

Im Bank. We sent money to First Solar through the Ex-Im Bank. Do you know what their money was for? Their money was given to them so they could buy their own products. The company bought a subsidiary in Canada. We gave money to the company in the United States and let them buy their own products with your money. It makes absolutely no sense. So I have two proposals.

One amendment to this bill would say. Look, if you think some companies are getting unfair deductions, let's get rid of all deductions. Let's just have a flat tax. Let's make the corporate income tax 17 percent. Currently it is 35 percent.

So if we want to encourage business, if we want to encourage employment, lower taxes; do not raise taxes. Canada has an income tax for their corporations of 17 percent. Most of Europe is in the low 20s, and we are at 35 percent. We wonder why we cannot get business started in this country. We wonder why there is billions, even trillions of dollars, left overseas that will not come home because we want to charge them a 35-percent tax when it comes home.

Our bill would also say: If you have already paid taxes overseas once, you do not have to pay again when you come home. So a 17-percent flat tax. We would see a boom in this country like we have not seen in a generation. We would see millions of jobs being created if we would just learn the basic facts of economics. If we punish a company, we will have less jobs. If we encourage a company by giving them more tax breaks, we will have more jobs. Taxes are a cost.

If this bill passes, not only will our gas prices continue to rise—they have already doubled—but we will see our gas prices going through the roof. But then again there are people in this administration who do not even drive a car. They do not understand the price of gas because they do not have to drive a car. Someone picks them up in a limousine. The thing is, they need to go to the pump. They need to see how much we are spending on gas. They need to see what they are doing to this country and what they are doing to the job market.

I have a second amendment to this bill that would take all of this money, all of these loans they are giving to their buddies—the Solyndra loans, the Fisker Karma loans, the First Solar loan—all of this money that is being dispensed to people who are large contributors of the President, we would take that loan program and eliminate it. When we eliminate that loan program, we would save nearly \$30 billion. The GAO has said as much as \$6 billion is at risk for loss now. If we were to eliminate that money, we could put half toward the debt and then put half toward rebuilding our infrastructure.

The President says he wants to rebuild our bridges. He came to my State. I stood on a bridge with him and said I would help. But the way to help

is by not passing out dollars to friends that are being lost by the billions of dollars. We cannot simply create the money; let's find the money.

So I propose to end the Department of Energy loans and take that money, put half of it against the debt, and put half of that into repairing or replacing our bridges. This is how government should work. We should pick priorities. There is not an unlimited amount of money. So let's take it from an area where it is prone to corruption and where it is prone to a conflict of interest—these alternative energy loans that seem to be going mostly to the President's friends and political campaign contributors, let's take that money and use it to repair the bridges and to pay down the debt. This is what responsible government should do. But what we are doing in this body, what will happen in the next 24 hours as we discuss this bill is—and everybody in America needs to be very clear about this—when they go to the gas pump and pay more every day for gasoline, they need to realize where the responsibility lies.

The responsibility lies with those who are running up the debt, and as we pay for the debt we print new money. So gas prices rising means the value of the dollar is shrinking. That is why prices are rising. We need to realize who is to blame for the gas prices. It is those who are running up the debt. But we also have to realize it is even worse than that. It is not just the running up of the debt, we have to realize these people today now want to add \$25 billion to the gas prices. That is what happens.

When we raise the taxes on the oil companies we will add \$25 billion in taxes, but we will increase their cost by \$25 billion. Any business that sells products simply passes that on to the consumer.

So what we are here about—and they should retitle their bill—since they are willing to, by this legislation, increase gas prices, it should be called “the bill to raise your gas prices.”

So what I would ask this body to do is to consider two amendments that would actually lower the debt and take money away from crony capitalism and another one that would reform the Tax Code to eliminate deductions and discrepancies within the Tax Code, but to do it by lowering the tax rate, flattening the tax rate, and allowing businesses to succeed in our country.

It gets down to whom do you want to represent you in Washington, DC? Do you want a party that basically wants to punish business, those who are creating jobs, or do you want a party that wants to encourage business?

We are in the midst of a great recession. Until we understand this fundamental fact, we are not going to recover as a nation.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess subject to the call of the chair.

The Senate, at 12:43 p.m., recessed until 2:43 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

REPEAL BIG OIL TAX SUBSIDIES ACT—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 2204, which the clerk will report.

The legislative clerk read as follows:

Motion to proceed to S. 2204, a bill to eliminate unnecessary tax subsidies and promote renewable energy and energy conservation.

Mr. REID. Mr. President, I ask unanimous consent the time until 3:30 today be equally divided between the two leaders or their designees; that at 3:30 p.m. today the Senate adopt the motion to proceed to S. 2204, and then the Senate vote on the motion to invoke cloture on the motion to proceed to Calendar No. 296, S. 1789.

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

The Senator from Florida.

(The remarks of Mr. NELSON of Florida are printed in today's RECORD under “Morning Business.”)

Mr. NELSON of Florida.

I yield the floor.

The PRESIDING OFFICER. The Republican leader is recognized.

Mr. McCONNELL. Mr. President, what we are seeing in the Senate this week is exhibit A in what the American people just don't like about Congress. Gas prices have more than doubled under President Obama and the Democratic control of the Senate. This is an issue that affects every single American and drives up the cost of everything from commuting to groceries.

What is the Democratic response? Well, it is legislation that even they admit won't do a thing to lower the price of gas at the pump. We have seven Democratic Senators on record saying this bill doesn't do a thing to lower gas prices. One of them has actually called it laughable. Yet that is what they are proposing here this week

at a time when gas prices are at a national average of nearly \$4 a gallon. This is what passes for a response to high gas prices for Washington Democrats—a bill that does nothing about it. I cannot think of a better way to illustrate how totally out of touch and irresponsible the Democratic majority has become.

Look, Democrats know they have to say something about this issue, so what they are doing is taking a page out of the President's playbook and blaming somebody else. That is what this entire exercise is about—blaming somebody else—and, frankly, the American people are tired of it.

If Democrats don't want to do anything to lower gas prices, just go ahead and admit it. If Senate Democrats don't have any interest in lowering gas prices, then just say so, but don't waste the public's time by using the Senate floor to talk up a piece of legislation the only purpose of which is to convince people that you do. If the President doesn't want the Keystone Pipeline, why doesn't he just admit it? But don't insult the public by showing up for a ribbon cutting—for one part of it that you had nothing to do with while lobbying against the most important part at the same time.

Americans are tired of the political games and double-talk on this issue. They are tired of the constant campaign. They sent us here to actually fix problems, not to avoid them, and on this issue there is a lot we could be doing to make things a whole lot better. So Republicans are happy to use this opportunity to talk about some of those things. Who knows. Maybe more Democrats will decide it is long past time they joined us in actually supporting and approving some of these proposals. But we are never going to solve the problems we face if Democrats insist on using the Senate to make some political point instead of actually making a difference in the lives of working Americans at a moment of urgency like this. And we are certainly not going to make a difference if we keep sort of flitting from one issue to another.

We are now hearing that the Democrats want to move off this tax-hike legislation—maybe it didn't make the intended political point as forcefully as they wanted—to move on to postal reform. Evidently, the Senate schedule is driven not by the needs of the public but by the Democrats' perceived political needs, which seem to change from minute to minute around here.

I would suggest that the Democrats learn to prioritize. Let's stick with one thing and actually do something. As I said, there is much we could do to address gas prices. Why don't we stick with that? This is something that matters to every American. Postal reform is important, but we all know nothing is going to get done on it until after we return from the Easter recess anyway. Let's make that the pending business when we return and put first things first.

We were sent here to solve problems, not avoid them, and the refusal to come together on commonsense solutions such as the ones we are proposing on gas prices is precisely the kind of thing people detest about Washington, and they are perfectly right to do so. So I would suggest that our friends on the other side rethink this strategy of theirs and join us. Why don't we just try doing the right thing.

I yield the floor.

The PRESIDING OFFICER (Mr. FRANKEN). The Senator from Minnesota.

Ms. KLOBUCHAR. Mr. President, I ask unanimous consent that I be allowed to speak for 2 minutes, Senator BOXER for 8 minutes, and then Senator MURKOWSKI for 10 minutes.

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

SURFACE TRANSPORTATION ACT

Ms. KLOBUCHAR. Mr. President, I rise today to stress the critical infrastructure needs across our Nation and urge the House of Representatives to act quickly and pass the surface transportation reauthorization bill that we passed in the Senate with an overwhelming bipartisan vote. The fact is that we have neglected the roads, bridges, and mass transit that millions of Americans rely on for far too long. I know that. A bridge collapsed just a few blocks from my house. It wasn't just a bridge, it was an 8-lane highway, and 13 people died and dozens of cars were submerged in the river. A bridge just doesn't fall down in America—well, it did that day—and I am committed to passing this highway bill. This bill is important for jobs, and it is important for drivers who sit in congestion. Americans spend a collective 4.2 billion hours a year stuck in traffic at a cost to the economy of \$78.2 billion.

So what is the solution? Pass this highway bill. It reduces the number of highway programs from over 100 down to around 30, defines clear national goals for our transportation policy, and it streamlines environmental permitting.

I spoke to 75 highway contractors today, and they are ready to go. They want this bill to pass. Companies such as Caterpillar, which employs 750 people at its road-paving equipment facility in Minnesota—I visited that company in August. Caterpillars' employees are the kinds of people who are out there on the front lines of American industry. They want to build these roads and are the ones who are building the products when we talk about "Made in America."

With the short construction season for winter States such as Minnesota—my friend from California may not quite have the same situation—we cannot delay, delay, delay on this highway bill. We cannot stop these construction projects in their tracks.

It is time to pass the Senate highway bill. It has bipartisan support, with 74 out of 100 Senators voting for this bill.

I ask that the House of Representatives quickly pass this bill and get this done without delay. It means jobs, it means safety, and it means a future for America.

I thank the Chair.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I would like to thank my friend from Minnesota. Her leadership when she was on the Environment and Public Works Commission was amazing. We miss her leadership there. She is working so hard on other committees, but she still carries in her heart the great understanding that if anything is bipartisan around here, it is the highway bill and the transportation programs. We proved it here. So I thank the Senator.

I wish to talk a little bit about Big Oil and this crying about Big Oil by my Republican friends here, and then I am going to segue to the battle to pass a transportation bill and the 3 million jobs that hang in the balance.

First, I have to say that I listened very hard to the Republican leader, Senator MCCONNELL, talk about what a useless thing it is to try to say to Big Oil, which has had these big subsidies for so long, decade after decade, starting when they were young companies—what a terrible thing it would be to take away those subsidies, billions of dollars, when they are making multi-billion dollars and they are robbing us at the pump, pocketing the profit. We would like to see that money be used for alternative fuels, for energy-efficient cars so that we don't have to worry so much if the price of gas goes up a penny. If we are getting 50 to 60 miles to a gallon—I drive a hybrid car, and I don't visit the gas station that often because we get about 50 miles to the gallon, so the shocks that come with the increase in gas are a little bit muted.

But here is the story. Americans have made sacrifices. They are paying more at the pump. They are told by Big Oil: We are so sorry that Americans have to pay more at the pump because there is instability in the world. Americans have to pay more at the pump because our refineries are down, and we are really sorry.

What they don't say is that they are exporting the oil they find in America to other countries. What they don't tell us is that they are pocketing the profits we are paying for. They are pocketing the profits. In 2010 the five biggest oil companies made \$80 billion among them. In 2011 they made \$140 billion among them. So no one can stand here—not even the esteemed Republican leader—and tell me that Big Oil is making sacrifices just like ordinary Americans. The people who are running away with our money that we are paying at the pump are Big Oil and the speculators on Wall Street who are playing around with the instability in the Middle East on commodity futures trading.

So if you want to do something, let's take away those subsidies from these big oil companies that are making life miserable for the American people. But, no, our friends on the other side put up a fight, and they cite a couple of folks on our side who agree with them because they come from big oil States. I understand that. Let's stand up for the American people.

Another way we can stand up for the American people is to speak with one voice and ask the House to take up the Senate bipartisan Transportation bill that passed this Senate overwhelmingly. The clock is ticking toward a shutdown, and extensions are dangerous. So my story on the Transportation bill is a beautiful story of compromise, working together here in the Senate, and a very ugly story about what the House is doing, which is dithering around, playing with fire. And I am telling everyone that extensions are death by a thousand cuts. They think they can just send over an extension and feel they have done their job.

Well, let me say that what we found out today from the American Association of State Highway and Transportation Officials, AASHTO—these are folks who are on the ground in our States. Today I spoke to the departments of transportation from North Carolina, Nevada, Maryland, and Michigan. I think most people know I represent California, and I will be back with all of the details. Senator FEINSTEIN is talking to the transportation officials today. But the reason I am talking about these four States is because they have already calculated the job losses that have already begun because the House is dithering and will not pass our bipartisan Transportation bill.

North Carolina, which is not a blue State—I spoke to Gene Conti, the secretary of the North Carolina Department of Transportation today, and what he said was that he has delayed the remaining 2012 project awards, which total \$1.2 billion in projects and employ 41,000 people.

The House is right down the hall. I had the honor of serving there. I hope they are hearing this while they debate an extension. An extension of this program is not benign. An extension of this program is damaging. An extension of this program means job losses—41,000 in North Carolina.

I spoke with Scott Rawlins today, who is the deputy director and chief engineer of the Nevada Department of Transportation. He said he is holding up advertising for federally funded projects until there is a reauthorization bill committing Federal funds. He is required to slow down the development of future projects. He will not execute consultant agreements without reauthorization. And right now, today, AASHTO, the American Association of State Highway and Transportation Officials, tells me that 4,000 jobs are at risk in Nevada.

What the Nevada people tell me is that in the good old days when they were in a boom, the State could come forward and take these extensions in stride. They had the funding to front-load their projects and not worry about the Federal reimbursement. They thought that reimbursement would come. A, they are very worried about reimbursement, and B, because of the recession that has hit some of our States very hard because of the construction slowdown in housing, they do not have the funds to fast-forward any of these projects.

So North Carolina has 41,000 jobs at risk, and Nevada has 4,000 jobs at risk.

I spoke to Caitlin Rayman in Maryland. She talked about the uncertainty, and she went into four or five different things she is trying to do now that she cannot do. It is because the House is dithering and they won't take up the bipartisan Senate bill and pass it. So 4,000 jobs are at risk in Maryland because projects are being delayed.

I spoke to the director in Michigan, Kirk Steudle. He said several large construction projects have to be delayed.

The PRESIDING OFFICER. The Senator has consumed 8 minutes.

Mrs. BOXER. I ask unanimous consent for 30 more seconds, and then I will turn it over to my friend.

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

Mrs. BOXER. So in Michigan it is the same story: 3,500 jobs.

So I am saying to the House today—and I encourage my colleagues to—and I know the Senator from New Hampshire is here and she is going to speak a little bit later about this—come to the floor with stories about their States.

These extensions are dangerous and they will lose jobs. Tell the House to pass the bipartisan Senate bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Ms. MURKOWSKI. Thank you, Mr. President. This is a good discussion on the floor today. I join with my colleague from California in urging that the House move to the Transportation bill. But that is not why I rise this afternoon.

I wish to speak on the legislation that is before us. This is the Menendez proposal to raise taxes—raise taxes on American energy companies and I think inevitably prices to American consumers. It has been described as something else, but I suggest to my colleagues any effort to increase taxes on the energy companies that are providing a resource to us is nothing more than a tax on our energy companies. As we tax those energy companies, it is sure not going to make them produce things that are more affordable, more abundant. In fact, it will have the resultant effect: to impact prices to American consumers negatively.

This legislation before us is not a new idea. This is something we have seen before. I think the numerous

times we have rejected it leads me to the conclusion that it still remains a bad idea. It is a messaging bill that has failed over and over, and I think it deserves to see that same fate again.

This very Congress, just a little less than a year ago, rejected this same tax hike. Anybody who is curious to see what it is we did back then just needs to look up vote No. 72, which was back in May of last year, just to see how all 100 Members of the Senate voted.

Some have accused Republicans of using this opportunity, when gas prices are high, to push our cause, if you will, for increased supply and that somehow we welcome the aspect of higher gasoline prices. It was actually the President himself who said some see a political opportunity to call for greater domestic energy production.

With oil sitting at over \$100 a barrel, I think we all recognize there is impact out there. But I can tell my colleagues for a fact that my constituents don't view this as a political opportunity.

I get a weekly summary of what is happening with gas prices around my State. Right now the average price of a gallon of unleaded in the United States is just a little shy of \$4. Well, in my hometown of Anchorage, we are paying \$4.14. In Juneau, which is our State capital, we are paying \$4.24. In Barrow, the top of the world, they are at \$5.75. Bethel is paying \$6.33. They long for the day they could be paying closer to \$4. We are so far beyond the national average, they don't view higher gasoline prices as any kind of a political opportunity. What they are asking for is that they do more. In fact, there is an imperative that we in Congress do more to address prices.

I believe there is no question—there is no question—that we can bring additional resources on line, that we can bring several million additional barrels of American resources to market. There is no question but what it would do. It is going to help to create jobs. We know that for a fact. It will absolutely generate revenues. It will better insulate our Nation from the instability we have with the global price markets. We know that is what is happening right now. Every time Iran is mentioned, everything gets a little shaky out there.

We know so much of this is due, in effect, to the fact that there is little spare capacity in the global markets. So let's look closer to home. What do we have closer to home?

The President has suggested time and time again we only have 2 percent of the world's reserves. Well, in fact, this myth about the U.S. oil scarcity is just exactly that. We talk about proven reserves. In fact, it is a much smaller piece of the pie: 20.6 billion barrels of proved reserves. But what needs to be understood and, unfortunately, doesn't make a good bumper sticker is that we have, as a nation, demonstrated incredible national reserves: 5.6 billion barrels of technically recoverable resources. We don't even count the 800-

plus billion barrels of oil shale that are out there.

So one asks the question: Why are we not going after the rest of the pyramid, the part in blue. So much of what we are facing is that so much of this is put off-limits. It is not accessible, and it is not accessible because of our government policies.

I recognize there is more to it when it comes to an energy policy than just drilling, just increased domestic production. But it must be part of the solution, and it must be a significant part of the solution if we are going to talk about true North American energy independence. We must do more when it comes to conservation and efficiency. We need to build out toward the renewable energy sources of the future. If we want to have a bumper sticker, it is, "Find More, Use Less." It is pretty simple.

The chart lets us know we truly can find more here. But what we are facing with the Menendez bill that is in front of us takes us in a completely different direction. What the President and the Democratic leadership are proposing cannot by its own definition reduce our gas prices. If anything, we are just going to see them pushed higher, and my constituents back home just can't afford to see them pushed higher when they are paying above \$5, above \$6 per gallon at the pump.

We know pretty basic economic principles are at play. Taxing something does not make it cheaper and more abundant. We know from past experience. Due to a failed experiment with the windfall profits tax that harmed domestic fuel production and collected far fewer revenues than what was expected, we know this is taking us in the wrong direction.

Again, our problem is high fuel prices and their effect on average Americans. I have yet to hear anyone explain to me how raising taxes is going to lower prices. Even when we look at the subsidies that are extended in the Menendez bill, not even half of these are related to the transportation fuels.

The first section in his bill is extension of credit for energy-efficient existing homes. Well, I am all for that, but tell me how this ties in somehow to our Transportation bills. In terms of costs, it is even more unbalanced. So I am left at a loss to understand how permanent tax increases for oil and gas producers, in exchange for another year of subsidies for efficiency and renewable energy, is going to make any kind of a meaningful difference. It kind of says to the American people: Well, that \$4 you are paying at the pump, too bad about that. But how about a government-subsidized dishwasher? That just doesn't work.

Some will also come here to argue that increasing taxes will have no effect on production. In response to that, I ask unanimous consent to have printed in the RECORD at this point two news stories from last week.

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

[From Oilgram News, Mar. 22, 2012]

UK OFFERS NEW TAX BREAKS FOR REMOTE FIELDS

(By Robert Perkins, Jillian Ambrose, and Nathan Richardson)

LONDON.—The UK government March 21 pledged new tax breaks to boost the development of some remote, deepwater fields and remove doubts over offshore decommissioning costs as part of a package of measures to support the country's declining oil and gas industry.

Presenting his 2012 budget to Parliament, UK Finance Minister George Osborne said the government would create new tax breaks worth GBP3 billion (\$4.75 billion) to cover large and deepwater fields off the west of the remote Shetland Islands in the Atlantic margin.

"We are introducing new allowances . . . for large and deep fields to open up West of Shetland, the last area of the basin left to be developed. A huge boost for investment in the North Sea," Osborne told Parliament.

The area to the west of the Shetland Islands is still largely underdeveloped and could contain up to 20% of the UK's remaining gas reserves, according to the government.

The government said it also plans to increase existing tax breaks for developing small fields and promised support for investment in existing fields and infrastructure.

As expected, Osborne also said the government plans to enter into contracts with oil companies over future decommissioning tax relief, helping to end the uncertainty over the massive costs of decommissioning old oil and gas production infrastructure in the North Sea.

UK oil producers applauded the decommissioning move, estimating it could spur an extra GBP40 billion of new investment in UK waters and result in the recovery of an additional 1.7 billion barrels of oil and gas equivalent "over time."

"We see today's action by the Treasury as a turning point for the UK's oil and gas industry—toward a more stable future fostered by constructive collaboration between the government and industry to ensure that the recovery of the country's oil and gas resource is maximized," UK offshore operators association Oil & Gas UK head Malcolm Webb said in a statement.

The new tax moves could result in further investment of over GBP10 billion and the production of "hundreds of millions of barrels" of oil and gas, the association said.

The tax measures, which were widely anticipated, extend an olive branch to an industry that has placed some of the blame for last year's record 18% decline in UK oil and gas output on a tax hike in the governments 2011 budget.

Last year, the UK government unveiled a surprise tax increase on offshore producers in a bid to tap the higher earnings of oil companies due to rising oil prices.

UK offshore operators said the move, which took an extra \$3.2 billion out of oil companies' pockets last year, would damage confidence in the UK oil industry and hamper investment plans.

Under the decommissioning initiative, the government said it plans to introduce legislation in 2013 giving it the authority to sign contracts with oil companies operating in the UK to provide assurance on the relief they will receive when decommissioning assets.

The government said it would consult further on the details of the new contracts in the coming months.

"Confirmation that the government intends to enter into contractual agreements on tax relief for decommissioning costs improves the fiscal stability of the UK Continental Shelf, while the targeted incentives for particular types of fields will go some way in increasing the attractiveness of areas currently starved of investment," Derek Leith, the head of oil and gas taxation at Ernst & Young, said in a statement.

The UK oil industry has been lobbying the government over the need for greater certainty around future decommissioning costs for some years.

In 2010, UK industry body Decom North Sea estimated the total cost of decommissioning the UK's oil and gas production assets had risen to around \$46 billion.

Under the contractual arrangement, every North Sea participant would sign a contract with the government guaranteeing that, if decommissioning tax relief falls below 50% in the future, the government would pay back the difference.

Currently, new North Sea entrants might have to post security of as much as 150% of its share of the expected decommissioning costs.

If the industry were confident that the 50% tax relief on costs now available would continue into the future, the new entrant could post a lower security, effectively only 75% of the expected costs.

However, the industry has not yet been prepared to accept securities at the lower rate because there is uncertainty over whether tax relief would continue in future governments.

In steps to mitigate the tax hike impact on North Sea operators last year, the UK government said it would consider introducing a new category of oil or gas field which would qualify for field tax allowances.

It said, however, tax relief for decommissioning spending will be restricted to the existing 20% rate to avoid accelerated decommissioning.

In addition to decommissioning costs, UK oil and gas players also have been talking to the government on allowances to boost specific projects, or categories, where investment is marginal.

In 2009, the UK introduced a new field allowance for small fields and challenging HPHT—or high-pressure, high-temperature—and heavy oil fields, providing them an allowance to offset against tax, reducing the rate of tax paid once in production.

In January 2010, the allowance was extended to remote, deepwater gas fields to the west of Shetland.

Osborne said the government also plans to increase the allowance for small fields to GBP150 million, introduce legislation this year to support investment in existing "brown fields" and continue to look at further allowances for HPHT fields.

In documents supporting its 2012 budget, the finance ministry said it expects its tax revenues from the oil and gas industry to slip by 14% in the 2012-13 tax year as declining production levels in the North Sea offset higher expected oil prices.

Oil prices are expected to average \$118/b in the coming tax year, up from \$111/b in the 2011-12 period, the ministry said without saying if the estimate is based on Brent or WTI crude futures.

Including a record 20% slump in gas production in 2011 due to weak demand and a warmer than average winter, total oil and gas output slumped 18% on the year. Over the previous five years, the UK's mature North Sea fields had seen decline rates average 6%.

UK oil production peaked at about 2.6 million b/d in 1999 and gas output peaked in 2000. The UK became a net importer of both commodities in 2006 and 2004 respectively.

[From the Wall Street Journal, Mar. 21, 2012]

U.K. PLANS OIL SECTOR TAX RELIEF

(By Alexis Flynn)

LONDON.—Oil and gas firms operating in the U.K. North Sea will be guaranteed tax relief for the costs of retiring old rigs and platform and be given fresh tax allowances totaling £3.5 billion (\$5.55 billion) for harder-to-access deep water fields.

The move comes as the U.K. seeks to spur renewed investment in its energy sector, Chancellor of the Exchequer George Osborne said Wednesday in his annual budget speech to lawmakers.

The measure ends months of uncertainty among the region's oil producers and comes after intense talks between government and industry over possible measures to aid investment in the North Sea.

The move extends an olive branch to the industry, which was incensed by a surprise hike in the windfall tax on oil and gas profits last year. A record 18% decline in oil and gas production in 2011 was blamed in part on the tax increase.

Mr. Osborne said Wednesday the government will sign contracts with companies such as Premier Oil and Apache Corp. guaranteeing tax relief for the lifetime of a project. The ironclad government assurance on decommissioning could pave the way for at least £17 billion of new investment over the life of the North Sea basin, said Mr. Osborne.

In addition, it will provide tax allowances for companies investing in fields located in the deeper waters west of the Shetland Islands that are much harder to reach and require greater amounts of capital investment.

Mr. Osborne said the fresh allowances for this harder-to-reach exploration and production would total some £3.5 billion.

Under current rules, the government covers between half and three-quarters of the costs of dismantling old fields by making them tax deductible, but there are fears among many companies—and the banks that lend to them—that these rules could change.

An entire production facility needs to be removed once a reservoir has been exhausted, with its wells plugged and the site returned to as natural a state as possible. The process is expensive and complicated, and poses a number of environmental and safety challenges.

Decom North Sea, a nonprofit organization jointly funded by the industry and the government, expects the cost of decommissioning efforts to reach about £30 billion by 2040.

The issue is particularly acute for the smaller independent firms that are leading much of the next wave of investment in the North Sea, wringing out the last drops of oil from many of the older fields that were sold off by majors like Exxon Mobil Corp. and BP PLC.

These companies have been hamstrung by the legal requirement to provide security, usually letters of credit or large cash deposits, against future decommissioning costs. A tougher economic environment means these companies are finding their access to capital restricted and lenders less willing to issue letters of credit against a backdrop of fiscal uncertainty and declining North Sea production.

Ms. MURKOWSKI. Mr. President, these are news stories, not editorials. One is from Platts Energy; the other is from the Wall Street Journal. Both detail an announcement from the British Government that it is going to reverse its own taxes on the oil companies.

Last year, England decided to do essentially what is being proposed with

the Menendez bill. They were responding to high oil prices, and so they moved to increase taxes on the industry. Well, the result is not going to come as a surprise. When the government made it less economical to produce oil by hiking their tax rates, companies stopped producing and they were making their investments elsewhere.

In the years since Great Britain imposed its tax hikes, its production decline has tripled from 6 percent to 18 percent. Let me repeat that. In the year since Great Britain imposed tax increases on oil producers, production decline accelerated from 6 percent a year to 18 percent a year. Now Britain is in the process of doing an absolute about face. They are likely going to offer \$5.5 billion in tax relief to the oil companies to try to bring the production back.

I am sure some here would refer to that tax cut as a subsidy and ignore the inconvenient fact that higher tax levels lead to lower production. They don't lead to cheaper fuel; they lead to lower production. Yet even in the face of high fuel prices and compelling empirical evidence, the proposal in front of us is going to take us down the exact same path that Great Britain went down last year. It would make the clear mistake of driving production away when I think we need it most. The outcome in England just helps prove this is a seriously defective idea and a dangerous one. So we just need to look at what has happened across the pond.

If the Senate were really serious about addressing gasoline prices, we would be taking long-overdue steps.

The PRESIDING OFFICER. The Senator has consumed 10 minutes.

Ms. MURKOWSKI. Mr. President, I don't see anyone in the queue, if I may have another minute to wrap up.

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

Ms. MURKOWSKI. If we are really serious in the Senate about what we are doing in terms of increasing our long-overdue requirement to up our oil resources, our oil production and supply, we know how. We have opportunities from our neighbors to the north in Canada with the Keystone Pipeline. We clearly have opportunities in Alaska from the Outer Continental Shelf, from the Rocky Mountain West. We still import about half of our oil supply and about half of that is from OPEC.

One last chart, if I may. Right now, about 47 percent is OPEC; non-OPEC is 53 percent. If we were to add to our mix in this country what we could get from Keystone, which is the middle pie, but look where we would be as a nation. If we were to plus up our activity with domestic production, bring on Keystone, and with our existing resources, our imports from OPEC are reduced to a minimal amount. We talk about North American energy independence, and we truly could be in that position where we are not vulnerable—not vul-

nerable to the volatility of the markets, not vulnerable to the volatility that comes from OPEC setting the prices as they do, not in a situation where we are spending millions and billions of dollars to import a resource we need but that we have as a nation.

I can't fathom why the Congress would want to drain our economy by raising taxes on the very businesses that help minimize our foreign dependence, help create good-paying jobs for our families, and truly help to make a difference to Americans around the country in the long run.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I am going to yield in just 2 minutes because I know Senator SANDERS is here. I really feel I need to respond because it is very important to note that under the leadership of President Obama—for decades we did not drill as much as we have drilled now. We have more wells pumping than at any time in recent memory. I think it is an important point.

Of course, we are not going to drill off the coast of some of our precious areas because we have to support the fishing industry, we have to support the recreation industry, the tourism industry. But all this argument about drill, baby, drill and we will solve everything does not work because we threaten jobs when we go to certain areas that are pristine and very important sources of economic income for our States. Plus, if you ask my colleagues on the other side, they will not support keeping the oil in America—they will not—and we are exporting more oil than we ever have before.

So this thing gets very interesting when we look at it. Still, in all, the big oil companies—as we all make our sacrifices at the pump—are bringing in record, record, record profits. They ask us to make sacrifices because there is instability in the world, but they are pocketing those increases. Yet our Republican friends cry bitter tears because we want to suggest that subsidies they got decades ago—kept on undisturbed billions of dollars—we would like to see those funds go into making it easier for America's families to be able to buy more fuel-efficient cars, to be able to find alternative fuels, et cetera, et cetera.

When I come back to the floor after this discussion on the postal reform, I am going to talk more about the highway bill. The House is about to vote on a 60-day extension. Let me tell you, that is dangerous. I hope colleagues over there will not do that because, I have to tell you, every day we extend the highway trust fund for a short period of time, we lose jobs, and we need certainty.

I am happy to yield the floor at this time.

The PRESIDING OFFICER. The Senator from Vermont.

POSTAL SERVICE REFORM

Mr. SANDERS. Mr. President, later this afternoon—actually, in a fairly short while—we are going to be voting on whether to proceed with the Postal Service reform bill, and I hope we vote yes. I hope we have a strong bipartisan vote to go forward. I will tell you why.

About 9 or 10 months ago, the Postmaster General came up with a proposal for the Postal Service. In my view, that proposal from the Postmaster General is an unmitigated disaster for our country and especially for rural America.

This is what his original proposal outlined: What he proposed was the shutting down of more than 3,600 mostly rural post offices. If one lives in a rural State such as mine, one knows how important rural post offices are, and their function is beyond being just a post office. In many small communities throughout this country, post offices are the center of the town. It is where people come together. It is what develops a sense of community. In some cases, it is what that small rural town is all about. If we shut down that rural post office, in some instances we are literally shutting down that town.

We should also understand, in the midst of the serious financial problems facing the Postal Service, shutting down 3,600 mostly rural post offices would save the Postal Service one-quarter of 1 percent of their budget. So the original plan—which has since been modified—was to shut down 3,600 rural post offices, and I would suggest whether one is a conservative Republican or a progressive Independent, that is not good for their State, not good for America.

In addition, the Postmaster General's original proposal talked about shutting down some 220 mail processing facilities all over this country. That is approximately one-half of the mail processing plants. If he did that, that would end overnight delivery standards for first-class mail.

At a time when the Postal Service is facing extreme competition from e-mail and the Internet, in my view, the last thing we would want to do is to slow down mail service. I think I speak for many Members of the Senate who say, if we move in that direction, making mail delivery slower, we are beginning the death spiral for the Postal Service. Many businesses, many consumers will be saying: Sorry, I am going to look elsewhere to get my packages, get my mail delivered.

Furthermore, the original proposal from the Postmaster General was to shut down Saturday mail delivery and, in the process, reduce the workforce of the Postal Service—in the midst of the worst recession since the Great Depression—by over 200,000 jobs.

Senators LIEBERMAN and CARPER, Senators COLLINS and SCOTT BROWN, the ranking members of the committees, came together and put together a bill which was significantly better than what the Postmaster General had proposed, no question about it.

Some of us felt the Lieberman-Carper-Collins-Brown bill did not go far enough, and we have been working with the chairmen of the committees to try to improve that bill, and I think we have made some success. I think if we look at the managers' amendment, we will see stronger guarantees to make sure we are not shutting down rural post offices all over America; that if we shut down processing plants, it will be a significantly smaller number than was originally proposed, and that also we would maintain strong mail delivery standards—if not as strong as I would like, at least stronger than what the Postmaster General originally proposed.

Here is my fear: The Postmaster General is raring to go. If he perceives and the board of postal commissioners perceive the Congress cannot act, they are going to go forward and bring forth a proposal which will not be as strong in protecting post offices and workers and the American people as we can do. So what we managed to do back in December was get a 5-month moratorium to prevent the shutting down of rural post offices and processing plants. That expires on May 15.

I think it is terribly important we begin the process, we vote to proceed within the next hour, we bring that bill to the floor, there is an open process by which people, including myself, will bring forth amendments to make the bill even stronger than it is right now.

I would point out to my colleagues, in terms of the financial problems facing the Postal Service, clearly, they have to deal with the serious problem, the very real problem that first-class mail has gone down very significantly, being replaced by e-mail. There is no question that is a real, legitimate problem.

But what is not a legitimate problem is that the Postal Service uniquely in America—not in local governments, State governments, Federal agencies or the private sector—the Postal Service alone is being asked to put \$5.5 billion every single year into their future retiree health benefits program. According to the inspector general of the U.S. Postal Service, given the fact there is some \$44 billion in that fund already, with interest rates accruing, we do not need to put more money into that fund. There is widespread agreement the Postal Service has overpaid into the Federal Employees Retirement System some \$10 billion or \$11 billion; into the Civil Service Retirement System, at least a couple billion dollars and perhaps a lot more.

The bottom line is this: If we are serious about protecting rural America, if we are serious about protecting 3,600 rural post offices, if we believe the post office must continue being an important part of what America is about—so important to our economy and to small businesses—and we do not want to delay mail service, slow down mail service, we do not want to shut down half of the mail processing plants in

this country, I think it is important we begin that debate and vote for cloture.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I rise to urge our colleagues to vote for cloture to proceed to the Postal Service bill. I will speak very briefly.

This a great American institution, right there from the founding of our country. In fact, it is in the Constitution to provide post offices. It is an institution that is today in trouble. Last year, it lost almost \$10 billion. Why? Part of it is the economic recession, but the real explanation is that mail volume has dropped 21 percent in the last 5 years, and mostly that is because people are using the Internet and e-mail instead of traditional mail. Yet the Postal Service not only itself provides a great service, but it facilitates various sectors of our economy that employ 7 million people—mailers, mail order catalogs, and the like.

Our committee, when confronted with this crisis—and the statement from Postmaster General Donahoe that if nothing was done, he would have to begin curtailing operations sometime this year because he would essentially run out of enough money to operate the Postal Service as it is—tried to get together and work on a balanced program. We reported out a bipartisan bill. Some people said it was too much; some people said it was too little. We think it was just about right.

There has been a lot of dialog with Senator SANDERS and others, people on both sides of the aisle. When we take this up—and I sure hope it is “when” and not “if” because I do not know how we could just turn away from this problem and essentially say to the Postmaster: We are not going to provide you any help; you are going to have to handle this. What he is going to do is close a lot of post offices, in my opinion, close a lot of mail processing facilities, raise prices to the extent he can under existing law.

This is a balanced program. It creates some protections for small and rural post offices before they can be closed. It creates new standards in the delivery of mail so the Postmaster will, in his wisdom, be able to thin out employment at some of the mail processing facilities, perhaps close some of them but nowhere near what he wanted to do earlier.

The Postmaster asked us for authority to go from 6 days of delivery of mail to 5 days of delivery of most mail, and we essentially said: You may have to do that, Mr. Postmaster, but do not do it for 2 years. See if the other things we are authorizing you to do enable you to get the Postal Service back in fiscal balance. But if not, after the 2 years, with the process we ordained, they will have to go to 5 days of delivery.

Here is the bottom line: We are trying everything we can to save this great institution. It is not a relic. It is

a fundamental part of the modern economy, and it has some great resources. First is its presence all over the country. One of the things we are doing—we worked on this with Senator SANDERS and others—in the substitute, we will create an advisory commission, a new commission which will be charged with the responsibility of not only reviewing the operations of the Postal Service to make sure it is being managed and run most efficiently but for looking for a new business model, for new ways to use the great assets of the Postal Service—one, that it is all over the country in the post offices; and, two, that no one else can cover the last mile of delivery to everybody's house or business in the country regardless of where you live, including the iconic burros that help deliver the mail in the Grand Canyon and the mailmen on snowshoes who deliver it in rural parts of Alaska. Right now, FedEx, UPS, and others use that service of the last mile to complete their delivery to their customers.

We want to see if we can figure out how the Postal Service can make more money so it can stay alive. This is a great American institution which I believe has a great future, but it is not going to have it unless we help.

So here we are challenged again. Are we going to fall into ideological rigidity or partisan conflict and let this great institution slide and fall into a deep crisis or are we going to work together, as I believe our committee has, to present a bipartisan solution which will guarantee, in a very different time in American history, that the post office—the U.S. Postal Service—can play as vital a role as it has throughout all the rest of our history.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Under the previous order, the motion to proceed to S. 2204 is agreed to.

UNANIMOUS CONSENT REQUEST— S. 2204

Mr. REID. Mr. President, I ask unanimous consent that if cloture is invoked on the motion to proceed to S. 1789, which is the postal reform bill, and the motion to proceed is later adopted, the Senate resume consideration of S. 2204, which is the Repeal Big Oil Subsidies Act, at a time to be determined by the majority leader, following consultation with the Republican leader.

The PRESIDING OFFICER. Is there objection?

The Republican leader.

Mr. McCONNELL. Mr. President, reserving the right to object, I share the

majority leader's view that we ought to turn to the postal reform bill. What I intend to do is to ask that we modify the consent that the majority leader just offered—modify his request so that on Monday, April 16, we proceed to the consideration of S. 1769, the postal reform bill.

That would give us an opportunity to further debate and discuss the Menendez proposal, which we just invoked cloture on yesterday, for the remainder of the week. So I object.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Mr. President, reserving the right to object, I think most people know I worked here as a police officer for most of the time I was going to law school. I also worked for a period of time in the post office. I am not an expert on the post office, but I know the importance of post offices.

I know what is going to happen in the State of Nevada if we do not make some arrangement to help the Postal Service survive. Scores of small post offices in Nevada will go out of business. There will be distribution centers that may not exist after a few months. So I wish to get to the postal bill as much as anyone in this Chamber, having worked for the Postal Service, through the House Post Office.

I wish to move to the postal bill. But I am not going to be forced into doing it at a time that may not work out just right for our schedule; that is, the Senate. So I will move to that shortly after the recess as quickly as I can, but I am not going to agree to a specific time.

I object to the modification.

The PRESIDING OFFICER. The request of the initial modification is objected to.

Mr. McCONNELL. Mr. President, I object to the initial request.

The PRESIDING OFFICER. Objection is heard to the initial request.

21ST CENTURY POSTAL SERVICE ACT OF 2011

The PRESIDING OFFICER. Under the previous order, pursuant to rule XXII, the clerk will report the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to proceed to Calendar No. 296, S. 1789, the 21st Century Postal Service Act.

Harry Reid, Thomas R. Carper, Sherrod Brown, Mark Begich, Bill Nelson, Frank R. Lautenberg, Jeanne Shaheen, Richard Blumenthal, Christopher A. Coons, Dianne Feinstein, Patrick J. Leahy, Richard J. Durbin, Joseph I. Lieberman, Patty Murray, Charles E. Schumer, Mark L. Pryor.

POSTAL REFORM

Mr. DURBIN. Mr. President, there is no question the Postal Service faces se-

rious challenges, and it needs to work with Congress and the American people to address them.

There are some who say that the Postal Service can cut its way out of its financial hole.

The plan put forth by the Postmaster General would do just that. It would have a heavy impact on my State, with at least 8 processing facility closures and perhaps more than 250 post office closures. Under that plan, mail from Springfield—the State capital—would be shipped all the way to St. Louis, just to come back to Springfield once again.

And these facilities are key hubs of commerce throughout the State.

Take Quincy, IL, for example. The Postal Service had already studied Quincy for consolidation in 2009. At that time, the Postal Service found that the facility in Quincy was efficient and closing it would not create new efficiencies. Despite that finding, the Postmaster General decided to press ahead with the closure of the Quincy facility this year. The facts are in Quincy's favor, but it seems that the Postal Service only wants to cut its way to death.

This bill is about jobs too. The Postal Service employs more than 30,000 people in my State, from clerks, to drivers, to postmasters, to letter carriers, and so many more. These are not high-paying jobs, they are not glamorous. These are middle-class jobs that support the world's best postal delivery network. Nationwide, the Postal Service employs more than half a million people. Millions more in this country are employed in businesses that depend on the Postal Service.

Given the wide-reaching impact of the Postal Service, it is clear to me that cutting to the bone is the wrong approach. It will lead to a death spiral and the eventual end of the Postal Service as we know it.

The Postal Service must grow and reform its way into 21st century competitiveness. This bill is a first step toward achieving that goal. Brought to the floor under the leadership of Senators LIEBERMAN and COLLINS, this bill begins the process of addressing some of the serious challenges facing the Postal Service. This will help USPS reduce long-term costs, increase efficiency, and grow into a 21st century service provider. I think these steps can be taken while maintaining a world-class level of service.

There is no question there will be some short-term and long-term pain associated with reforming the Postal Service. Without tough choices, I can assure you there will be bankruptcy and the demise of the Postal Service.

I believe that measured steps now, though painful, are worthwhile to preserve and improve the Postal Service for generations to come.

I urge my colleagues to join me in voting for cloture on the motion to proceed to this important legislation.