



# STATEMENT OF REPUBLICAN POLICY

July 29, 2010

## **Amendment to H.R. 3534, the Consolidated Land, Energy, and Aquatic Resources Act of 2010 Rep. Rahall (D-WV)**

The explosion of the Deepwater Horizon rig in the Gulf of Mexico on April 20 was a terrible tragedy that killed 11 men and resulted in a massive oil leak that has damaged the economy and environment of the Gulf region. House Republicans believe the federal government should be focused on permanently stopping the leak, cleaning up the oil, holding BP and those responsible for the spill fully accountable, and finding out what went wrong. House Republicans also believe educated reforms, based on the full facts of what caused and contributed to this tragedy, are necessary to make American deepwater energy production the safest in the world. But Washington Democrats are exploiting the Gulf tragedy to pass unrelated measures that will destroy American jobs, increase energy costs, and make America more dependent on foreign sources of energy. H.R. 3534 includes a new tax hike on American energy. This is the last thing the American people need, especially struggling families on the Gulf coast. For these reasons, House Republicans oppose the bill.

H.R. 3534 imposes a new tax on American energy that will cost \$22 billion over ten years, with the taxes eventually climbing to nearly \$3 billion per year. Specifically, the bill imposes a new tax of \$2 per barrel of oil and 20 cents per million BTU of natural gas with the revenue going towards unspecified purposes. This new tax is imposed only on oil and natural gas produced in the United States on federal leases. It does not apply to imported energy and therefore provides an economic advantage to foreign energy. By raising taxes on American energy, American families and businesses will pay higher energy prices, jobs will be destroyed, and America's dependence on foreign oil will be increased.

The bill also does nothing about the job-destroying Presidential moratorium. Studies show the moratorium will cause the loss of thousands of jobs in both the Gulf region and across the country to the tune of \$700 million in lost wages. To make matters worse, H.R. 3534 actually imposes other, de facto moratoriums that will be particularly devastating for struggling families reliant on energy jobs on the Gulf Coast.

H.R. 3534 also creates a \$30 billion slush fund that comes in the form of new, mandatory spending and is completely unrelated to the Gulf oil spill. The bill explicitly states that Congress may earmark this money.

The Congressional Budget Office estimates that the American taxpayer will be paying out \$14.3 billion in lawsuit losses incurred by the U.S. federal government resulting from litigation over the new retroactive tax on American energy. In fact, for a long period of time the U.S. federal government will spend more in lawsuit payouts than they will be collecting from the new energy tax.

H.R. 3534 also places onshore energy leasing responsibilities squarely within the beleaguered offshore federal agency formerly known as the Minerals Management Service (MMS). The bill threatens the viability of critical onshore energy projects such as natural gas, wind, solar, oil, and geothermal by explicitly removing leasing authority from the U.S. Forest Service and the Bureau of Land Management. House Republicans believe MMS must be fundamentally reformed, but in a manner that strengthens its oversight capabilities without jeopardizing vital energy projects in the U.S.

House Republicans believe we must permanently stop the leaking oil and help the Gulf recover; but, we also need to know how it happened, who is responsible, and how we can prevent future incidents before Congress moves prematurely to legislate without the benefit of any findings or recommendations afforded by any of the ongoing investigations, including the President's own oil spill commission.

H.R. 3534 will burden American families and employers with a new energy tax, higher spending, eliminate or send overseas good paying jobs, and have a disproportionately negative effect on the Gulf Coast region. House Republicans strongly oppose H.R. 3534.

*Provided by the Republican Leadership and the Republican Committee on Natural Resources.*

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