

Action on Record Gas Prices

RECENT NEWS: Gas prices hit record highs for the 14th day in a row. On Wednesday, they reached another new record of \$3.81 a gallon – 60 cents more than a year ago and more than double that of 2001—diesel prices are at a record \$4.56 a gallon, 57 percent higher than a year ago, and today crude oil prices climbed to a new record topping \$133 per barrel, as oil companies continue to report record profits. The biggest five oil companies announced 1st quarter profits totaling nearly \$37 billion. Exxon Mobil's profits climbed to \$11 billion, up 17 percent from last year and just shy of its record profits last quarter. BP's profits increased 63 percent, and Royal Dutch Shell reported a 25 percent increase in profits. This continues the five-year trend of record oil profits under the Bush Administration.

A NEW DIRECTION: Democrats are committed to a New Direction and are fighting to reduce our dependence on foreign oil and bring down gas prices, and launch a cleaner, smarter energy future for America that lowers costs and creates hundreds of thousands of green jobs.

RECENT CONGRESSIONAL ACTION:

- **STRATEGIC PETROLEUM RESERVE:** Last week, the Congress passed legislation to temporarily suspend the oil purchases for the Strategic Petroleum Reserve. As a result, the President was forced to sign the bill and announce he will suspend shipments, even though he was previously opposed. Continuing to fill the SPR would take 70,000 barrels of oil off the market each day, even though the reserve is 97 percent full, with enough to meet our national security needs. SPR has been tapped or suspended before by President Bush, President Clinton, and the first President Bush. In 2000, after an exchange of 30 million barrels of oil, the price of oil decreased immediately - by the end of the year the price of oil was down by one-third.
- **FARM BILL:** We have also passed by veto-proof margins the Farm Bill, which boosts homegrown biofuel production from non-food crops. Without biofuels, gas prices could be 15% higher than they are now. The new Farm Bill provides more than \$1 billion for new technologies and to expand the supply of biofuels made from biomass and crop byproducts which are not food sources. The bill also provides new support to farmers who grow energy crops, and to entrepreneurs who build refineries to convert biomass into fuel. The Farm Bill takes another critical step in transitioning biofuels beyond corn— reducing the current tax credit for corn-based ethanol by six cents per gallon and creating a new tax credit to promote the production of cellulosic biofuels. It also increases oversight authority to detect and prevent manipulation of energy prices.
- **HOLD OPEC & OIL COMPANIES ACCOUNTABLE FOR PRICE FIXING:** The House passed legislation 324-84 to empower the Department of Justice to take legal action against OPEC-controlled entities for participating in oil cartels that drive up oil prices globally and in the United States. The bill makes clear that OPEC-controlled entities are not covered by the provisions of the Foreign Sovereign Immunities Act when acting in a commercial capacity; and it authorizes the Department of Justice to bring lawsuits in U.S. courts against cartel members. It also creates a Petroleum Task Force in the Justice Department's Antitrust Division to investigate anti-competitive market practices that are causing record oil prices. *The Bush Administration has threatened to veto this measure.*
- **INVEST IN RENEWABLE ENERGY FOR GREEN JOBS:** To make America less dependent on foreign oil, strengthen our national security, and lower energy prices in the long-term, the House passed a new bill to invest in clean, renewable energy and energy efficiency, which will save more than 100,000 jobs in the renewable energy sector (just from solar and wind alone), and is vital to creating hundreds of thousands

more. It will extend and expand tax incentives for renewable electricity, energy and fuel, as well as for plug-in hybrid cars, and energy efficient homes, buildings, and appliances. Senate Republicans have long delayed this legislation, in their efforts to protect taxpayer subsidies for Big Oil companies raking in record profits. To expedite enactment of this legislation, this new bill relies on non-controversial revenue offsets that have passed the House with broad bipartisan support. *The Bush Administration has threatened to veto this measure.*

- CONDUCT OVERSIGHT: The Democratic-led Congress is holding hearings to address rising gas prices—focusing on the burdens on American families and small businesses, looking at how speculation in financial energy markets is contributing to the high price of oil, exploring anti-competitive practices in the oil and gasoline industry, holding the Administration accountable for their failed energy policy that has led to high prices and getting to the causes and solutions.
- ENDING MARKET MANIPULATION: Responding to calls by the New Direction Congress, the Federal Trade Commission (FTC) recently agreed to implement the market manipulation authority provided by Congress in the Energy Independence and Security Act of 2007. The FTC has the authority to ensure that the U.S. petroleum market is free from price or supply manipulation, but had failed to exercise this power to protect consumers from skyrocketing energy costs.
- EFFICIENT VEHICLES AND BIOFUELS: The Energy Independence and Security Act of 2007 also included landmark provisions to make cars and trucks more efficient -- to 35 miles per gallon by 2020 -- and promote the use of more affordable American biofuels. The new fuel economy standard for cars and trucks will reduce our oil consumption by 1 million barrels per day in 2020 (one-half of current U.S. imports from the Persian Gulf) and will save American families \$700 to \$1,000 per year at the pump.

CRACKING DOWN ON PRICE GOUGING BY OIL COMPANIES: Democrats have also passed legislation cracking down on Big Oil Companies that are gouging American consumers (H.R. 1252). The Energy Price Gouging Prevention Act would give the Federal Trade Commission the authority to investigate and punish companies that artificially inflate the price of energy. The bill sets criminal penalties for price gouging, and permits states to bring lawsuits against wholesalers or retailers who engage in such practices. This bipartisan bill passed both the House and Senate, but *the Bush Administration has threatened to veto this measure.*

REPUBLICANS OFFER MORE OF THE SAME: President Bush and congressional Republicans have spent the last seven years doling out billions of dollars in subsidies to the Big Oil companies, instead of working for an energy independence plan for America. As gas prices have hit new records all Spring, the President and Congressional Republicans continue to:

- Call for More Oil Drilling.
 - But since 2000, drilling on land has increased dramatically – climbing about 66 percent– while gas prices continue to increase.
 - Even if we started drilling today in ANWR, we wouldn't see a drop of oil for another 10 years.
 - Opening up the Arctic for drilling would reduce the price of a gallon of gasoline by just over a penny –in 2030– nothing that will help consumers today. [EIA, 2005]
- Block Efforts to Lower Prices:
 - Cracking down on oil price gouging was opposed by 140 Republicans, including all of the Republican Leadership (except McCotter).
 - Holding OPEC accountable was opposed by 67 Republicans, including most of the Republican Leadership (Boehner, Blunt, Cole, Dreier, and Granger).
 - Repealing subsidies to profit-rich oil companies and investing in renewable energy and energy efficiency was opposed by 174 Republicans, including all of the Republican Leadership.
 - *And the Bush Administration has threatened to veto these bills.*