating a comprehensive energy policy this week that includes a renewable electricity standard, promotes energy efficiency, and encourages responsible development of domestic resources such as safe nuclear power and natural gas.

We need to move beyond partisan fights and blame games. Instead, we need to work toward what we all can agree are key priorities: developing energy that brings affordable prices to American families and businesses; building a sustainable, long-term energy future; and doing it in a way that protects our clean air and water for future generations. Put simply, establishing energy security—perhaps above any other issue—will assure our Nation's future success.

We each often say that our States are the best laboratories to create innovation. But in Colorado, we have a great example of this in action.

Back in 2004, Colorado cast aside partisan politics and bumper sticker solutions by taking a big, brave step forward and embraced the emerging clean energy economy. That year I led a bipartisan ballot initiative with the former Republican Speaker of the Colorado House, Lola Spradley, in a campaign to convince the voters of Colorado to approve a State-based RES that would harness renewable resources like the sun, the wind, and geothermal energy. We barnstormed the State, speaking over and over to anyone who would listen.

There was a lot of industry opposition to an RES, and dire predictions that it would cost consumers money and damage Colorado's economy. But, those arguments were proven wrong. And Colorado industries, consumers, and people across the political spectrum have embraced clean energy as part of Colorado's effort to win the global economic race.

In fact, last year, the Colorado Legislature approved, and former Governor Bill Ritter signed, a bill to increase the RES standard even further: from 20 percent to 30 percent renewable energy by 2020. This makes the Colorado RES the second most aggressive standard in the Nation, only after California.

Even more refreshing is that in the years since Colorado established one of the earliest and strongest renewable

electricity standards, our energy producers have embraced the move. One of our State's largest utilities, Xcel Energy, has become a national leader in clean energy. In proving that clean energy can be profitable and competitive, Xcel is making the case for how an RES can create jobs, stimulate the economy, and help us achieve energy independence.

The clean energy economy is one of the greatest economic opportunities of the 21st century, and the global demand for clean energy is growing by \$1 trillion every year. The lesson to be learned from Colorado is that clean energy can unleash the American entrepreneurial spirit. We must pursue forward-thinking policies that will help America seize and lead this growing market.

Make no mistake. We are in a race against foreign competitors and are quickly being left behind. Last year, I returned from China where I discussed clean energy issues with American businesses located there. I saw it firsthand. They are ready to eat our lunch when it comes to clean energy. China is pursuing renewable energy and clean energy technology so ambitiously, not because they want to save the planet but because it makes good business and economic sense.

In fact, China has announced that it is investing over \$738 billion over the next 10 years in clean energy development—nearly the size of our entire American Recovery and Reinvestment Act. Just imagine, their economy uses a comparable amount of energy, but they take clean energy so seriously that they plan to invest a stimulus-sized amount of money solely in renewables.

But we can't just rely on renewable energy. Rather, America must have an all-of-the-above energy policy. For example, conservation and energy efficiency efforts offer the quickest way to reduce energy demand today. And safe nuclear energy and natural gas can and should fill a larger share of our energy portfolio as they both are cleaner fuels. In addition, we all know America will be dependent on fossil fuels for years to come, so it is not realistic to exclude them in our strategy. All of these elements should be in America's energy mix and we must acknowledge that to really embrace 21st century solutions.

But when we look at the future demands for clean energy and the economic opportunities ahead of us, renewable resources hold the greatest promise. And the more home-grown renewable energy we can produce, the less money we need to spend buying oil from foreign nations that wish to do us harm, which means less money spent at the gas pump. I don't think anyone in this Chamber can argue with the proposition that we should be moving aggressively toward energy independence with dividends like that.

It is time we made a concerted national effort to reclaim our position at the front of the pack. We should be

harnessing the wind and sun and other renewable resources here in America, and putting Americans to work in good-paying jobs developing, building, and leading the clean energy revolution. It is an example of what we call back home "Colorado common sense."

But instead of pursuing some commonsense goals that are sure to move our economy forward, we are here today exchanging political punches on issues largely unrelated to our energy independence and the prices Americans pay at the pump.

While I support reducing tax breaks for the five largest oil companies, I honestly wish this issue was a smaller part of a larger discussion on a comprehensive energy strategy that allows the U.S. to lead the global economic race. That said, I will vote to repeal these needless tax breaks for Big Oil. Traditional energy production has received billions in subsidies over the last 70 years. And the top five oil companies in particular make billions in profits that far exceed the need for government support.

I happen to agree with the thousands of Coloradans who have told me: these companies—among the biggest in the world—don't need and shouldn't receive taxpayer money, especially as we look for ways to consolidate our Tax Code and reduce the deficit.

It is important to me that this bill is limited to the top five companies and does not include small, independent producers that provide many jobs in Colorado. I should note that there are some tax credits—such as the production tax credit for wind, the investment tax credit for solar, and the intangible drilling costs tax credit for small oil and gas producers—that are important to jobs in Colorado and across the country. While my ideal energy market would be free from any tax credits, I also want to make sure we continue to invest in domestic energy industries that still need help getting off the ground. Just as with most policy, it is a delicate balance.

In my home State of Colorado and in the Presiding Officer's home State of Pennsylvania and all over our country, Americans are feeling the sting of rising gas prices. The pain at the pump puts a real crimp in the budgets of hard-working families and businesses everywhere. I hear this every time I am back in my home State listening and visiting with the folks there. They think it is unfair, and I have to say I agree.

Runaway gas prices are not acceptable. I think it is our job, working across the partisan divide, to bring a stop to it. I have to tell my colleagues, instead of pursuing some commonsense goals that would move our economy forward and would mold a comprehensive energy proposal, we are punching away at each other on issues largely unrelated to our energy independence and the prices Americans pay at the pump.

I am going to support the vote today. We ought to reduce tax breaks for the

five largest oil companies. But I have to say I wish this had been part of a larger discussion on a comprehensive energy strategy to allow us to lead the global economic race. That said, I am going to vote to repeal what I think are needless tax breaks for Big Oil.

Traditional energy production has received billions of subsidies over the last 70 years—70 years—and the top 50 companies in particular make billions in profits that far exceed the need for more government support. I happen to agree with thousands of Coloradans who have been in touch with me to say that these companies, which are among the biggest in the world, don't need and shouldn't receive taxpayer money, especially as we look for ways to consolidate our Tax Code and reduce the deficit.

It is important to me that the bill is limited to the top five companies and doesn't include small, independent producers that provide a lot of jobs in Colorado. I should note that there are some tax credits, such as the production tax credit for wind, the investment tax credit for solar, and the intangible drilling costs tax credit for small oil and gas producers that are important for jobs in Colorado and across our country.

I think we would agree that the ideal energy market would be free from any tax credits, but I also wish to make sure we invest in our domestic energy industries that still need help getting off the ground. As with most policy matters, this is a delicate balance.

Let me wind down my remarks with this request to my colleagues, that we would take responsibility for our economic future and get serious about energy independence. That means we would have to shed, each and every one of us, some of our doctrinaire positions and what is too often on the floor a "my way or the highway" approach. There are ways to responsibly drill for oil while also increasing our renewable electricity production. There are ways to safely expand nuclear power while also boosting energy efficiency. There are ways to harness natural gas as a bridge fuel while also spurring a generation of electric cars.

These are not either/or propositions. I think we especially have to seize the clean energy opportunity that is in front of us, so 2, 4, and 10 years from now we are not still sidetracked by political infighting because we, once again, failed to make the tough decisions. A comprehensive energy policy is critically important to our Nation's economic recovery and our long-term energy future. Believe me, Americans are ready for it. In fact, they are demanding it.

Thank you. I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. FRANKEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FRANKEN. Mr. President, I rise in strong support of Senator MENENDEZ's bill to eliminate subsidies to big oil companies. At a time when we have to make tough choices to address our budget deficit, when we are cutting cancer research, at a time when Minnesotans are paying \$4 a gallon at the pump, and at a time when oil companies are raking in record profits, we have to stand and say: Enough is enough. It is time to end the subsidies. That is why I am a proud cosponsor of the bill.

We have had to make a lot of tough choices, and there are plenty still to come. To avert a government shutdown, Congress enacted billions of dollars in cuts. Some were pretty hard for me to swallow, frankly—cuts such as \$182 million from job training, \$650 million from community development funds that help communities provide basic services such as roads and sewers and affordable housing, even Pell grants.

These are cuts that will be felt by working families and people who are still struggling to find jobs and make ends meet. I voted for the spending bill that contained those cuts, not because they would be the cuts that I choose to make but because it was important to keep the government open. Addressing our budget deficits will take compromise. It will take shared sacrifice from everyone. That includes big oil companies that are making record profits because the price of oil is now at \$100 a barrel.

The bill before us would end \$1.2 billion in subsidies to the five largest oil companies in fiscal year 2012 and \$21 billion over the next 10 years. These companies make up three of the top five Fortune 500 companies and have had nearly \$1 trillion in profit over the last decade. While high oil prices are gouging the pocketbooks of American families, these companies are on a pace for a record profit this year. In the first quarter alone, these companies collectively made about \$35 billion in profits.

I wish to ask my colleagues, how high do oil prices have to go—how big do the oil companies' profits have to be—before we can talk about doing away with their handouts? These companies have legacy wells that pump oil at a cost of about \$10 a barrel—a little less. On average, oil production costs them \$15 a barrel. When exactly don't they need these subsidies anymore? They are making record profits. At \$100 a barrel, why do they need the subsidies? If oil goes up to \$102 a barrel or \$110, or \$150, can they give us the subsidies back then? There is absolutely no rationale for these subsidies—none at all. How much money do these companies have to make before they do not need the government's help anymore?

To me it sounds as though these companies do not need to be subsidized by taxpayers. President George W. Bush thought so too. In 2005 he said:

With \$55 dollar oil, we don't need incentives to oil and gas companies to explore. There are plenty of incentives.

When testifying before Congress in 2005, one oil executive stated that removing many of these tax breaks would have no effect on his company's production activity. Today, with oil prices close to \$100 a barrel, it is doubly true.

Let me say something about House Speaker BOEHNER's statement on the debt limit last week. The Speaker told us that in terms of dealing with the deficit, everything is on the table, except for revenues. How can we not look at billions of dollars in handouts to some of the most profitable companies in America?

This is sort of like a family that cannot pay its bills, and they cannot pay for food and heat and electricity and medical bills and the mortgage all at the same time. So they gather around the table and the dad says: "To make ends meet, everything is on the table. We are paying for this stuff, except for one of us getting an extra job or working more hours or somehow bringing in more money. We can't do that." And the son says: "Gee, dad, I could do more hours at TGI Friday's. I could do that." "No, son. That's off the table. No more medicine for grandma. You go play with your Xbox some more."

Revenues off the table, especially subsidies that do not do anybody any good? That does not make any sense and tells me that some of us are not serious about fixing the budget deficit.

A recent report from the Joint Economic Committee concluded that:

Repealing or modifying the tax incentives discussed in this report . . . would have little or no impact on consumer energy prices in the immediate future.

In 2010, 60 percent of the big five oil companies' profits went to stock buybacks and dividends to their shareholders, not to exploration. So even if they had fewer taxpayer subsidies and could only use, say, 59 percent of their record profits for buybacks and dividends this year, I am pretty sure they could get by just fine.

Some of my colleagues on the other side of the aisle think we have the wrong approach and they do not want us touching Big Oil's government handouts. Instead, they are pushing an alternative bill that would require the government to approve or reject a drilling permit in 60 days or it would be deemed automatically approved. This is a very dangerous idea. Just this morning, I asked Director Bromwich, who heads the agency in charge of offshore permitting, what he thought about this idea, and he said we would all be at greater risk from such a proposal.

This shows that some of my colleagues have not learned the lessons of the BP oilspill where a shoddy approval

process and numerous industry errors led to a monumental disaster in the gulf. This disaster brought economic hardship for thousands and cost 11 workers their lives. Let's not forget that.

Offshore drilling is becoming an increasingly complex industry. To insist on a one-size-fits-all permit process ignores the increasing technical challenges that offshore drilling presents. The Republican bill is reckless and irresponsible, and I urge my colleagues to reject it.

Instead of ending handouts to wildly profitable companies, my friends on the other side of the aisle are suggesting we throw caution and safety to the wind—and continue to dole out these subsidies. They want to make cuts to job training programs, Pell grants, and cancer research. They have proposed converting Medicare into a voucher program, which would end the longstanding guarantee that our seniors will have access to health care when they need it. It would end Medicare as we know it. But when we talk about touching one penny of big oil's subsidies, they say: It is off the table.

I believe Americans come together in tough times and make sacrifices. We are all not going to get everything we want, and that includes Big Oil executives. At a time when almost 14 million Americans are unemployed, at a time when job training and other assistance programs are being cut, it is unconscionable for companies making record profits to refuse to do their part. It is unconscionable for them to refuse to give up even one penny of subsidies that they frankly do not need.

I urge my colleagues to get serious about the deficit, to support the Menendez bill, and to end these wasteful handouts.

I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, today we are discussing a bill to raise taxes. That is what it is. According to the Joint Committee on Taxation, S. 940 will raise taxes by \$21 billion over 10 years. And what provoked this bill to raise taxes? This time it is high gas prices.

I wish could say I am surprised, but since Democrats took control of this Chamber, and since President Obama was elected, this seems to be a recurring theme. No matter the question, the answer always seems to be: Raise taxes. There is rarely any consideration of how this impacts the economy, how it impacts businesses and families who have to shoulder this load.

My colleagues on the other side of the aisle too often look at working men and women as an endless source of cash that Washington can rely on for more governmental programs. The Democratic Party's emblem is a donkey. Sometimes I think they would be better off transitioning to a one-trick pony.

The Democratic bill we will be voting on later today is called the Close Big

Oil Tax Loopholes Act. That is certainly one message-tested name. "Big oil"—check. "Tax loopholes"—check. Again, never underestimate the left's ability to underestimate the American people. They think that because American citizens are angry at high gas prices, they are going to run off the cliff and support a measure just because it mentions "big oil" and "tax loopholes."

I can tell you that the people of Utah are not going to support this bill, and the American people will not either.

The American people want and they need energy solutions. According to a USA Today/Gallup poll, 7 out of 10 Americans say that gas prices are causing financial hardship. FedEx and UPS have increased fuel surcharges from 6.5 percent to 8.5 percent. By the time 2011 ends, expect restaurant prices to be 3 percent or 4 percent higher, according to the U.S. Department of Agriculture.

The issue of high gas prices is much greater than the price at the pump. The Joint Economic Committee concluded that the weak U.S. dollar has added 56 cents to every gallon of gas. This is a drag on a fragile economic recovery. It inflates the prices of everything from groceries to school supplies. Just recently, we found out that one in seven Americans is on food stamps—one in seven. One writer has dubbed this the "Food Stamp Recovery." And this weak recovery is made weaker by higher gas prices.

And to deal with this? Democrats decide that rather than promote a sensible energy policy, it is better to score a few cheap political points at the expense of the politically unpopular oil companies. Americans are rightly upset about the cost of gasoline. But the solution to higher gas prices is not to raise taxes. Raising taxes on domestic energy producers might be a good thing for Hugo Chavez, but it does nothing to lift the burden of increasing gas prices that are afflicting the American economy and working families. Under this bill, Hugo Chavez's Citgo would receive a tax incentive while U.S. companies such as Exxon and Chevron would not. I was amazed to see the advocates of this legislation admit as much during a hearing on this matter last week in the Finance Committee.

Mr. President, I ask unanimous consent that I be given an extra 5 minutes for my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. One after one, my Democratic colleagues acknowledged the obvious. The policies they were proposing—higher taxes on oil companies—had absolutely nothing to do with energy policy or sound tax policy and everything to do with generating more revenue for more government spending. They acknowledged that this legislation would do nothing—I repeat, nothing—to lower the price of gas at the pump. Not a thing. They acknowledged that.

I can see now why Senator LANDRIEU of Louisiana and Senator BEGICH of Alaska called this tax increase proposal a "gimmick" and "laughable." These are two Democrats who have been honest about what is going on here. Raising taxes will do nothing to lower the cost of fuel. And for what it is worth, this bill will not help pay down the deficit either. Nothing in this bill mandates that these new revenues would be dedicated to deficit reduction. In fact, any net revenue increase in this bill would be set aside and added to what we call savings on OMB's pay-go scorecard, revenue that can be used to pay for future legislation. We all know that when we increase taxes, our colleagues on the other side are going to spend every dime of it. That has been a matter of fact.

So let's be clear about what is going on here. Democrats want to increase taxes to pay for more government spending. They have been refreshingly open about their intentions. One of my colleagues stated that this bill will allow us to spend money on cops and kids. Another said it will "raise a significant amount of additional revenue for important projects in the United States of America." But the choice here is not lower taxes versus assistance for public safety and children. If Democrats want to pay down the deficit and have money for essential projects, there are plenty of options available besides increasing taxes.

My colleague from Oklahoma, Dr. COBURN, has led a one-man crusade to identify hundreds of billions of dollars in wasteful and redundant government spending and programs. If the entire Democratic caucus spent even half the time investigating wasteful government spending as it does looking through the Internal Revenue Code for ways to increase our taxes, and to malign a business like Big Oil, our fiscal situation would be much better.

Make no mistake that this bill is a tax increase on American jobs. Under this proposal, there is a disincentive for domestic energy producers to invest in the United States. Under this proposal, American corporations will be at a competitive disadvantage with their foreign counterparts. Under this proposal, a lot of our oil companies—especially the larger ones—are going to find it a lot better for them to work offshore, overseas, away from America, to find oil, which is what they are doing anyway, without all of the tragic tax increases that come their way in our country.

Sometimes we talk ephemerally about the impact of tax increases on the economy. In practice, this bill is a direct assault on American jobs. And for what? It does not do anything to bring down the cost of energy. Nothing. Nada. It does not do anything to bring down the deficit. Not a thing. But what it does manage to do is gloss over the Obama administration's lack of an energy policy—or should I say war on energy?

The angry truth is, this administration abetted by Democrats has an energy policy designed to increase costs at the same time that it purports to stand shoulder to shoulder with working families who cannot make ends meet because of these increased energy costs.

This is the President's Energy Secretary, Steven Chu—the current Energy Secretary:

Somehow we have to figure out how to boost the price of gasoline to the levels of Europe.

That is astounding to me. Some of those levels are approaching \$10 a gallon.

Somehow we have to figure out how to boost the price of gasoline to the levels in Europe.

The administration is talking out of both sides of its mouth. At the same time that it feigns sympathy for the families hit hardest by rising energy prices, it attempts to impose a radical environmental agenda on an unwilling middle class. At the same time American families moved to the suburbs so they could have room to grow and play, buying minivans and SUVs to accommodate their growing families, the environmental left is pushing its agenda of urban living, public transportation and, yes, small families.

For all of its righteous anger about high gas prices, it is clear from its policies where the administration stands in this fight.

As a Senator who has worked hard to establish a strong energy foundation for America, I have watched with dismay as President Obama has done everything in his power to tear that foundation up, aggressively stop domestic energy production, and leave our Nation vulnerable to our foreign competitors who are smart enough to develop their own energy resources.

Since taking office, President Obama has cut new energy leases by more than 60 percent in this country and by more than 80 percent in my home State of Utah. We have a lot of oil there. It is just a matter of getting the permits to be able to drill for it or to develop it in the case of tar sands and oil shale. Utah, Colorado, and Wyoming have an estimated 1.6 trillion barrels of recoverable oil through oil shale and tar sands.

We are all aware of the President's efforts to forestall domestic energy development offshore, but less media attention has been given to its successful efforts to move the industry off our Federal lands in the Intermountain West.

The Department of the Interior oversees more than 42 percent of the State of Utah, including much of the land where domestic energy production is pursued. One of the early moves of the Secretary of the Interior, Ken Salazar, my colleague and dear friend, was his controversial withdrawal of energy leases that had already been auctioned off and paid for by energy developers after years of jumping through envi-

ronmental hoops—years; some estimate about 7 years, maybe longer, of jumping through environmental hoops. Then, just by a stroke of a pen, they withdrew 77 leases that had been paid for.

This is a terrible signal to our domestic energy producers, and companies are now leaving our Federal lands in droves seeking a less hostile regulatory environment on private, State, and foreign-owned lands. Get that “foreign-owned” lands part. They are finding it is easier. They do not have all of the rigmarole and the redtape to go through to develop oil on lands overseas.

A recent survey showed, in the absence of national constraints, energy companies would be investing an additional \$2.8 billion in the Rockies if they did not have all of these constraints and all of this rigmarole to go through.

S. 940 is terrible policy. In a long line of terrible policies, it is lousy energy policy, and it is lousy tax policy. Increasing taxes on American production will only stifle our economy. If Democrats want to have a conversation about tax policy and tax reform, we are ready to have that conversation. But do not single out, through selective taxation, one industry to take away these particular tax benefits that have been useful in helping us develop our oil domestically.

We should not be exercising our power to tax in a punitive way that singles out particular unpopular industries or just particular industries. Fortunately, I do not think the American people are going to buy this latest installment of “let's raise some taxes.” They always leave out the latter part, “so we can spend more,” and claim that “we are doing more for the people” when, in fact, they are spending us right into bankruptcy.

This bill we are debating today will not do anything to address high gas prices. As Democratic supporters have acknowledged, there is nothing to help us with lower prices at the pump. It will not do a thing. But what it will do is raise revenue for the Federal Government to spend.

Yet, again, the party of big government has proposed additional taxes to fund that big government. You see, the deficit is not the Democrats' problem. No. For the Democrats, the deficit is always somebody else's problem. It is the fault of business or individual citizens for not doing their “fair share” or accepting their “shared responsibility” to fund this government. These are new terms that are being used now.

The American people deserve better than this bill. I urge my colleagues to vote against the motion to proceed to S. 940 and to support the motion to proceed to S. 953 when we take it up tomorrow.

I know a little bit about oil and a little bit about developing oil. I know one thing. We have lots of oil in our country if we will just give the permits and allow the development of that oil. It

does not take any brains to realize we have all kinds of oil offshore.

So for the President to go down to Brazil, give them a \$2 billion subsidy to develop their oil offshore, and then compliment them for having done so, with rigs that probably were in the Gulf of Mexico before, basically, it was shut down, and then say we will buy their oil from them, I mean, it is laughable, absolutely laughable—and not develop our oil in this country.

We know there is all kinds of oil in Alaska. We know there is all kinds of oil in ANWR. If one were to go to ANWR, one would be shocked at how barren the place is. Yet to hear the environmentalists talk, one would think it was the most beautiful, lush part of the planet. The fact is, we can develop oil there without ruining ANWR and help our country in the process, save the taxpayers an awful lot of money, keep our country strong, and make us not dependent on Big Oil or anybody else.

Would it not be wonderful if we could just have some good free market principles and allow our people to find our own energy in our country? A lot of people did not realize, until it came out last week, that the United States is the third largest energy producer in the world.

Now, we are the largest user by far, but there is a reason for that. We have been the most important country, with the greatest economy, helping people all over the world with our tax dollars.

I hope we vote down this bill today and vote up the one tomorrow.

Mr. GRASSLEY. Mr. President, American consumers are hurting. Unemployment remains stubbornly high at 9 percent. And, energy costs are escalating, and increasing the cost of many other goods and services, such as groceries, clothing and other household necessities.

During the 2-week Senate recess in April, I met with Iowans at meetings in 33 of Iowa's counties. One issue that came up at every single meeting was the high cost of gasoline at the pump. Iowa is a State that depends heavily on energy. Our rural families commute many miles to go to work, take kids to school, and do their household shopping.

During the spring planting season, farmers use hundreds of gallons of diesel fuel and gasoline in their trucks and tractors as they work to get the crops in the ground. Iowa's manufacturers are also heavily dependent on energy.

Prices at the pump are near \$4 a gallon. All of our constituents are crying out for action to lower these prices. So, it makes sense that Congress would consider steps to address the rising energy costs and work to drive down the costs to consumers at the pump.

Unfortunately, that is not what the bill before us would do. This bill would not drive down the cost at the pump at all, and it would very likely lead to higher prices for consumers.

The bill before us would increase taxes for the five largest domestic oil producers. It won't lead to the production of any more oil and gas. It won't create a single job. It very well could lead to less domestic energy production and less employment in the U.S. energy sector.

At a time of \$4 gas and 9 percent unemployment, why would the other side push a bill that will increase the cost of energy production, reduce domestic energy supply, and lead to job losses? The fact is, this bill is not about reducing prices at the pump. The bill before us is not about reducing our dependence on foreign oil. It is about raising taxes. And one thing is for certain, if you raise taxes on an activity, you get less of it.

What this Congress should be doing is increasing the domestic production of energy as a way to increase jobs, increase domestic investment, and lower prices at the pump. This bill does none of those things, and actually does quite the opposite.

That is why I will oppose this tax hike bill, and support Senator McCONNELL's alternative bill that will enact measures that will lead to the development and production of domestic oil and gas. We can lower gas prices through increased supply. We can lower our dependence on foreign oil by opening up and providing permits for the development of resources that God gave us here in our country. It makes no sense to close off vast areas of resources here in the United States, only to go hat-in-hand to dictators and oil Sheiks in Venezuela, Libya or Persian Gulf countries.

In closing, I would like to mention that a number of my colleagues have argued against the tax hikes on domestic energy producers as an unfair attack on just a handful of companies. I noticed with amusement that the President of the Petrochemical and Refiners Association released a statement on this bill that, "Imposing what would amount to a multibillion-dollar energy tax would be bad for American consumers, for the American economy and for America's national security. It would hurt American companies producing energy and fuels in our own country and give foreign competitors an unfair advantage, endangering American jobs and making America more reliant on foreign energy." Yet this same person, along with many supporters of the oil industry, hypocritically believes targeting biofuel tax incentives is just fine.

Singling out and targeting domestic biofuels, a critical piece of our energy supply, will do nothing to reduce prices at the pump. It will do just the opposite. And, it will cost jobs and increase our dependence on foreign oil. I only hope that the Senators who believe it is unfair to target the oil industry with punitive tax hikes will also recognize that the same is true when they suggest targeting domestic biofuels production.

Mrs. FEINSTEIN. Mr. President, I rise to speak in support of the Close Big Oil Tax Loopholes Act, of which I am an original cosponsor, and in strong opposition of the Offshore Production and Safety Act.

I support the Close Big Oil Tax Loopholes Act because it would repeal unnecessary subsidies and incentives to oil companies that will cost taxpayers \$21 billion over the next 10 years. That \$21 billion must be made up through taxes in other areas, such as individual income taxes.

These tax incentives for big oil, unfortunately, go toward corporate salaries and profits—they do not lead to lower gas prices for American consumers.

And I oppose the poorly named Offshore Production and Safety Act.

Instead of implementing the recommendations of The National Commission on the Deepwater Horizon Oil Spill and Offshore Drilling, this legislation attempts to irresponsibly increase production by shortcircuiting safety and environmental reviews, rigging the courts in favor of the oil companies, and forcing oil leasing in offshore areas without further review.

The Close Big Oil Tax Loopholes Act, introduced by Senator MENENDEZ, was written to end unnecessary and expensive tax subsidies. It does so in the following ways:

It modifies the foreign tax credit that allows major oil companies to deduct royalty payments dollar-for-dollar from their U.S. tax bill.

It limits the ability of oil companies to claim the domestic manufacturing tax deduction. This deduction was created in 2004 to assist exporting manufacturers, not to subsidize oil companies.

It limits the deduction for intangible drilling and development costs.

It limits the percentage depletion allowance for oil and gas wells: Firms will no longer be able to calculate this deduction using the percentage depletion calculation method, under which they often take claims that exceed the capital that was actually invested.

It limits the deduction for tertiary injectants, which are fluids and gases that oil companies pump underground to drive more oil from an existing well, sometimes with negative environmental repercussions.

Finally, the bill includes a provision I introduced in February to repeal Outer Continental Shelf deep water royalty relief provisions included in the Energy Policy Act of 2005.

These 2005 provisions created a financial incentive for oil companies to drill in the deepest parts of the ocean, where the environmental and technical risks are greatest.

If we learn anything from the BP oil spill, it is that we should not be encouraging oil drilling in ocean waters so deep that it is beyond our technical capacity to address a spill. Yet that is exactly what the law does today.

Last week, at a Senate Finance Committee hearing, CEOs of the big oil

companies argued that they deserve to continue receiving these subsidies.

ConocoPhillips's James Mulva went as far as to argue that raising taxes on an industry that can afford to pay those taxes in order to help those who cannot is "un-American." He argued it would lead to a parade of horrors: lost jobs, higher gas prices and less investment.

I could not disagree more strongly. Gas is at \$4 a gallon, oil is about \$100 a barrel and oil company profits are at near-record levels. Their claims are unfounded and absurd.

Let me start with investment. In 2005, with oil nearing \$60 a barrel, Mr. Mulva and other top executives testified that the companies did not need tax breaks to continue oil exploration efforts. But Congress left them in place. How can a drilling incentive unnecessary at \$60 a barrel become essential at \$100 per barrel?

Big Oil claims about gas prices are also unfounded. A recent analysis by the nonpartisan Congressional Research Service found that eliminating the tax benefits would have virtually no effect on the price of gasoline.

A report from the Joint Economic Committee came to the same conclusion, stating:

In reality, most of the so-called incentives have no impact on near-term production decisions, and thus repealing them would have no effect on consumer energy prices in the immediate future. Even in the longer term, the current proposed changes to these tax provisions would have little impact on global production and a negligible effect on consumer energy prices.

The CRS report also addressed another industry claim: that ending tax breaks just for oil companies would be discriminatory.

Most of those tax breaks—such as the deductions for well depletion and intangible drilling costs—are unique to the industry. The only exception is a deduction for domestic production, designed to encourage manufacturing companies to build factories here and export their goods.

But as CRS pointed out, there will be no cessation of drilling on American territory as long as the oil and profits exist. Therefore, this is a huge cost to taxpayers with zero effect.

Even the effect on industry profits—the Big Five earned a robust \$35 billion in the first quarter of this year alone—would be trivial, according to CRS.

But this is simple arithmetic. The bill before us would repeal approximately \$2 billion in subsidies annually, from five firms that made \$35 billion in profit in a single quarter earlier this year. This represents a scant 1 to 2 percent of their annual profit!

Bottom line: these subsidies are unnecessary, and returning \$21 billion over 10 years to the Treasury would be a good thing.

I encourage all of my colleagues who share my concern about the deficit to vote yes on this bill.

Unfortunately, the minority leader has not chosen to address the deficit in his legislation.

Instead, he has brought forward the Offshore Production and Safety Act.

This bill appears to be a solution in search of a problem. It attempts to make "Drill Baby Drill" a national policy, without respect for the environment or the livelihoods that depend on a healthy ocean.

Its introduction demonstrates that some in this body believe we can drill our way to energy independence, and the only things standing in the way are pesky environmental and safety regulations.

Unfortunately, the facts don't back that up:

The United States has only 3 percent of global oil reserves, but we use more than 20 percent of supply.

Fifty-one new shallow-water permits have been issued since the administration implemented stronger safety standards to ensure that an oilspill similar to Deepwater Horizon will never happen again.

Thirteen deepwater wells have been permitted since February, when the industry finally demonstrated it was capable of containing an undersea spill.

In 2010, the United States produced more than 2 billion barrels of oil, the highest level of domestic production since 2003.

Oil production has increased every year under President Obama.

Despite these facts, we are being asked to consider a bill that would further reduce safety standards. The Republican bill repeals the 2010 drilling plan that protects southern California's coast from new drilling; establishes a 60-day deadline for the Federal Government to review and grant drilling permits. If that deadline cannot be met, a permit would be automatically issued even if the delay is the fault of the applicant. Authorizes leasing in long-protected waters of the north and central Atlantic coasts and Alaska, including Bristol Bay, without any further review. And overrides the ordinary rules of venue for court cases, engaging in preemptive "forum-shopping" by directing all court cases related to Gulf of Mexico energy production to the U.S. Court of Appeals for the fifth Circuit—even though that circuit doesn't include Florida, the State with the longest coast on the Gulf of Mexico, nor Alabama.

Finally, the bill sets up all kinds of special rules, appearing to try to ensure that the oil companies cannot lose in the fifth Circuit, by requiring challenges to be filed in 60 days, adding additional burdens of evidentiary proof, and prohibiting the courts from awarding attorneys' fees or other court costs even to the winning parties.

That pretty much ensures that the fishermen, shrimpers, and small businessmen who depend on the gulf for their livelihoods will be unable to defend their rights in court.

It is as if the BP spill in the Gulf of Mexico had never happened.

Three-fourths of Americans recently polled by the Wall Street Journal supported ending oil subsidies.

Americans recognize that this is a question of fairness.

While the oil companies are making huge profits, people are suffering and deficits are growing. We have an obligation to ask whether these tax giveaways are right, whether they are smart and whether we really need them at all.

The answer is no. I encourage my colleagues to join me in fighting to end them.

Mr. BINGAMAN. Mr. President, this afternoon the Senate will vote on a motion to proceed to consideration of S. 940, the Close Big Oil Tax Loophole Act. I have not decided how I would vote on final passage of the act in its current form. In fact, earlier this year, I voted against an amendment offered by Senator LEVIN that contained many similar proposals, primarily because there were provisions in that amendment that I felt did not receive the full attention they deserved. Yet because I believe that the full Senate ought to debate the merits of existing tax preferences for our Nation's oil and gas industry, I will vote in favor of this motion to proceed. Additionally, beyond the Tax Code changes, I strongly support the act's provision repealing the Outer Continental Shelf deep water and deep gas royalty relief, and this repeal should also be debated by the full Senate.

The act's underlying provisions closely follow provisions that the President has proposed in the three budget recommendations he has so far presented to the Congress—except that this bill would apply only to the so-called Big Five producers. As chairman of the Senate Energy and Natural Resources Committee and as chairman of the Senate Finance Subcommittee on Energy, Natural Resources and Infrastructure, I have had the opportunity to study and receive testimony on the act's underlying provisions, and I believe there is merit in at least some of these provisions. To reach that conclusion, I have looked at the provisions through three lenses. First, will they increase gasoline prices at the pump? Second, will they increase dependence on imported oil? And third, will they cause job losses in local communities?

With respect to the provisions at issue, I believe there are strong cases to be made that the answer to all three questions is no. In particular, I highlight the testimony of Dr. Stephen Brown, a nonresident fellow at Resources for the Future—who previously was chief energy economist at the Federal Reserve Bank of Dallas—at a hearing I convened in my Finance Subcommittee on September 10, 2009. Dr. Brown testified that removing these provisions from the Tax Code "will have very small effects on U.S. oil and natural gas markets—primarily because the increased tax revenue amounts to less than one percent of the total revenue the industry is projected to earn on its domestic production." In particular, his testimony noted that

"eliminating the tax preferences would boost the world oil price by an average of about 6 cents per barrel," that "oil imports would rise by an estimated 0.1 percent of U.S. oil consumption," and finally that such changes are "unlikely to have a significant effect on overall U.S. employment."

But while there is a strong case that the answer to all three questions is no, I nevertheless have serious reservations about any tax policy change that focuses exclusively on one industry. Rather, we should consider the tax treatment accorded to all taxpayers engaged in extracting domestic natural resources and, in the case of the section 199 domestic production deduction, all U.S. businesses.

I am also troubled that this bill singles out only five firms, merely because of their large size and integrated nature. To be sure, I do believe we must be most sensitive to the smallest producers—the Mom and Pop businesses that are common in many rural oil and gas producing communities, including ones in New Mexico's southwest and northeastern corners. But what about large producers who are not integrated?

Historically, the Tax Code drew no distinction between independent and integrated producers. But over time, Congress has scaled back or eliminated incentives by distinguishing between independent and integrated firms, and, within the latter category, between major integrated and nonmajor integrated firms. This act would widen the disparate treatment. Yet it is a false distinction to claim that all independent producers are small. For instance, 10 independent firms that had revenues exceeding \$7 billion in 2009, with the largest among them having revenues above \$15 billion. Given the vast size and revenues of some "independent" producers, it is not clear that the appropriate dividing line should be found merely at the fact that a firm's revenues derive solely from production at the wellhead. Rather, I find it is difficult to justify excepting a firm under the rubric of being a "small business" when its revenues are high enough to qualify as a Fortune 500 company. And so if we proceed to debate this bill, I feel strongly that we should consider alternative means of distinguishing firms. For instance, we might do so based on revenue or thresholds based on average daily worldwide production above a determined level.

I have long been deeply concerned about our Nation's gaping budget deficit. We should have a serious debate about which tax expenditures across the board we can continue to afford. But the fact that gasoline prices are high or that five companies have large profits is not the ideal basis for considering fundamental changes in tax policy.

While I would strongly prefer to have this debate in the context of either a broader national energy policy or a broader effort at deficit reduction, and

while I would prefer a measure that does not single out a small handful of companies, I will vote for the motion to proceed to consideration of the act. It is time to have a complete and serious debate over the merits of the provisions at issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, first, even though I do not agree with him, it is always a pleasure to listen to my friend from Utah give his arguments. But I will just give mine instead of talking to him. I will just remind him of one thing. This bill is not intended to lower gas prices; it is intended to reduce the deficit. It clearly does that.

If my colleague cared so much about reducing that deficit, the oil companies are a good place to start. The money does not go for spending, it goes for deficit reduction.

Anyway, I rise today in support of the legislation authored by my good friend from New Jersey, Senator MENENDEZ. Senator MENENDEZ has championed this legislation for quite some time. I applaud the work he has done to build support for it.

As you know, our leader, Senator REID, has scheduled a vote on it in just a few minutes. I sincerely hope the bill will pass. Nothing would be better in terms of showing bipartisanship and giving the American people hope that we can come to a fair agreement on our long-term fiscal challenges than to pass this legislation today.

In the last election voters gave those of us who serve in this Chamber two distinct mandates: First and perhaps foremost, they said: Make the economy grow. Create good-paying jobs. Make sure that American dream which says the odds are higher you will do better 10 years from now than you are doing today, and the odds are higher still your kids will do better than you, that American dream, make sure it burns brightly.

Some have wondered if it is beginning to flicker, and their mandate to us in this election was get that candle glowing again. But, second, they said do something else at the same time. They said in no uncertain terms: Reign in the out-of-control Federal deficit. They told us to take the bull by the horns and confront our mounting debt.

On that point, I will agree with my colleague from Utah. Now, it is very hard to accomplish one of these two goals. To accomplish both at once is a Herculean task. There are many choices ahead, most of them rather difficult. That is why this is so hard. But one choice is not tough at all, not by a mile. It is obvious. At this time of fiscal restraint, when we have to make cuts that are so painful and hurt middle-class families, to continue to give big oil companies giant tax breaks makes no sense whatsoever.

Getting rid of these corporate subsidies to Big Oil is a no-brainer. Decades ago, when these breaks were en-

acted, oil was \$17 a barrel. Maybe it made a modicum of sense in those days to give companies an incentive to explore and produce. But with the price of crude oil hovering at \$100 a barrel, and Big Oil reaping record profits with every barrel they drill, it defies logic to spend billions of taxpayer dollars on these subsidies.

Believe me, the free market gives the oil companies enough of an incentive to produce. When oil is \$100 a barrel, they certainly do not need a financial nudge from Washington. Now, at the same time, middle-class Americans get hit with a double whammy. They are paying \$70 or more to fill that gas tank. Then, in addition, when they pay their taxes, some of those hard-earned tax dollars are being used to line Big Oil's pocket with these subsidies.

In my home State of New York, the price of gas is up 35 percent on average compared to this time last year. Economists estimate the typical family will pay as much as \$1,000 more on gas this year than last—\$1,000 a year. The average family makes about \$50,000. It is so hard they sit around the dinner table after Friday night supper, mom and dad. They sit down and figure out: How are we going to pay these bills? How are we going to give our kids the life that we want to give them? And they are paying \$1,000 more for gasoline. At the same time we are subsidizing oil companies.

Families across the country are still struggling to make ends meet as the economy slowly recovers. With billions of dollars' worth of tax subsidies and gas prices at record highs, it is no wonder the top five oil companies just announced jaw-dropping profits. These companies are not only among the most profitable businesses in the United States, they are among the most profitable in the whole world.

In the first quarter of this year alone, the big five brought in \$35 billion in profit. In the past decade, they took home nearly \$1 trillion—that is trillion with a "t."

There is nothing wrong with these profits in and of themselves; in America we celebrate success; we want the private sector to thrive. But at a time when the government is looking to tighten its belt and we are grappling with painful cuts, both because we have the dual goal of growing the middle class and also reducing the deficit, it boggles the mind that we continue to subsidize such a lavishly profitable industry.

Moreover, as my great friend and colleague, Senator McCASKILL, highlighted this morning in a letter to the Federal Trade Commission, those record profits smell a bit fishy. There is a reason to suspect that some of the biggest oil refiners are artificially depressing supply in order to raise prices to pad their bottom lines.

I am proud to have cosigned Senator McCASKILL's letter, as did the entire Democratic leadership team. I look forward to the FTC's response. I am also

proud to cosponsor the Menendez bill we are considering today, Close Big Oil Tax Loopholes Act. The legislation will put an end to the taxpayer handouts to the five largest integrated oil companies and use the \$21 billion in savings to reduce the deficit. This \$21 billion is an excellent downpayment on our effort to get the Nation's fiscal house in order.

The bill repeals a host of Byzantine tax provisions that only a lobbyist could love, such as the deduction for tertiary injectants and the deduction for intangible extraction costs. Small- and medium-sized oil firms are exempt. The legislation, even though some might like to go further, deals with the big five—ExxonMobil, Shell, Chevron, ConocoPhillips, and BP.

I have heard pundits from the hard right parrot Big Oil's talking point that repealing these giveaways would increase gas prices for consumers. The facts beg to differ. Last week, two major independent studies—one from the Congressional Research Service and another from the Joint Economic Committee—found that ending these absurd subsidies would not impact the price of gas. I compliment Senator CASEY for his leadership on the second study.

In what was perhaps an inadvertent moment of candor at last week's Finance Committee hearing, ExxonMobil CEO Rex Tillerson said:

Gasoline prices are a function of crude oil prices, which are set in the marketplace by global supply and demand, not by companies such as ours.

When he made that comment, Tillerson of ExxonMobil conceded that repealing taxpayer-funded subsidies for Big Oil will not increase prices. Prices are set, as he says, by global supply and demand.

That is not to say repealing subsidies will necessarily bring down prices. We are not making that claim. All along we have been clear: The purpose of this bill is to make a dent in the deficit by repealing tax breaks for the five companies that are the least in need of help from Uncle Sam.

Lowering the cost of gas and ridding our country of its dependence on foreign oil requires a long-term, comprehensive approach. In the months ahead, I expect the Democratic caucus will unveil a thorough and forward thinking plan to do just that.

In the meantime, I say to every one of my colleagues on the other side of the aisle: If they are serious about deficit reduction, the Menendez bill is their chance to show it now. There is no good reason not to support this sensible legislation sponsored by my friend and colleague from New Jersey.

Just try to wrap your head around it: Big Oil is reporting record profits, gas prices are near an all-time high, and we, the American taxpayers, are subsidizing the oil industry to the tune of \$4 billion a year. One needs the imagination of "Alice in Wonderland"'s Lewis Carroll to come up with a more ridiculous scenario.

The bottom line is this: At a time of sky-high prices, it is unfathomable to continue to pad the profits of companies with taxpayer-funded subsidies. The time to repeal these giveaways is now.

I yield the floor.

The PRESIDING OFFICER (Mr. BENNET). The Senator from Missouri.

Mr. BLUNT. Mr. President, I rise today in opposition to the energy tax bill that would eliminate so-called tax preferences for some oil companies. Actually, I agree with part of the bill—the part that says several companies will not be exempted because we want to continue to encourage them to do what we want to continue to encourage the industry to do. The rationale that the people who are the largest suppliers do not need to be encouraged also does not make good sense to me.

My good friend Senator SCHUMER, who is actually chairman of the Rules Committee on which I serve, said this bill is not intended to lower gas prices. Actually, I suggest we should have a bill on the floor that is intended to lower gas prices. Gas prices are costing jobs. Jobs cost revenue. We generate a lot more tax revenue if we encourage private sector job creation that will solve a problem here by I think he said \$4 billion a year. That is how much money we borrowed today; \$4 billion is how much money we borrowed today. And we are looking at this as opposed to looking at the real problem we face.

This bill is brought up to make it even harder to create American energy jobs. If there are any jobs you almost certainly will create, it is producing more American energy. I looked at the numbers. We use about as much electricity in a bad economy as we do in a good economy. We use about as much gasoline in a bad economy as we do in a good economy. We ought to be producing every bit we can with American jobs. But instead, we have had a moratorium on drilling in the gulf. We have had the suspension of drilling leases that were issued in 2008. Some of the first acts of this administration were to eliminate those. We now talk about new taxes on energy companies, as if that is going to solve the problem.

The administration recently announced it would encourage the sale of offshore leases. Why is that? I think it is because the administration has finally decided that the economy does not benefit from policies that increase energy prices. This is in stark contrast to what we are talking about today.

The administration has had a hard time actually issuing the permits to make leases worthwhile. There is lots of complaining about the fact there are leases out there not being used. Surprise, surprise. The leases to be used have to have a permit, and the permitting process has never been more difficult than it is right now. In fact, some of the reasons are the actions of the EPA.

Shell Oil, being talked about today in another way, recently canceled its 2011

exploration plans in the Beaufort Sea in Alaska because EPA would not grant them the necessary Clean Air permits. There was nothing different about how they were going to extract this oil in the Beaufort Sea now than there was when the exploration permits were issued and billions of dollars were spent to pursue the oil in the Beaufort Sea, and then suddenly the EPA says: Oh, no, we are not going to give you the permit it takes to get that oil out of the sea so American customers, American consumers will not benefit from it.

Both the Senate majority, as well as the administration, have not been willing to address this energy crisis in a way that solves the problems. The tax increases will not reduce and will almost certainly increase gasoline prices. If these companies are anywhere nearly as bad as the people on this floor say they are, why wouldn't they pass this along? In fact, why wouldn't they pass it along if they were just any American company? People pay taxes; companies do not pay taxes. Way too many of those taxes are being paid right now at the gas pump as we have tax dollars that could go for something else going not to encourage job creation but we see just the opposite happening.

The President's policies, as he said clearly when he was running for President—at least clearly to the San Francisco Chronicle—that under his energy policies, energy costs would necessarily skyrocket. Senator HATCH mentioned earlier Secretary Chu, right before he was chosen Secretary—so it is not anything that would have been a surprise to anybody—in December of 2008, he said what we need is to get our gasoline prices as high as the prices in Europe. Those prices are now approaching \$10 a gallon.

I suppose this bill might have the impact of adding cost at the pump. Certainly, nobody suggests it has the impact of reducing cost at the pump. I would think that the President and the Secretary of Energy and others will begin to realize that where we need to be focused is not on making it less likely that we will produce American energy but making it more likely we will produce American energy.

These incentives are to produce energy here as opposed to somewhere else. One of the incentives is a fraction of the manufacturing incentive that we try to give every manufacturer. These companies have resources around the world, as they should, and what we do is encourage them to go other places to seek those resources. By the way, that means the jobs are in other places, not here.

We need to find more American energy of all kinds. In doing that, we do not need to figure out ways to make the current search for American energy more expensive. We need to be focused on gas and oil, natural gas and coal, nuclear and solar, wind energy and biomass. If I left anything out, it is not

because I intended to. We need to be looking everywhere we can for more American energy. This makes it more difficult.

Our policy should be to find more, to use less, to look for ways to conserve the energy we have, whether it is better insulation in windows or cars that eventually run on something that is some combination of gas and battery powered or no gas at all and electricity. All that is fine, but most of that is not going to make any difference for quite a while. Twenty years from now, most cars are still going to be running on gasoline. And 20 years from now, we are still going to need more U.S. oil and more U.S. refined gas. We need to be less dependent, not more dependent. The money we spend should be to invest in the future and figure out what comes next and what is the best thing to do for the future.

We need to be focused on jobs and on spending, and this bill is not focused on the targets we ought to be focused on today.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Washington.

Mrs. MURRAY. Mr. President, once again I come to the floor to urge my colleagues to support the Close Big Oil Tax Loopholes Act. To be honest, I am disappointed this bill is facing so much opposition. All across the country, people are talking about ways to rein in the debt and deficit. In Washington, DC, we are having a vigorous debate about the best ways to do that.

I happen to think we should cut spending responsibly while continuing to make investments we need to grow the economy and create jobs for our middle-class workers. There are difficult issues we have to work through, but the bill before us should be an easy one. It says that the biggest oil companies in the country should not be getting subsidies from American taxpayers. It says that the \$2 billion a year we send to these hugely profitable companies should be used instead to pay down the deficit.

I do not understand why this seems to be so controversial. The big oil companies are already making billions of dollars in profits from families across the country who are paying sky-high prices at the pump. In fact, the five biggest oil companies have made nearly \$1 trillion in profits in the last decade and \$36 billion in the first 3 months of this year alone.

It is not enough they are making money hand over fist from families who are now paying sky-high prices. They then come before Congress and make the outlandish claim that they need to be subsidized by taxpayers as well. It does not make any sense, and it has to end.

Budgets are more than numbers on a page. They are about our priorities and our values as a nation. I think before we cut spending in areas that will impact our middle-class families and the

most vulnerable among us, we should focus right now on cutting out wasteful subsidies to huge companies that do not need it. That is what this bill does.

I also want to talk about the high prices families are paying for gas in my home State and across the country. I was recently at home with Senator CANTWELL, and we had the opportunity to meet with some local small business owners who talked about the impact these skyrocketing prices of oil and gas were having on their businesses. They are hurting. These small business owners are already struggling to keep their doors open in these tough economic times. Every time prices go up at the pump, they are pushed one step closer to the edge.

That is why I believe as a country we need to move away from our dependence on foreign oil and toward a more secure clean energy future. It is why I called for a crackdown on the speculation that is part of what pushes up gas prices and why I was so disappointed that the House Republican budget slashed funding for the Commodity Futures Trading Commission. That is the very agency that is charged with protecting consumers from the excessive speculation in the markets.

I think that gets to a big difference between our two parties today. Democrats are here fighting to rein in the deficit by ending the wasteful subsidies that the biggest oil companies are getting from the American taxpayer; Republicans are fighting to cripple the agency that is charged with protecting middle-class families from being ripped off and preyed upon. These are two additional approaches to tackling the deficit. I am going to keep fighting to make sure middle-class families are protected.

I urge our colleagues to support this legislation that will put taxpayers and the middle class ahead of Big Oil. It will end the wasteful giveaways to oil companies and use that money to pay down the deficit in a responsible way. So I, too, wish to thank Senators MENENDEZ, MCCASKILL, TESTER, and BROWN for their great work on this issue, and I hope we can finally put this to rest and save taxpayers \$21 billion over the next 10 years.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, how much time remains?

The PRESIDING OFFICER. Two minutes 10 seconds.

Mr. MENENDEZ. Mr. President, the American people understand this bill. They understand that if working families must sacrifice to help lower the deficit, then so should the most wealthy and powerful industry in the country. If Big Oil wants to lower gasoline prices, they would put a lot less money in their stock buybacks or their multimillion dollar CEO salaries and a lot more in producing oil or they could use some of their enormous profits to lower prices. But I guess in that world greed is good.

While the American people understand this bill—it is clear for them what it does—many on the other side of the aisle simply do not. Because this is such a simple, commonsense idea, they have made up arguments just to get through this debate.

One of my colleagues said it would raise the deficit. Only in Washington—only in Washington—could that comment actually be made when the Joint Tax Committee has clearly made it known this would lower the deficit by \$21 billion. It would lower the deficit by \$21 billion, not raise it.

Another argument I have heard is that this bill will somehow raise gas prices. That argument is absurd. With the big five oil companies poised to make \$144 billion in profits this year alone, it means Big Oil would simply have to settle for \$142 billion in profits this year to pay their fair share of dealing with the deficit, and they wouldn't have to raise gas prices 1 cent. That is what the Congressional Research Service independently decided, as well as the Joint Tax Committee.

I have also heard the argument Big Oil actually pays more taxes than other companies. That is not true for multiple reasons. ExxonMobil's effective tax rate is actually lower than the average American family's rate. They pay far higher taxes abroad than they do here, so there is no competitive disadvantage, and we have the lowest royalty rates in the world.

We have rarely seen in this body a more stark contrast and a more obvious choice. American families are sitting around the kitchen table trying to figure out how to make ends meet within the constraints of their own family budgets. We are simply asking Big Oil—making \$144 billion—to do their fair share. That is what this vote is all about.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER (Mr. UDALL of Colorado). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 48, as follows:

[Rollcall Vote No. 72 Leg.]

YEAS—52

| | | |
|------------|--------------|-------------|
| Akaka | Durbin | Lieberman |
| Baucus | Feinstein | Manchin |
| Bennet | Franken | McCaskill |
| Bingaman | Gillibrand | Menendez |
| Blumenthal | Hagan | Merkley |
| Boxer | Harkin | Mikulski |
| Brown (OH) | Inouye | Murray |
| Cantwell | Johnson (SD) | Nelson (FL) |
| Cardin | Kerry | Pryor |
| Carper | Klobuchar | Reed |
| Casey | Kohl | Reid |
| Collins | Lautenberg | Rockefeller |
| Conrad | Leahy | Sanders |
| Coons | Levin | Schumer |

Shaheen
Snowe
Stabenow
Tester

Udall (CO)
Udall (NM)
Warner
Webb

Whitehouse
Wyden

NAYS—48

Alexander
Ayotte
Barrasso
Begich
Blunt
Boozman
Brown (MA)
Burr
Chambliss
Coats
Coburn
Cochran
Corker
Cornyn
Crapo
DeMint

Enzi
Graham
Grassley
Hatch
Heller
Hoeven
Hutchison
Inhofe
Isakson
Johanns
Johnson (WI)
Kirk
Kyl
Landrieu
Lee
Lugar

McCain
McConnell
Moran
Murkowski
Nelson (NE)
Paul
Portman
Risch
Roberts
Rubio
Sessions
Shelby
Thune
Toomey
Vitter
Wicker

The PRESIDING OFFICER. On this vote, the yeas are 52, the nays are 48. Under the previous order, requiring 60 votes for the adoption of this motion, the motion is withdrawn.

The majority leader.

NOMINATION OF GOODWIN LIU

Mr. REID. Mr. President, several years ago we faced a confirmation crisis in the Senate. The majority at the time, the Republicans, were frustrated with the inefficient way the Senate was performing our constitutional duty of confirming Presidential nominees.

Many of my colleagues on the other side of the aisle passionately argued that all judicial nominees deserve an up-or-down vote on the Senate floor. In their frustration, they threatened to dramatically change the purpose of the Senate and the minority protections for which it was designed. That would have, in a manner of speaking, blown up the institution. That is why it was known as the nuclear option.

In the heat of this battle, several courageous Senators, Democrats and Republicans, agreed to a standard that would preserve the traditions of this great body, the Senate. They ensured the Senate could still provide the President its advice and consent, as the Constitution requires.

The agreement was significant but very simple. It was this: Except in extraordinary circumstances, those nominated to be Federal judges would get an up-or-down vote. The minority would not stand in the way of that vote. The agreement was grounded in common sense.

So far, in most cases, both sides have generally upheld that agreement. The nomination about to be before us, however, is not one of those cases, and that is the nomination of Goodwin Liu.

Goodwin Liu is an extremely well-qualified public servant and an impressive legal scholar. He was a Rhodes Scholar and clerked in the U.S. Supreme Court, which is something just a small percentage of graduates from law school have the opportunity to ever do; that is, to be a Supreme Court clerk. Goodwin Liu served as an associate dean at the California Berkeley School of Law and is still a professor there. He has done a significant amount of pro