

by Public Law 99-151, appoints the following Senators as members of the United States Senate Caucus on International Narcotics Control: Senator CHUCK GRASSLEY of Iowa, Co-Chairman, Senator JOHN CORNYN of Texas, and Senator JAMES E. RISCH of Idaho.

ORDERS FOR TUESDAY, MAY 17,
2011

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until tomorrow morning at 10 a.m., Tuesday, May 17; that following the prayer and the pledge, the Journal of proceedings be approved to date, the morning hour be deemed expired, and the time for the two leaders be reserved for their use later in the day; that following any leader remarks, the Senate proceed to executive session under the previous order; and that the Senate recess following the rollcall vote on confirmation of the Carney nomination until 2:15 p.m. to allow for the weekly caucus meetings; finally, that at 2:15 p.m., the Senate begin consideration of the motion to proceed to Calendar No. 42, S. 940, under the previous order.

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

PROGRAM

Mr. REID. Mr. President, there will be a rollcall vote around noon tomorrow on the confirmation of the nomination of Susan Carney, of Connecticut, to be U.S. circuit judge.

Additionally, there will be a rollcall vote on the motion to invoke cloture on the motion to proceed to S. 940, the Close Big Oil Tax Loopholes Act. That vote will occur at approximately 6:15 tomorrow night.

ORDER FOR ADJOURNMENT

Mr. REID. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that it adjourn under the previous order following the remarks of Senator MERKLEY.

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

The Senator from Oregon.

BIG OIL SUBSIDIES

Mr. MERKLEY. Mr. President, I rise to speak to S. 940. Tomorrow evening, we are going to have a vote on whether to proceed to debate this bill, which closes oil and gas tax loopholes, thereby raising a significant amount of additional revenue for important projects in the United States of America.

I rise in favor of this motion tomorrow because if we have a successful vote tomorrow evening, we will finally get to debate this issue of whether we

should continue to have massive tax giveaways to the most profitable companies in America.

Gas is at \$4 a gallon. Every American is going to the pump, and they are finding that, once again, the total toll as they fill up their 15-gallon tank in their car is well over \$50 and can hit \$60. That is a huge chunk out of my family budget, once or twice a week. It diminishes what is available to be spent for other core expenses to the families. Indeed, that \$4 a gallon at the gas pump is raiding Americans' pocketbooks.

Americans do not also need to be subsidizing the same highly profitable oil companies through their paychecks, through tax loopholes. Make no question, the companies are highly profitable. Oil is now \$100 a barrel. So the companies are able to sell oil that costs no more to produce today than it did 1 month ago, no more to produce today than it did 3 months ago, when oil was much lower, no more expensive to produce today than 1 year ago, when it was \$3 a gallon.

So oil companies are experiencing enormous profits. The final quarterly filings by ConocoPhillips, \$3 billion in profits—this is just quarterly, over 3 months—BP, \$7.1 billion in profits; Exxon, \$10.7 billion in profits.

That \$10.7 billion equates to \$5 million an hour every hour, day and night, throughout the week, throughout the weekend, through the entire quarter—\$5 million per hour.

I think, if you have an ounce of common sense, then you will recognize if you are making \$5 million per hour, you do not need taxpayer subsidies to stay afloat.

These subsidies come in many forms. The first is the domestic manufacturing deduction for oil and gas. This allows you to deduct a specified percentage—6 percent—of your qualified domestic production income. So it is not just that you get to deduct expenses, you also get to deduct income as if it was a business expense.

Wouldn't all of us, when we are filing our taxes, like to deduct our income as an expense and, thereby, drastically cut our tax bill? Well, it is a sweet deal for big oil.

Then they have the ability to expense intangible drilling costs. The basic notion is that when you have equipment that is necessary for the success of a company, then you depreciate that equipment over the life of the equipment. If it is equipment that lasts 5 years, you expense it over 5 years. These are things, for the oil industry, such as derricks and tanks and pipelines and other physical structures. But this allows the companies to take that deduction of the entire expense immediately, not expense it over the life of the capital equipment like everyone else. So it is another sweet deal.

The third is a special deduction called the tertiary injection cost deduction. It comes in the form of a tax credit. A tax credit is much more valu-

able than a tax deduction because it is a dollar-for-dollar deduction in the taxes you owe. This is for employing enhanced oil recovery methods—methods that are to the benefit of an oil company because they get a lot more oil out of an oilfield if they employ wise stewardship of that field. So they have an incentive to do this anyway, but we are giving this huge bonus credit. That is a sweet deal. That is sweet deal No. 3.

Then you have the dual capacity taxpayer credit. This one you almost cannot believe is real because dollar-for-dollar, we, the taxpayers in America, reimburse the oil companies for the taxes they pay overseas. Well, quite frankly, it is America subsidizing the foreign taxes. So oil companies just pass through. It certainly is an incentive for the foreign governments to tax the oil companies extremely heavily because they get it all back from America. It is also proven incentive for companies to call royalties a foreign income tax so they get reimbursed for their royalties as well.

As proposed, changing this will reduce the deficit by \$429 million in fiscal year 2012 and \$6.5 billion in fiscal year 2021. That is the fourth sweet deal.

The fifth is the percentage depletion deduction. Firms that extract oil or gas are permitted to deduct 15 percent of the sales to recover their capital investment in oil and gas reserves. They get to, again, deduct their sales, essentially in a situation as if they are an expense. That is sweet deal No. 5. In that case, often the value of that deduction exceeds the value of the original capital investment by the company. They get more than compensated.

Then, No. 6: royalty relief for deepwater Outer Continental Shelf production. The Department of the Interior must allow companies doing certain types of drilling on the Outer Continental Shelf—deepwater drilling and deep wells in shallow water—it allows them to not pay royalties on a certain minimum volume of production. Royalty relief is a great benefit to the oil companies and comes at great cost to the American Treasury. That is sweet deal No. 6.

This world in which companies have had, over the years, inserted various provisions—making a very strong case for each one at the time of why this was necessary, that was necessary—amounts to an enormous tax bill. This bill that takes and modifies these provisions for the top five companies that have the largest profits would produce about \$2 billion in savings from closing these six tax loopholes.

The question we all need to ask ourselves is: Can that \$2 billion per year be put to better work than subsidizing companies that are making enormous profits at the pump? One possibility is that \$2 billion could go toward decreasing our deficit. A lot of folks on the floor of the Senate talk about how important that is. Which is more important, giveaways to the most profitable