

that would lessen the dependence we have on these foreign sources of energy, the solution proposed by some of our colleagues—at least some of our Democratic colleagues—is to have Secretary of State Hillary Clinton go to the Saudis, hat in hand, and beg them to increase daily production by 2.5 million barrels, ironically at the very time they are blocking policies that would help generate that same 2.5 million barrels a day right here in the United States and stabilize world markets.

In fact, if we look at many of these areas that are off limits to production today—the North Slope of Alaska, the Atlantic Outer Continental Shelf, the eastern Gulf of Mexico, the Pacific Outer Continental Shelf, the Keystone XL Pipeline—if we add up the amount of production that will bring to our country, it adds up to 4.5 million barrels a day, 4.5 million barrels per day of additional energy production that we could be benefiting from and enjoying at a time when we are seeing gas prices literally double.

Of course, in accordance with the President's promise when he was running for office that prices were going to skyrocket, it should not come as any surprise. But these energy policies implemented by this administration have literally created a situation where we are now having to go and ask the Saudis: Please, would you please give us an additional 2.5 million barrels of oil a day instead of opening the areas that could generate up to 4.5 million barrels per day if we would simply develop the resources we have in this country and quit blocking the access to these important energy resources.

This is a fairly straightforward issue for the American people, No. 1, because it hits very squarely in their daily lives. The pocketbook issues, the bread-and-butter issues, the issues people discuss around their tables every day are the issues that I think are most important to America right now, particularly with a down economy and high unemployment rates. Certainly, what we are seeing in terms of energy costs makes that situation worse for American families. In fact, the payroll tax holiday which was extended a couple of weeks ago will actually be eaten up, any savings that might be achieved to the American family's pocketbook will literally be eaten up simply by paying the higher costs of gasoline that are going to be imposed on every American family as a result of these higher prices, again, that simply are the result of us not having enough supply.

This is a market situation. Gasoline is a global commodity. When we have more supply, it brings the price down. When we have more domestic production, it means two things: it means lower prices at the pump for American consumers, and it means more jobs for American workers. Blocking access to American sources of energy production means higher prices at the pump for American consumers and fewer jobs for

American workers. It is that straightforward. It is that simple.

The American people understand that. That is why the policies this administration is pursuing—and, clearly, from the statements that are being made by these members of the President's administration, from Secretary Chu to Secretary Salazar to the President himself—suggest, if you can believe this—unfathomable, I am sure, to many Americans—that it is intentional to actually push those prices higher.

That is what Secretary Chu said back in 2008: We need to boost our prices to the level they are seeing in places such as Europe.

I think the American people believe differently about that. I believe they deserve better. They want policies that lower the cost of energy and make America less dependent upon dangerous foreign regimes. I know many of us—Republicans in the Senate—are ready to go to work putting those policies in place if the President and his allies in the Senate will give us that opportunity.

I yield the floor.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

ENERGY POLICY

Mr. MCCONNELL. Madam President, I want to associate myself with the remarks of the Senator from South Dakota and follow up in that regard.

Yesterday I came to the Senate floor and explained how the President's ideological outlook and the policies that have grown out of it will only continue to drive up the cost of gasoline at the pump. After I spoke, the President's Energy Secretary seemed to confirm it when he told a congressional panel that the Department of Energy isn't working to drive down the price of gas. They are working to wean us off of it altogether, and high gas prices add urgency to those efforts.

In other words, high gas prices actually help the administration achieve what it is trying to achieve. What I suggested yesterday and what I am suggesting again this morning is that we look at statements such as this and many others from the President and some of his top advisers in the past, along with the President's actual policies when it comes to assessing the current situation at the pump—not the speeches he gives when he starts feeling the political heat for it because he can't have it both ways.

Once again, here are the facts. The President continues to limit off-shore areas to energy production and is granting fewer leases on public land for oil drilling. At the same time, he has encouraged other countries such as Brazil to move forward with their off-shore drilling projects. The Obama ad-

ministration continues to impose burdensome regulations on the domestic energy sector that will further drive up the cost of gasoline for the consumer. He is proposing raising taxes on the energy sector, a move that the Congressional Research Service has said would drive up costs.

As we all know, he flatly rejected the Keystone XL Pipeline, a potentially game-changing domestic energy project that promises not only greater independence from Middle Eastern oil but tens of thousands of private sector jobs.

All of these policies help drive up the cost of gasoline and increase our dependence on foreign sources of oil, but perhaps none is as emblematic of the President's simplistic and punitive approach to energy policy as the last one. The President simply cannot claim to support a comprehensive approach to energy while at the same time standing in the way of the Keystone Pipeline. It doesn't make any sense. It is either one or the other.

Most Americans understand that. That is why many of us were pleased when the company that is responsible for building Keystone said it plans to move forward with the southern portion of the pipeline, despite the administration's decision to block the northern portion to alleviate a bottleneck in Cushing, OK. They are just not going to let this administration punish them or the rest of those who want to build this pipeline.

Asked about the impact of delays, the company's President and CEO said they were partly to blame for the recent spike in gas prices, which is presumably why the White House came out in support of the move. But the hypocrisy is quite stunning.

How could a White House that is single-handedly blocking one-half of the pipeline to appease an extreme segment of its political base now claim to support the southern half of the same pipeline? Well, the short answer is they don't have the authority to block the southern half, so they think that by claiming to support it, then they can get credit from people for being on both sides of the issue. But if Keystone is good for America and good for jobs, the President should just come out and support the whole pipeline. With gas prices literally skyrocketing and growing turmoil in the Middle East, we can't afford another year of foot-dragging. It is time for the President to move quickly to approve the entire Keystone XL Pipeline. This is literally a no-brainer.

An overwhelming majority of Americans support the Keystone XL Pipeline in its entirety. The President should listen to them. Instead of lecturing the American people about his idea of fairness, he should spend a little more time thinking about what most Americans think is fair. Most Americans don't think it is particularly fair that the President of the United States is blocking them from tapping into our

natural resources even as he uses their tax dollars to prop up failing solar companies like Solyndra and to hand out bonuses to the executives who drive them literally into the ground. Most Americans don't think it is fair that their President would want to drive up the cost of gasoline they need to get around every day and build their families and their businesses and their lives even as he is directing more and more of their money to risky solar schemes in his own administration—risky solar schemes his own administration says sometimes fail.

Well, the American people don't ask for much, but they do expect to be able to go out there every day and try to build a future for themselves and their families without their own President throwing sand in the gears. And whether it is high gas prices or government regulations or higher debt, the American people are tired of bearing the burden so this President can build an economy in which Washington calls all the shots. Yes, Americans want lower gas prices, and, yes, this President's policies are hurting. But let's be clear about something: This debate is not just about gas prices, it is about a President who wants to impose a definition of "fairness" on the American people, yet most of them simply do not accept.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Utah.

Mr. HATCH. Madam President, I ask unanimous consent that I be permitted to finish my remarks and that I be granted enough time to do so.

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

Mr. HATCH. Madam President, the first 3 years of President Obama's administration were a frenzy of activity. He pushed the stimulus, he spent over a year pursuing his health care law, and he forced through Dodd-Frank, imposing historic regulations on the banking industry. Even *The Economist* magazine has found fault with that. Yet, at a time when the Nation was in economic free fall, the President chose an agenda of more regulation and higher taxes.

The President ignored private sector job creation and the primacy of economic growth, and nowhere was this more evident than with respect to energy policy. President Obama has failed entirely to address one of the greatest obstacles to economic growth; that is, high energy prices.

Today he claims he is for an all-of-the-above approach to energy. All of a sudden, facing \$5-a-gallon gasoline, weak job creation, and a Presidential election, he claims to have found religion on energy production. But whether we look at oil, natural gas, or the Keystone Pipeline, the American people are not buying this conversion story, and I certainly agree with our distinguished minority leader and his comments here this morning.

This failure by the President to tackle our energy needs is a national crisis for which the American people should hold him accountable. Yet his inability to put jobs ahead of his radical and unrepresentative environmental base has particular implications for the citizens of my State of Utah as well. Days after announcing in his State of the Union an "all-of-the-above strategy that develops every available source of American energy," the administration cut access to Federal lands in the West for oil shale development by 75 percent and proposed a 50 percent royalty hike on domestic energy production on public lands.

Whether it is closing off more Federal lands to American energy production or saying no to the Keystone Pipeline, this White House has shown it is more focused on appeasing its extremist ideological allies than putting forward an energy policy that works for Utahans and Americans everywhere. With gas prices and home heating costs on the rise, the American people deserve action, not more campaign speeches—and I might add, from the most anti-American energy administration in our Nation's history.

When it comes to energy policy, the President is a man divided. On almost all economic policy, his answer is, tax the rich more. Taxing the rich more is his go-to option for reducing the deficit, paying for Obamacare, and paying for new roads and bridges. Higher taxes are a matter of fundamental fairness, the President claims, but when it comes to gas prices, the President sides with the 1 percent.

The folks who would benefit most from increased energy production are blue-collar workers and middle-class families. High energy prices hit the wallets of lower income Americans the hardest. Middle-class Americans are more likely to have longer commutes and bigger cars than wealthy urban citizens. The passthrough cost of high fuel prices hits the grocery budgets of all Americans. The jobs that never materialize due to the failure to develop energy resources undermines every blue-collar American.

The President claims to be for fairness and an egalitarian economic policy, but his energy policy is incredibly regressive, putting the burden of his environmental agenda on the backs of the middle class. The situation got no better with the budget the President recently submitted or with this long-delayed proposal for business tax reform.

Rather than advance an energy agenda that would spur production, lower prices, and create jobs, the President continues to advocate for increased taxes on oil and gas production in the United States.

On March 3 of last year, the Congressional Research Service concluded that the President's proposals would "make oil and natural gas more expensive for U.S. consumers and likely increase foreign dependence." The same holds true

today. These decisions are based in political appeals to his elitist base rather than any interest in developing sound energy policy. For example, in his budget the President cites the following as his reason for repealing tax incentives for oil and gas production:

Special tax treatment of working interests in oil and gas properties . . . distorts markets by encouraging more investment in the oil and gas industry than would occur under a neutral system.

Give me a break. The reason the President opposes current tax policy for oil and gas is because he opposes distorting markets?

The Energy Information Administration reports that in fiscal year 2010, \$14.7 billion in energy-specific subsidies went to advance renewable energy compared to \$4.2 billion in energy-related subsidies that went to advance fossil fuels. In other words, there are three times as many government subsidies going to renewable energy as there are going to oil, gas, and coal combined. Now, that is what you call distorting the market.

Contrary to the President's presentation, these are not tax loopholes that need to be closed. The term "tax loophole" implies that a tax incentive is susceptible to an exploitation of an unintended benefit. While the Tax Code has some tax loopholes that we must clearly eliminate, the tax expenditures that benefit oil and gas companies were intended to incentivize a particular activity or behavior. For instance, section 199 of the Internal Revenue Code includes an incentive for the domestic production of oil and gas. This is no loophole. Congress, on a bipartisan basis, understands that without this incentive, we could see an enormous reduction in employment, and it is simply inaccurate to state that this incentive adds little to our economic or energy security.

The American people need to understand that repeal of this policy will only increase our dependence on foreign-produced oil. But this does not seem to bother the President one bit. On March 20 of last year, the President told a group of political and business leaders in Brazil that we "want to help with technology and support to develop these oil reserves safely, and when you're ready to start selling, we want to be one of your best customers."

As hard as it is to believe, the administration does not even seem to share the desire of the American people for lower energy prices. The President's Secretary of Energy, Secretary Steven Chu, stated: "We have to figure out how to boost the price of gasoline to the levels in Europe." Gas prices in Europe are \$8 to \$10 a gallon, and that is where the administration and environmental activists want gas prices to be for Americans. Even President Obama stated in 2008 that he would prefer a gradual adjustment to high gasoline prices, just maybe not a quick spike.

The President claims he is for an all-of-the-above energy policy so long as it

does not include offshore drilling, drilling on our western lands, the development of energy in Alaska, and the Keystone Pipeline. My reading of his all-of-the-above approach is some-of-the-above and only those that are poll-tested and approved by environmental activists.

This is terrible tax policy, it is terrible energy policy, and it is terrible economic policy. Unfortunately, it is all we have from this administration.

The reality is that our country relies upon oil and gas because it is dependable, abundant, affordable, and domestic. Raising taxes on American companies that produce oil and gas will be felt by all Americans not only at the pump but also through a decrease in dividends to many middle-class shareholders. This is the wrong prescription for our ailing economy.

For this administration, the goal remains not lower energy prices but the liberal dream of getting America off of oil. Just the other day, the President's Secretary of Energy acknowledged that the overall goal of his Department is not to lower the cost of traditional energy but to decrease dependency on oil.

For what it is worth, this commitment to restricting domestic production is a policy that divides my colleagues on the other side of the aisle. They know the President is putting the preferred lifestyle policies of wealthy urbanites ahead of the needs of blue-collar and union workers and middle-class Americans. They know the decision by the President to kill the Keystone Pipeline put environmental interest groups ahead of the needs of workers, commuters, and families.

President Obama has traded in the hardhat-and-lunch-bucket heritage of the Democratic Party for a hipster fedora and a double-skim latte. He has put liberal environmental dreams ahead of the economic reality that working-class Americans have been struggling with for years. The Nation's unemployment rate has been above 8 percent for 36 straight months. The average duration of unemployment was 40.1 weeks in January 2012. Yet the President and his allies in the Senate have helped to kill projects that would undeniably lead to the creation of hundreds of thousands of high-paying American jobs.

Gas prices have now risen for 20 straight days. Gas prices are now up 30 cents over the last month and 18 cents in the past 2 weeks. We are cruising toward \$5-a-gallon gas, and the President resists any long-term solutions to these rising energy prices.

The American people deserve better than this. They have waited 3 long years for a serious energy agenda from this President, and if he does not address this energy crisis soon, in less than a year the American people will be looking to another President to promote an energy program that will finally create jobs and lower the cost of energy for all Americans. Look, we have energy within our country's

boundaries. We have energy that is just begging to be developed, that would help us to make it through these trying times. We need the lowest cost energy we can possibly have, and we are not going to get it under this President. We are not going to get it under this administration. I hope my colleagues on both sides of the aisle wake up and realize we are putting our country right down the drain.

I saw, sometime over the last couple of weeks, *The Economist* magazine. The front page of that magazine criticizes us for the overregulatory nature of our economy and of our government. We are making it so it is almost impossible for businesses to expand and create high-paid jobs.

We can solve our own energy needs. We have between 800 billion and 1.6 trillion barrels of recoverable oil in oil shale in Utah, Colorado, and Wyoming alone. We have billions of barrels of oil in ANWR up in Alaska and billions of barrels of oil at other sites in Alaska. Fortunately, we found oil in the Bakken claim in North Dakota, but the only reason we have been able to drill there is because it is private land. Fortunately, we found some places down in Texas, but again they are on private land. We can't get the permits and the ability to drill on public land or even develop oil shale on public land. Yes, it would cost us more per barrel to develop that oil, but it would also bring down the intense problems we have in trying to find enough oil and gas to keep our country moving ahead as the greatest country in the world. We have to simply get this administration to wake up and realize there are many ways we can solve our energy problems—many ways.

We are also awash in natural gas. A lot of people have been saying we need to develop our natural gas. We need to develop more of our energy resources than we are developing now. And we can do it. America can do it if we get the government off the backs of those who produce energy. I hope and pray that Democrats and Republicans alike will lock arms, get together, and solve the problems facing our country, regardless of this President, who doesn't seem to know what to do or how to do it.

This is a crucial time for our country. There is no excuse for us to be in the mess we are in. But unfortunately, we are here because of the poor energy policies of this administration.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

STOCK OPTION LOOPHOLE

Mr. LEVIN. Madam President, there has been a great deal of conversation recently about the need to close tax loopholes. This is a welcome development for those of us who have gone after these loopholes for years. It is particularly timely as the public is focusing more and more on how tax loop-

holes distort economic incentives and often benefit the wealthiest among us at the expense of most U.S. taxpayers.

Last week, President Obama released a framework for business tax reform that took aim at many corporate tax loopholes. I look forward to working with the administration and with our colleagues in the Senate to make real reform a reality—reform that brings greater fairness to the Tax Code, eliminates incentives for moving jobs and assets overseas, restores revenue lost to unjustified tax loopholes, and helps us reduce the deficit without damaging vital programs for education, transportation, health care, and national security.

One recent and very public announcement illustrates dramatically our Tax Code's distortions and the need for reform. At the center of this story is Facebook and its founder and CEO Mark Zuckerberg. Mr. Zuckerberg and his company have become a remarkable American business success story. As part of that success, Facebook is in the process of making its initial public offering of stock. The public documents that Facebook is required to file as part of that offering tell another compelling story about one of our Tax Code's unjustified corporate loopholes.

According to its filings, when Facebook goes public, Mr. Zuckerberg plans to exercise options to purchase 120 million shares of stock for 6 cents a share. Obviously, Mr. Zuckerberg's shares are going to be worth a great deal more than 6 cents each—a total of about \$7 million. They will apparently be worth in the neighborhood of \$5 billion.

Here is where the tax loophole comes in. Under current law, Facebook can, perfectly legally, tell investors and the public and regulators that the stock options he received cost the company a mere 6 cents a share. That is the expense shown on the company's books. But the company can also, perfectly legally, later on file a tax return claiming that those same options cost the company something close to what the shares actually sell for later on—perhaps \$40 a share. The company can take a tax deduction for that far larger amount. So the books show a highly profitable company—profitable, in part, because of the relatively small expense the company shows on its books for the stock options it grants to its employees—but when it comes time to pay taxes, to pay Uncle Sam, the loophole in the Tax Code allows the company to take a tax deduction for a far larger expense than they have shown on their books.

In addition, Facebook is allowed by law to carry back the so-called loss arising from this deduction for 2 years into the past, which means it can claim a tax refund for the income tax it has paid over the past 2 years—a refund that the company estimates at \$½ billion. So instead of paying taxes to the Treasury, this profitable company will claim a hefty refund on the taxes already paid.