MOTION TO INSTRUCT CONFEREES ON H.R. 4297, TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005

Mr. MCDERMOTT. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. McDermott moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 4297 be instructed—

(1) to agree to the following provisions of the Senate amendment: section 461 (relating to revaluation of LIFO inventories of large integrated oil companies), section 462 (relating to elimination of amortization of geological and geophysical expenditures for major integrated oil companies), and section 470 (relating to modifications of foreign tax credit rules applicable to large integrated oil companies which are dual capacity taxpayers), and

(2) to recede from the provisions of the House bill that extend the lower tax rate on dividends and capital gains that would otherwise terminate at the close of 2008.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Washington (Mr. MCDERMOTT) and the gentleman from Louisiana (Mr. MCCRERY) each will control 30 minutes.

The Chair recognizes the gentleman from Washington.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise on behalf of my Democratic colleagues to offer a motion to instruct the House conferees who are negotiating with Senators in a conference committee to work out differences on H.R. 4297, Tax Cut Reconciliation.

We have an opportunity to stand up for America's middle class, and I urge every Member to support the two key provisions in our Democratic motion: one, closing tax loopholes for oil companies; and, two, dropping the provision to extend tax holidays for the super rich beyond 2008.

The timing of this conference committee could not be more urgent. And the time has come for this House to prove to the American people that they, and not the oil companies, come first.

All across this country, Americans are looking for a pump that has gasoline in it for under $3 a gallon, and nothing has happened here. The time has come for the Republicans to stop being the party of the 1 percent and to govern on behalf of all the American people.

Today's gas prices are so high, you almost need a space shuttle to see the top. We are getting near $4 in some parts of this country, and by all indications, the oil companies fully intend to keep raising prices at the pump. Record-shattering quarterly profits, one after another, but underinvestigating in new refinery capacity quarter after quarter. This crisis is not about supply and demand. It is about a handful of oil companies refusing to supply the demand in order to drive up the prices.

This Nation needs more than energy independence from the Middle East. It needs energy independence from oil companies who are willing to crush the American middle class. Today, oil prices are forcing American families to choose between basic necessities or more debt to pay the oilman. And how we have paid, and paid, and paid.

Net income of oil companies has nearly tripled in the last 4 years. Earnings per share are up 50 percent, but the dividends are only up 10 percent. And oil companies on average have doubled their purchases of U.S. Treasury bonds. They are financing the Federal budget deficit even as it soars higher because of energy prices. That is the definition in my book of a double dip.

Now, the Senate wants oil companies to pay their fair share in corporate taxes, nothing more, nothing less. Republicans, however, in the House want the oil companies to continue to cook their books, using perfectly legal but completely immoral loopholes their lobbyists have fed the Republicans in the House. The Senate is right, and the House should stop defending oil companies and start protecting the American people. It is also a time to represent all the American people, not just the top 1 percent.

We have a war we cannot pay for. We have a deficit we cannot control. We have a growing number of Americans going into poverty, cuts in student loans and cuts for needy families. And the Republicans think the answer is to extend tax holidays for the wealthy in capital gains and dividend cuts.

Over half of this benefit goes to people earning over $1 million a year, most of whom drive into the gas station and they do not even look at the pump to see what it costs. They have extended their wealth while America has expanded its debt. This is not sound fiscal policy for the American people. It is reckless profiteering Republicans are providing the wealthy in this country.

The tax holiday continues for another 2 years, but the Republicans want to reward the rich by adding another 2 years; 2008 is not enough, they want to go out to 2010.

Now, the American middle class is struggling to make ends meet, and House Republicans are scrambling to reward their friends just months ahead of the election. In today's Washington Post, the majority leader of the House, Republican, says we will stop any attempt to deal with the oil companies and control their profits.

It is time to put the American people first, ahead of oil companies, ahead of special interests, ahead of the super rich. This motion to instruct is a call to restore the American middle class to its rightful place in the center of domestic policy. And I urge every Member to make America the only special interest we care about.

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. MCCRERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of the motion under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Democratic motion to instruct conferees is, I believe, ill thought out in terms of energy policy, in terms of tax policy, and certainly in terms of the cost to the average American. In addition, Mr. Speaker, the motion to instruct conferees includes a number of provisions that many believe are critical to a meaningful tax reconciliation bill. In such a case when a Member tries to tie the hands of conferees on this many provisions, this Member believes that it is certainly ill advised in general.

As far as the specifics of the motion to instruct, Mr. Speaker, I said that I thought it was ill advised in terms of energy policy. Right now my constituents are concerned about the price of gasoline at the pump. Now, we all know there are lots of reasons for the price of gasoline going up. We all should know that among those reasons and probably the principal reason is the law of supply and demand.

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If supply stays the same and demand goes up, generally speaking the price goes up. If supply goes down and demand stays the same, price goes up. If supply goes down and demand goes up, the price goes up even further. Certainly, with the effects of Hurricanes Katrina and Rita, with increased demand from China, India and other developing nations around the world, we can see that there is indeed less supply and more demand.

Now, also I think a commonly held and commonly believed law of economics is if you tax something, you get less of it, well, that is what this motion to instruct would have our conferees do. We are going to tax oil more, and if you tax oil more, you are going to get less of it. That exacerbates the problems that we are experiencing right now with the price of gasoline. If you tax the supply more, you are going to get less supply, but you are not going to do anything on the demand side. So that would make things worse at the pump, not better.

Mr. Speaker, on the issue of the capital gains and dividend tax, we believe that those two provisions are principal reasons that our economy has continued to grow over the last several years, that several million jobs have been created in this country over the last several years. In fact, the stock market has reached its highest point in 6 years partly because we believe in these two very important provisions.

These provisions on capital gains and dividends allow corporations to make sound decisions, to plan their decisions on the allocation of their profits to shareholders, and we know that those decisions, having been made on that basis of cash, are transparent. We don't have to worry about accounting games. We don't have to worry about corporate fraud. It is cash. We know it. If they give a dividend, we know they have got the cash. This provision encourages corporations to do that. So not only is it good tax policy, it is good policy in terms of transparency of corporate activity.

It is good tax policy also because it lessens the double taxation of corporate profits. Right now when corporations make a profit, they pay the corporate income tax rate on those profits. Then when they send some of those profits back to shareholders in the form of dividends, the shareholders have to pay tax on the dividends. So that income, that corporate income, is taxed twice.

At least by lowering the rate of taxation on those dividends, we have lessened the double taxation of corporate income, and that, I would submit, is good tax policy and should be continued.

As far as my friend from Washington's characterization of capital gains and dividends being for the super rich, well, the data just does not bear out that characterization. The Joint Committee on Taxation data show nearly 60 percent of Americans receiving capital gain or dividend incomes have incomes of $100,000 or less. That is not super rich. One in five taxpayers, 20 percent of taxpayers with capital gains, and one in four, 25 percent of taxpayers with dividends, have incomes below $50,000 a year. That certainly is not the super rich.

So, Mr. Speaker, I would submit that the gentleman's motion to instruct conferees should be soundly defeated. Give our conferees the flexibility to deal with our Senate colleagues and produce a meaningful tax reconciliation bill.

Mr. Speaker, I reserve the balance of my time.

Mr. McDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I will enter into the RECORD the Federal Reserve study article that is in the Wall Street Journal which says ''Did the Dividend Tax Cut Work?'' No. Absolutely not. It ''didn't boost market's aggregate value,'' and it has been a dud.

[From the Wall Street Journal, Dec. 6, 2005]

DID THE DIVIDEND-TAX CUT WORK?

(By Karen Richardson)

When President Bush slashed the tax on dividends in 2003, supporters hailed the move as a way to stimulate the economy and boost the stock market.

At least for the stock-market part of that plan, the jury is still out. A group of Federal Reserve Board economists concludes that the tax cut, which slashed the dividend-income tax on stocks to 15% from about 30%–38%, was a dud when it came to boosting the stock market when it was announced and passed in 2003—a time period, they say, that the stock market should have reacted most strongly.

Nor did the tax cut lead to a significant increase in the amount of money companies paid out to investors as a proportion of their earnings, the study adds.

''We fail to find much, if any, imprint of the dividend tax cut news on the value of the aggregate stock market,'' the economists—Gene Amromin, Paul Harrison, Nellie Liang and Steve Sharpe—wrote in a paper they presented in October.

Administration supporters point to the 2003 tax cuts on dividend income and long-term capital gains (also reduced to about 15% from about 20%) as successful center pieces of President Bush's economic policy. White House officials already are lobbying for an extension of the tax cut, which expires in 2008. The White House budget office, in a memo to the Senate in November, said the extensions are ''necessary to provide certainty for investors and business and are essential to sustaining long-term economic growth.''

The Fed economists' paper compares U.S. stock-market returns with those of European stocks over various ''key periods'' in 2003. The economists tracked stock performance during a few days in early January, after the Bush administration officially announced the tax-cut proposal, and two weeks in the latter half of May, when the tax bill was being discussed in the Senate and was eventually signed into law by the president May 28.

While those ''event windows'' are small, they are sufficient to capture the stock market's reaction to news of the tax cuts, the economists say. ''The markets should have absorbed the tax-cut news within a month, if not a week or a few days, afterward, since markets are somewhat efficient in responding to news,'' says co-author Mr. Sharpe.

Theoretically, U.S. stocks should have performed better than European stocks because U.S. investors, who hold far more U.S. stocks than European stocks, would benefit from the tax cut and presumably drive up stock prices with their new expected windfall. Instead, the economists found that the S&P Euro 350, which covers about 70% of Europe's market capitalization, performed similarly to or better than U.S. stocks tracked in the S&P 500.

The authors assumed that the anxiety of the impending war in Iraq was the main influence on all stock markets around the world over those periods. So by comparing European stocks with U.S. stocks, they aimed to control for major world events. Thus, ''any effect of the dividend tax should have resulted in a differential in performance,'' according to Mr. Sharpe.

Still, the economists didn't address other factors that might have contributed to a rise in European stocks or a drop in the U.S. market during the review periods.

For example, in the U.S., a stock-market rally in early January that some observers at the time said might have been driven by the tax-cut news ended after a few days when aluminum giant and Dow Jones Industrial Average component Alcoa Inc. reported bearish fourth-quarter results. Also, a terrorist bombing in Saudi Arabia in mid-May rattled the U.S., along with concerns about the weak dollar. Meanwhile, some Europe firms were reporting strong earnings.

While more companies paid out dividends in 2003, they didn't increase their average total payouts to shareholders as much as they have in the past. The authors found that 66% of S&P 1500 firms increased their total payouts to shareholders that year—through some combination of dividend payouts and share-repurchase programs—compared with the average of 89% that did so in the period of 1993 to 2002.

''The dividend tax cut did prompt a substitution from repurchases to dividends, but the effect on total payouts was much more muted,'' the authors conclude.

Other market observers see it differently. The dividend tax-cut has ''definitely'' helped to stimulate the stock market, and has contributed to the slow but steady increase of dividend payouts this year, says Howard Silverblatt, equity market analyst at Standard & Poor's.

According to Mr. Silverblatt's research, the tax cuts on both dividends and long-term capital gains will result in individual investors saving a total of $114 billion from 2003 to 2008. ''We believe a lot of that will filter back into the stock market,'' he says, pointing out that investors often reinvest their windfalls in other stocks.

Also, a Thomson Financial model shows that dividend tax cuts should theoretically result in higher stock-market returns each year, while, not surprisingly, higher tax rates should lower returns. However, Michael Thompson, director of research at Thomson Financial, cautions that attributing stock-market gains to one isolated factor risks being ''intellectually dishonest.''

Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. LEVIN).

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, this vote is going to be scored by the American people, and it is going to speak volumes about whether people just talk or whether they act. We know what is happening at the gas pump. The average price is $2.92. A gallon of gas today is 71 cents more than a year ago.

There were two announcements today on profits: Conoco, quarterly up 13 percent; Valero Energy Corporation, the Nation's biggest independent oil refiner, said Tuesday its first quarter profit jumped 60 percent as revenues surged from higher product margins and greater refining volume.

Exxon, as we know, decided to give a $60 million compensation package and a $98 million pension payout to its former CEO, but can't do anything about these sky-high prices.

Well, what is before us? Yesterday the President said, ''Record oil prices and large cash flows also mean that Congress has got to understand that these energy companies don't need unnecessary tax breaks.'' That is exactly what these provisions are.

Don't obscure and talk about windfall profit taxes. We will talk about that some other day. These are three provisions that passed the Senate that clearly are a tax break, a loophole, and closing it would generate $5 billion.

Mr. McDERMOTT has quoted the headline from The Washington Post. ''GOP,'' that means the House GOP, ''blocks measures boosting taxes on oil company profits. Provisions passed by the Senate would raise about $5 billion.'' So there is a clear choice today.

I did look at the report on contributions to candidates by the oil and gas industry in this cycle. The top 20 are all Republicans. People are going to have to decide what interests they are going to support.

Mr. MCCRERY, you said "tie the hands." There are 100 provisions. This is three plus one. Tie the hands? No. What we are trying to do is to speak up for the people of this country.

I close with this: you always talk about one aspect in terms of capital gains and dividends. What you don't say is that every analysis we have seen indicates that this extension that you are insisting on, about 40 to 50 percent, and some say a little more than 50 percent, would go to people making over $1 million a year.

So tomorrow when people vote, they are going to have a clear choice. It is going to be the vast majority of the American people who go to the gas pump and know how much they are paying and are hurting; or people for whom that increase to three bucks a gallon and more doesn't really matter.

So, as I said at the beginning, I don't know which interest group is going to score this. I know how the American people are going to score this.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HERGER), a distinguished member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I want to refer for a moment to how the seniors of our country feel about this. I stand firmly against today's motion to instruct.

I recently received an e-mail from a senior citizen in Chico, California, in my northern California district, underscoring the importance of tax relief for capital gains and dividend income. I quote: "Please do what you can to see that the 15 percent tax rate on dividends is extended, and, when the time is right, to see that it is made permanent. I am one of the retired who are not rich and not poor, but over time have saved enough and invested enough so that I am comfortable. I depend on the money from investments to put me in the 'comfortable' area. The President urges people to save for their retirements. It is only fair that the fruits of those efforts are given their due."

These comments highlight a part of the debate frequently ignored. A majority of seniors benefit from reduced capital gains taxes and dividend tax rates.

They also track with the study by the nonpartisan Tax Foundation which states, "As stock ownership becomes more universal in America, stock owners are becoming increasingly middle-class." It continues. "A sizable percentage of taxpayers who claim dividends or capital gains are over age 55, and the majority of taxpayers over age 55 claim some form of capital gains or dividend income."

Again, Mr. Speaker, I urge my colleagues to reject the motion to instruct conferees and in so doing support the extension of capital gains and dividend rates.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, while the gentleman from California was talking, Exxon's profits went up $160,000. They are making profit this quarter at $80,000 a minute, and the Republicans don't want to do anything.

Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut (Mr. LARSON).

Mr. LARSON of Connecticut. Mr. Speaker, I thank the gentleman from Washington, and I join with the distinguished gentlemen from Washington and Michigan, and I associate myself with their remarks.

I thank Representative MCDERMOTT for bringing forward a practical, pragmatic and effective solution that joins with the Senate in recognizing what we can do immediately to rectify this situation.

I say to my colleague from California who receives letters from the elderly, I would like to give him the scores of my e-mails and letters from the elderly who make daily choices between heating and cooling their homes; providing themselves with transportation money that they need to get back and forth to their doctors for their appointments, where they then, because of this administration and Republican control of Congress, have to become refugees of their own health care system and travel to Canada in order to get prescription drugs. If ever there was a need for relief and a focus on a matter that needs urgent attention, it is here in this pragmatic proposal that has been put forward.

You have to be aghast when you look at the policy. At least the President has come forward and recognized apparently what our colleagues on the other side of the aisle have not, that there is a need to roll back these excessive tax cuts. He stated so yesterday. We applaud him for that.

But we are confounded by an administration policy that Thomas Friedman best described in terms of its international perspective as "leave no mullah behind." We find ourselves in the confounding situation where we see profits going abroad to the very nations, including Saudi Arabia, Iran and the Sudan, who in turn fund the madrassas and fund the very people that are working against our men and women in the field and serving this country so valiantly.

Here at home the domestic policy becomes "leave no oil executive behind." In the reports that come out daily, CEOs are granted $400 million, while we cut LIHEAP provisions to the very needy in the Northeast and across this great Nation of ours, people who are struggling to make ends meet. "Leave no oil executive behind" becomes the hue and cry we hear from the other side of the aisle.

In my district, and as I am sure everyone did going home this past week, in talking to a number of people, most notably rock-rib Republicans like John Mitchell, the former mayor of South Windsor, who happens to be the past president of the Independent Connecticut Petroleum Dealers.

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He said to me, JOHN, you know I care deeply about the people that are being impacted daily by these costs. And he says, I got to tell you, I have been in business for more than 30 years, and I have never witnessed anything like this before.

He said, I have been a Republican all my life. He says, but I will be damned if I am going to stand by and watch what is happening to this country and watch what is happening at the gas pumps and what is happening to home heating oil.

He said, there is no reason. There are no corollary between supply and demand that is going on here. He says, what this amounts to is nothing more than fear and arbitrarily raising prices based on greed.

I was further joined by Gene Gilford, the executive director, who also had the same thing to say with respect to what is going on here.

Mr. MCDERMOTT has proposed very logical amendments, amendments that the Senate has already embraced that make sense, that only go a small way in terms of the help that we need. Other measures that the Democrats have put forward wait for brave Republicans to come forward and sign discharge petitions so that we can even have an open and honest debate about the escalating prices at the gas pump, and what is happening to our senior citizens and all of our citizens across this country as they deal with the high cost of heating and cooling their homes this past winter and as we approach yet another summer season.

So I ask my colleagues on the other side to join us in supporting this measure. Embrace your President, and provided an opportunity to join the very practical and pragmatic provisions that Mr. MCDERMOTT has put forward, and then join in signing with Mr. STUPAK and others in the vote for the Free Act and the Pump Act that Democrats have been proposing.

Mr. MCCRERY. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Speaker, I get a big kick out of my colleagues on the other side of the aisle, for whom I have great respect.

You know, I remember when Jimmy Carter was President of the United States, we had those gas lines that went all of the way around the block, and people carrying gas cans to get 3 gallons.

They said, we are going to become energy independent. We are not going to rely on the Saudis, or we are not going to rely on the Middle East or anybody else. That is what the Democrats in charge said they were going to do. That was back in the 1970s. In the 1970s.

And we drill for oil in California. And we drill for oil in Texas. And we drill for oil in Oklahoma. And we drill for oil in Kansas. All of those are very densely populated areas of the United States. We are all concerned about the environment and everything.

And yet I have been up to the ANWR in Alaska. There is nothing up there. Alaska is three and a half times the size of Texas, and we can get between 1 and 2 million barrels of oil a day, which would reduce the problem of supply and demand, and yet almost all of my Democratic colleagues who are down here hollering to high heaven tonight about the energy prices, they voted against it.

They sold out to the environmental people saying, oh, my gosh we cannot drill in the ANWR, which is 5,000 miles from nowhere. We cannot drill in the ANWR because we want to protect some animal that is not up there.

Then they came down here and have the unmitigated gall to tell the American people the reason the price of gasoline is so high is because of the Republicans, when they have, since the 1970s, not done a darn thing to deal with the energy problem, even when they were in the majority for 40 years.

It really bothers me. It bothers me a great deal. We have got a 500-year supply of natural gas in the ground in this country, in the continental States of the United States, and yet we have not drilled. Do you know why? Because the environmental nut cases have your party in their iron grip. You will not drill for it. You can do it in an environmentally safe way.

We can put natural gas in almost every car in America that is being produced today. It would be environmentally safe, would not hurt the environment in one way, would not hurt the atmosphere in one little bit, and yet you will not allow us to drill for it. Why not? Because you sold out to the environmentalists. And then you come down here and say, oh, my gosh, we are responsible for the high gas prices. The fact of the matter is before you start criticizing the Republicans, you ought to look in our own house. You ought to get with the program.

If we are going to be energy independent, what we are going to have to do is start drilling in the United States so we can do it in an environmentally safe way.

We ought to drill in the ANWR. We passed an energy bill in this House that would produce at least 1 million barrels of oil a day, and it went to the Senate, and your Democrat colleagues, the environmental nut cases took it out of the bill. And Senator STEVENS from Alaska was beside himself. He is the Senator from up there. And yet you guys who are complaining about high gas prices today killed it. You killed it.

And so if I were talking to the American people tonight, I would say, if you want lower gasoline prices, if you want lower natural gas prices, if you want to see the United States move towards energy independence, then elect people who will drill for those products here in the United States where we have quite a bit of them, a pretty good supply.

And yet they will come down here tonight and blame everybody because they want your vote in November. But they got to earn it. They have got to do what is necessary to make us energy independent and quit just talking about it.

Mr. McDERMOTT. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I will enter into the RECORD at this point an article from the Wall Street Journal dated January 31 that talks about Exxon's excess profits, and also the one from The New York Times from April 13 about the Exxon chairman's retirement package of $398 million.

[From the Wall Street Journal, Jan. 31, 2006]

EXXON POSTS ANOTHER RECORD PROFIT

(By Jeffrey Ball)

Exxon Mobil Corp., the world's biggest publicly traded oil company by market value, racked up another record profit, saying its fourth-quarter earnings surpassed $10 billion, a result likely to intensify political heat on the energy industry.

Amid high oil, gasoline and natural-gas prices, Exxon said its net income surged to $10.71 billion, up 27% from $8.42 billion a year earlier and 8% above Exxon's third-quarter result of $9.92 billion, which itself was a company record. Exxon said fourth-quarter revenue was $99.66 billion, up 20% from $83.37 billion a year earlier.

The Exxon result amounted to a profit of about $80,842 per minute during the quarter. It was one of the biggest quarterly profits of any company in history. Though a handful of other companies have posted higher quarterly profits, those were largely accounting adjustments, while Exxon's result came mainly from operations.

Net income per share was $1.71, compared with $1.30 a share a year earlier. Exxon's results included a special gain of $390 million related to a lawsuit. The result surpassed the predictions of a Wall Street that expects boom times in the oil patch. At 4 p.m. in New York Stock Exchange composite trading, Exxon's shares rose $1.82, or 3%, to $63.11.

The biggest driver of Exxon's surging profit was high energy prices amid the world's increasing thirst for oil and natural gas. The company's ''upstream'' earnings—income from producing and selling crude oil and natural gas—rose 44% from a year earlier. Exxon's ''downstream'' earnings—what the company makes from refining crude oil into finished products like gasoline and heating oil and selling them—rose 2% from a year earlier. Higher prices for those products were partly offset by lower production volumes following the hurricanes that temporarily shut down a big chunk of the U.S. refining infrastructure.

Exxon, of Irving, Texas, was the latest major U.S. energy company to report roaring fourth-quarter results because of high energy prices. Exxon's profit soared even though the company produced less fossil fuel. Total oil-equivalent production in the fourth quarter fell 1% from a year earlier; the company said. Oil production rose 2.5% as increased output from West Africa, Azerbaijan and the North Sea offset declines from mature fields, continuing below-normal production in the Gulf of Mexico as a result of the hurricanes and other factors. Natural-gas production fell 5.8%.

Exxon's record take is likely to ratchet up calls in Washington for a crackdown on energy-industry profits. President Bush today is to deliver his State of the Union address to a nation pinched by high energy costs. Sunday, the average U.S. price of regular unleaded gasoline averaged $2.34 a gallon. While that price was down from the peak after last year's hurricanes, it was up about 24% from a year earlier and up 6.6% from a month ago, according to AAA, the motoring club.

The Senate has passed two provisions that would effectively raise the tax bills of major oil companies. One would reduce their ability to trim tax bills through an inventory-accounting method known as ''last-in, first-out,'' which ties the cost of goods sold to the cost of the most-recent purchases. The other would bar them from claiming credits against U.S. tax bills for the taxes they pay in some oil-rich countries. Oil-company officials say they consider the two a threat. Some analysts doubt the measures will pass the House.

Exxon has been trying to pre-empt a backlash. Exxon said it is boosting spending on finding and producing stores of oil and natural gas. Capital and exploration spending in the quarter was $5.3 billion, up 26% from a year earlier, a sizable rise by industry standards.

[From the New York Times, Apr. 13, 2006]

EXXON CHAIRMAN GOT RETIREMENT PACKAGE WORTH AT LEAST $398 MILLION

(By Jad Mouawad)

Last year's high oil prices not only helped Exxon Mobil report $36 billion in profit—the most ever for any corporation—they also allowed Lee R. Raymond to retire in style as chairman of Exxon Mobil.

Mr. Raymond received a compensation package worth about $140 million last year, including cash, stock, options and a pension plan. He is also still entitled to stock, options and long-term compensation worth at least another $258 million, according to a proxy statement filed by Exxon with the Securities and Exchange Commission yesterday.

The total sum for Mr. Raymond's golden years comes to at least $398 million, among the richest compensation packages ever. The record was the payout of $550 million to Michael D. Eisner, the former head of Walt Disney, in 1997.

Exxon's board also agreed to pick up Mr. Raymond's country club fees, allow him to use the company aircraft and pay him another $1 million to stay on as a consultant for another year. Mr. Raymond agreed to reimburse Exxon partly when he uses the company jet for personal travel. ''It begs the old question again, When is enough, enough?'' said Brian Foley, an executive compensation consultant in White Plains. ''This looks like a spigot that you can't turn off.''

Mr. Raymond, 67, spent 43 years at Exxon, including 12 as chairman. He orchestrated the merger between Exxon and Mobil in 1999, making it the largest oil company in the world as well as the most profitable. He was widely recognized for his financial acumen and focus on cost-cutting, whether in good times or bad. Some of the company's recent success, of course, can also be attributed to the doubling of oil prices over the last two years, higher refining margins and record high demand.

While Exxon showed record earnings, the total return to shareholders over the last five years averaged just under 8 percent a year, about the same as the industry average.

"The numbers reflect the long-term nature of Mr. Raymond's leadership at the corporation, and a long and distinguished career," Mark Boudreaux, a spokesman for Exxon, said. "The compensation committee considered his performance and the fact he guided the company to industry-leading earnings for multiple years."

Exxon's proxy filing also showed that Rex W. Tillerson, the current chairman and chief executive, received $13.4 million in 2005, about a third more than what he got the previous year. That includes $1.67 million in salary; a $1.25 million bonus, restricted shares worth $8.75 million, and an incentive payout of $1.73 million. He also realized $2.3 million by exercising stock options he held.

Mr. Raymond owns 3.26 million restricted shares worth a total of $183 million as of December 31.

Those shares produced a separate windfall of $3.1 million in cash dividends. Mr. Raymond also owns 4.15 million options that hold a potential value of $69.6 million.

Upon retiring at the end of last year, Mr. Raymond opted to collect his pension benefits as a one-time lump sum instead of receiving annuities. That amounted to $98.4 million.

The company also paid $210,800 for Mr. Raymond's country club fees, financial planning and tax assistance services. It also provided two years of protection for Mr. Raymond and his wife, including paying for a security system for his principal residence, security personnel, a car and a driver.

Madam Speaker, I yield 2 minutes to the gentleman from New York (Mr. BISHOP).

Mr. BISHOP of New York. Madam Speaker, I rise in support of the motion to instruct conferees. I wish to thank my colleague from Washington for yielding, and, more importantly, for his leadership on this important issue.

Madam Speaker, President Bush reminded the American people last week that he is a decider. His decisions affecting our economy, gas prices in particular, decidedly favor the wealthiest of his base. Thanks to terribly misguided economic priorities, oil and gas CEOs get two tax breaks for the price of one.

Subsidies worth $16.5 billion in the energy bill make it possible for oil and gas companies to lavish obscene compensation on their CEOs, who then, in turn, get to claim another break on capital gains and dividends.

This belies both the need for permanent rate cuts and the industry's argument that market forces instead of price fixing are responsible for gas approaching $4 a gallon. Do not take my word for it. IRS data show that for the 90 percent of all taxpayers who made less than $100,000, dividend cuts benefited only 1 in 7, and capital gains reductions helped just 1 in 20. While congressional leaders seem prepared to allow a stealth middle-class tax increase, which will negatively impact 19 million families, they are insisting on extending the dividends and capital gains cuts which will shower benefits on only 234,000 families in the main.

We can thank our President and congressional majority for these terrible choices and for the disastrous results.

Therefore, Madam Speaker, I urge my colleagues to support the McDermott motion to restore sanity to our economic and energy policies, and so that they reflect the real values, needs and priorities of middle-class families and consumers.

Mr. McCRERY. Madam Speaker, I continue to reserve the balance of my time.

Mr. McDERMOTT. Madam Speaker, I yield 2 minutes to the gentlemen from New York (Mr. HIGGINS).

Mr. HIGGINS. Madam Speaker, I thank the gentleman from Washington for yielding me time, and support his motion to instruct.

Madam Speaker, the American people and the people from western New York are at the center of the energy policy disaster. The House majority told the American people that upon passage of the energy bill, that it would reduce our dependence on foreign oil, and it has not. They told us that it would reduce gas prices at the pump, and it certainly has not. They told us this bill, with its incentives to Big Oil, would promote the development of alternative energy sources, and it has not.

The President told the American people in January that they were addicted to oil and signed a bill 5 months previous to that that provided huge subsidies, some $15 billion in tax giveaways, to the very companies who are feeding that addiction.

Madam Speaker, I urge support of this motion to put real muscle in this Nation's energy policy to promote real alternatives to foreign oil that promotes alternative energy sources and provides real relief to real Americans who every day are paying way too much for gasoline at the pump.

Mr. McCRERY. Madam Speaker, I continue to reserve the balance of my time.

Mr. McDERMOTT. Madam Speaker, I yield 4 minutes to the gentlewoman from South Dakota (Ms. HERSETH).

Ms. HERSETH. Madam Speaker, I thank the gentleman for yielding me time.

Before I address some of the specific provisions of the motion to instruct, which I urge my colleagues to support, I do need to take a moment to respond to Mr. BURTON, the gentleman from Indiana, who spoke moments ago.

In my opinion, we need to elect people who will make a true commitment to developing renewable energy in this country. His statements toward all of us on this side of aisle, respectfully, were overinclusive. I am someone who has supported a balanced and diversified energy policy and an approach to meeting the needs of this country that includes domestic oil and gas exploration.

But even using the best estimates of our percentage of the world's reserves of our domestic oil supply, we simply cannot drill our way out of this problem. And step number one should be a true commitment to renewable energy, not step number one being where we can drill next.

In recent days we have heard a lot of rhetoric from our colleagues on the other side of the aisle regarding the need to provide relief for those facing severe hardships due to today's sky-high energy prices. Now, I agree with the need to act. We should have acted last fall when we confronted the same problem. This is probably the most pressing concern on the minds of my constituents in South Dakota right now, who, as rural citizens, drive further to work, drive further to get their kids to school, drive further to get to the doctor. We had farmers who had the most expensive harvest last fall because of fuel prices, who are now facing the prospect of the most expensive spring planting season for the same reason. So I am sincerely hoping that my colleagues ultimate actions on the other side of the aisle will reflect and match their words.

We have learned that House Republican conferees have been objecting to Senate-passed provisions in the tax reconciliation package that would strip unnecessary oil company tax breaks from the bill. This includes some changes to arcane inventory laws and other reasonable changes that Big Oil simply does not need in this time of record profits and record prices, as my colleagues have noted.

So adopting these Senate provisions would raise nearly $5 billion in Federal revenue over 5 years. That is very good in this tight budgetary environment, and it is an important reason to do it, but it is not the primary reason to do it.

The primary reason to do it is that Big Oil is making record profits, profits made on the backs of taxpayers who are truly struggling to fill their tanks. And those same taxpayers should not be subsidizing them with unnecessary tax breaks that the oil companies clearly do not need.

Madam Speaker, I oppose this whole reckless tax package, because at a time of record deficits in this country, we simply cannot afford to pass a budget bill that actually makes the deficit worse.

This motion to instruct by my colleague from Washington is an opportunity to inject a small amount of sanity and fiscal discipline into what has otherwise been a broken and misguided process. The Senate saw the wisdom of including these provisions and the folly of continuing to grant more than $5 billion in tax breaks to huge oil companies at a time of record profits and record prices. Even President Bush said yesterday that at least $2 billion of the subsidies to Big Oil through special tax breaks lavished by the Republican Congress on the oil companies is unnecessary.

I only hope that the conferees from this Chamber also see the correctness of the President's statement and the Senate approach to these provisions, agree to this motion, and to recede to the Senate provisions in the bill. It will benefit all Americans as both energy consumers and taxpayers.

Madam Speaker, I urge my colleagues to support the motion.

□ 1845

Mr. McCRERY. Madam Speaker, the gentlewoman from South Dakota said step one should be something, and I would submit to the gentlewoman that the energy bill we passed was a much better approach than step one. It was step one, two, three, four and five. We don't need to do just one thing. We need to do a number of things to increase supply in this country, to reduce demand, and to wean ourselves from dependence on foreign oil. The energy bill that we passed just recently does that. It will take some time.

But we addressed in that bill her step one, our step one, as she characterized it, and several other steps. In our bill we did include some provisions that would encourage more exploration and production in this country of oil and gas, but we also included provisions that would increase our refining capacity for gasoline that is part of the supply problem.

Her party has chosen for their own reasons, over the last number of years, to consistently block measures, other measures designed to increase production in this country. The gentleman from Indiana earlier spoke of some of those. Our bill encouraged increased production, not as robustly as we would have liked to. We would have liked to have included exploration of ANWR, for example. We would have liked to have included greater exploration and production of offshore capacity in this country that we know we have. But we did address that step one, our step one, as she characterized it.

But we also included provisions encouraging conservation of fuels. That is an important element of getting this supply-and-demand situation under control. We did also include about $3 billion in that bill for renewable fuels. So we took a multifaceted approach in our energy bill that we did pass and got signed by the President, to address this very vexing problem of supply and demand of the primary energy source for this country.

Whether we like it or not, oil and gas is going to be the primary energy source for this country for a long time. Yes, we should pursue renewable fuels. Yes, we should pursue research into fuels that we can use other than oil and gas, but that is going to take time. We all know that. So in the meantime, we ought to be doing those things, but also encouraging an increase in the supply here in this country of oil and gas. We have tried to do that.

This bill, as I stated earlier, would exacerbate the problem of supply. It would exacerbate the pressure on prices at the pump. A $4.3 billion tax increase on oil is not going to lower the price at the pump. If anything, it is going to increase prices at the pump when you raise taxes on the supply. That is what this motion to instruct would have us do, $4.3 billion retroactive tax increase.

This accounting provision that is the subject of this provision of the opposing party is used by every corporation that has inventory, not just the oil and gas industry; every corporation that has inventory in any industry uses this accounting system. Last in, first out, LIFO accounting system.

This provision proposed today on the floor by the Democrats would say the oil and gas industry would be the exception. They would be the only industry that could not use this standard accounting system.

Is that fair? I don't think so. If you think that is a commonsense way to do the accounting of inventory, let us apply it to all industries in this country. We don't hear the Democrats proposing that. Why? Because they know it would not make much sense from an accounting standpoint.

If you apply this provision to the oil and gas industry, it amounts to a retroactive huge tax increase on that industry at the very time that we need to be lowering their costs, not raising their costs. The other provision that we haven't talked about too much this evening applies to foreign tax credit rules. They are calling it a loophole.

Well, what this so-called loophole does for the oil and gas industry, that also applies to other industries across America, reduces the level of double taxation of profits of our American companies gained overseas with their overseas operations.

Is it right for an American company who is doing business, say, in Europe, to pay the tax in Germany and then have to turn around and pay tax on the very same income here in the United States? Surely, surely we don't think that is fair. Surely, we don't think that puts our domestic corporations in an equitable position vis-a-vis their world competitors.

Surely, we must realize that if we double-tax American companies' income derived from overseas operations, we are putting them at a disadvantage in the world market. We are guaranteeing they are going to lose market share to foreign companies. Should that be the policy of this Congress? I certainly hope not, but that is what this one provision and the gentleman's motion to instruct would accomplish.

Now, getting back to dividends and capital gains, the IRS preliminary data from 2004, which is the first year we have since the passage of a lower dividend rate, shows us that dividends paid by corporations in 2004 over 2003 increased by 30 percent. That should be proof positive that the change in the law we made produced the desired result.

Corporations started paying more out in dividends. That has salutary effects not only for the senior citizens that Mr. HERGER talked about earlier who depend on dividend income in their retirement, it also has a salutary effect on corporate management, corporate accountability. These are very sound tax policy provisions that this Congress wisely enacted a couple of years ago, and we certainly should extend them 2 more years to give certainty to those corporate planners who are trying to plan their corporation's ability to raise money and to distribute or allocate their profits to their shareholders.

Madam Speaker, I would submit that this motion to instruct should be defeated for a number of reasons, and would hope that the House would soundly reject this tomorrow when we have a chance to vote on it.

Madam Speaker, I yield back the balance of my time.

Mr. McDERMOTT. Madam Speaker, it is always interesting to listen to my good friend from Louisiana defend the Republican Party. It is the party of 1 percent that he is over there defending. As I listen to him, I was reminded of a remark that President Reagan was often fond of saying. He would say, well, there you go again. If he were here today, he would say exactly that, and he would be absolutely right.

The Republicans are running a do-nothing Congress. It is not even a do-nothing, it is they cannot do anything. They come out here and admit that with gas prices where they are, they can't do a thing about it. Can't do a thing about it. It is hopeless.

So the American people are stuck with the Republicans, and the people should remember that as the election comes, because the Republicans stood out here today and said they cannot do anything.

We went after the oil companies to get some of that money to do things with that this society needs, but the Republicans are only interested in the 1 percent. The other 99 percent are on their own luck. There has been a lot of energy here tonight telling us how big oil companies should continue to fleece the people at the pumps. But that is what big oil companies have a right to do, and we all should pay more. They want to be sure that we continue to have the American millionaires have 2 more years of a comfortable tax holiday.

Now, people can talk about numbers out here, but I want to talk about a couple of people, one of whom is the Exxon chairman who just retired. They gave him $398 million. This is a guy making $1.6 million every year, okay? I mean, that is just for starters.

Now, as he retired, they said we know you are going to play golf when you are retired; we will pick up your golf fees. They will pay his golf fees forever at $210,000 a year. I mean, they are going to let him use the corporate airplane for the rest of his life, and they are going to keep him on for a year at $1 million as a consultant.

Then there is Joe Public. He is at the pump tonight, or he is watching us talk about this, having just come from the pump, or Sally Public, either one of them has been to the pump today, and they have watched that thing go around at $3 a gallon and realized the average income in this country is $40,000. Forty thousand dollars.

Now, the Exxon president, or the executive that I just talked about, is going to get a $32,000 tax break from this bill that my friend says is going to somehow cripple the economy.

What is fair about that? The average person has to buy gasoline to get to work, take their kids to school, heat the house. If you live where I do, you do not need so much heat as you do in other parts of the country, and down where the gentleman from Louisiana lives, you do not need much heat. But other places they have to use a lot of heat in the wintertime. They are still paying 4 bucks a gallon for it, or are going to be paying 4 bucks a gallon.

The average person, you talk about these capital gains; oh, well, everybody gets capital gains, yes. The Exxon chief will take $32,000 in tax breaks away on average, and the average $40,000 person in this country is going to get 7 bucks. That is the average. That is 2 gallons of gas.

Now, is that fair? Is that what you think America is all about? Is that what the Republicans say? Well, you know, the gas prices are going up. I guess it is supply and demand. I don't know. I don't know how come the oil companies are making all this extra money. We shouldn't be able to cut down how much money they make. They should just be able to make more money. They are taking it out of the hides of the working people in this country.

Now, we don't want people on welfare, no, sir. We don't want people on welfare. You can't buy a house in many places or find a place to live in many cities because the prices are so high.

When I was in New Orleans just about 4 or 5 weeks ago, I asked the president of Tulane Medical School, if I could do one thing for you, what would it be? He said, do you know what it would be? Bring some housing downtown, because all my nurses have to live 70, 80 miles away and drive into work every day, and all the workers in the hospitality industry have to live out of town. They are all paying 4 bucks a gallon for gasoline, driving all the way from Baton Rouge all the way down.

That is not just in Louisiana. It is all over this country. You are sitting here telling us that we cannot do anything, that Big Oil has to be protected. Well, they will just go down in a pile.

Then the real interesting part is to come out here and blame the environmentalists. Here we have got global warming, absolutely clear, and everybody is tackling the environmentalists saying, oh, they are the ones who are creating the problem. We have got to get off oil.

The President, I got to say, occasionally the President is right. I don't say that very often on the floor, but I will say the President was right when he said we are addicted to oil. Boy, this Congress is addicted to oil. When we cannot close three loopholes and take back $5 billion that we could use for home heating oil or student loans or Medicare or Medicaid or all the things that this society needs, we can't take that and use it for the public good, there is something very wrong in this society.

□ 1900

And if the people are going to have a choice in November, they are going to say, well, Republicans stood by and watched the deficit go up out of sight, and they watched the oil prices go up out of sight, and they said, well, we don't know what to do. Nothing we can do about that. We have to keep passing tax breaks to the 1 percent in this society who are doing very well.

The President gets out there and tries to tell everybody that things are going well in this country economically, but the people don't believe it. You know why? Because it isn't going well for most people. They are stuck with $3- and $4-a-gallon gas. They have no way to avoid that. It is hard to ride your bike 70 miles into town to get to work. Now, you can do it, but it really takes a lot of effort. Most people aren't able to change from a car with a gasoline engine to a bicycle, so they are stuck. They can't walk to work. They are stuck in this society. In our city they are talking about raising the rates on the mass transit because of the cost of gasoline. So even those riding the bus are going to get socked by this.

When we come out here and offer a modest motion to something that the Republican Senate went along with, you know how bad it is. And that is the irony of ironies, to have me up here arguing for three amendments that have been approved by the Republican Senate. If I will go along with that, I will take anything to make it better for the American people. But not the Republicans in the House. Oh, no, no, no, must not touch the oil companies. Huh-uh. We can't take a single dime away from them or the whole thing will come unraveled.

And they want to be sure that America's millionaires are comfortable for at least two more years of tax holidays.

Meanwhile, the rest of us get to pay for their fiscal recklessness.

They can't do anything about gasoline prices, and won't fight to make oil companies pay their fair share in taxes—fair share—like the rest of us do.

They can't do anything about the rise in poverty in America, where one in five children—1 in 5—lives in poverty today.

They can't do anything about helping Middle Class kids have access to student loans to pay for college.

They can't do anything about a prescription drug benefit that benefits the drug companies and confounds senior citizens.

They can't do anything about controlling special interests, because they are the Party of special interests. Republicans are the Party of One Percent.

If you're a fat cat, Republicans are inviting you to dinner, and they are serving the American Middle Class.

We have an opportunity to do something that benefits the American people, all of them. The oil companies ought to pay their taxes like everyone else. And millionaires will just have to manage with only two more years on tax holiday.

We have an opportunity to take a stand for the 99 percent of the American people who have been left out of a Republican nation.

The American people should be first in line, not first to pay.

It's time we do something about it.

Pass this Motion to Instruct. Make this the day we tell the oil companies to supply the demand, and stop demanding more tax subsidies to enrich only themselves.

I urge my colleagues to vote for this and do something for the American middle class.

The SPEAKER pro tempore (Mrs. DRAKE). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Washington (Mr. MCDERMOTT).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MCDERMOTT. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

BLOCKING PROPERTY OF ADDITIONAL PERSONS IN CONNECTION WITH NATIONAL EMERGENCY WITH RESPECT TO SYRIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 109–100)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

Pursuant to the International Emergency Economic Powers Act, as amended (50 U.S.C. 1701 et seq.) (IEEPA), I hereby report that I have issued an Executive Order blocking property of persons in connection with the terrorist act in Beirut, Lebanon, on February 14, 2005, that resulted in the assassination of former Lebanese Prime Minister Rafiq Hariri and the deaths of 22 others, and other bombings or assassination attempts in Lebanon since October 1, 2004, that are related to Hariri's assassination or that implicate the Government of Syria or its officers or agents. I issued this order to take additional steps with respect to the national emergency declared in Executive