## Windfall Profits Tax Letters-to-the-Editor

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The Oklahoman	May 25, 2008

## **USA Today**

Windfall profits tax – Letter to the Editor (8/8/08)

# Barry Russell, President and CEO, Independent Petroleum Association of America – Washington

Recent polls show Americans understand the need for a more sensible and productive energy policy. The country is ready to take advantage of our resources and seek relief from foreign imports and costs. Unfortunately, new tax proposals touted by some politicians, including Barack Obama, threaten the very engine that would drive such progress ("Obama ad alleges McCain is in oil companies' 'pocket,' " News, Tuesday).

Revisiting the failed policy of a windfall profits tax would be counterproductive to solving our energy needs. In the '80s, windfall profits taxes extracted about \$39 billion from an industry that relies heavily on capital for new production and technology. It reduced domestic oil production and resulted in up to a 13% increase in dependence on foreign oil. We cannot afford to repeat this crippling policy.

American independent oil and gas producers have invested up to 150% of their domestic profits back into homegrown production. This is a practice our leaders should encourage, not punish, as we seek greater energy independence.

Mercury Register

**Letter: It's time to drill** 

August 8, 2008

Barack Obama has proposed a "Windfall Profits Tax" on the oil companies for five years to fund a one-time rebate of \$1,000 for each American family. Anyone who has ever taken an Econ 101 class knows that such a tax would simply be passed on to the consumer, thus making petroleum products more expensive.

At the same time, Obama declares that Sen. John McCain's proposal for additional off-shore drilling doesn't "offer any real plan to lower gasoline prices." A \$1,000 "emergency rebate check" does offer a "real" solution? Obama adds, "In fact, we won't see a drop of oil from this drilling for almost 10 years."

Where would oil prices be today if we had begun this process 10 years ago? In addition to this hyperbole, Nancy Pelosi shut down the House of Representatives, refusing to allow a vote on off-shore drilling. Pelosi knows that such a bill would pass with significant Democratic support, because Americans overwhelmingly support such measures.

Pelosi also stated earlier that she is only trying to "save the planet." Wouldn't a real environmentalist want every drop of oil on the planet drilled here? We have the technology to safely produce petroleum as evidenced by no spillage in the Gulf after Hurricane Katrina. Is the planet better off if we drill in Nigeria, Kazakhstan or Equatorial Guinea? Will Russia take better care of the Arctic than we will as they begin to drill there? It's time to drill here, drill now.

Brian Leach, Orland

#### **Houston Chronicle**

Don't repeat failure – Letter to the Editor (8/8/08)

#### Don't repeat failure

Recent polls show Americans understand the need for a more sensible and productive energy policy. The country is ready to take advantage of our resources and seek relief from foreign imports and costs. Unfortunately, new tax proposals touted by some politicians, including Sen. Barack Obama, threaten the very engine that would drive such progress. (Please see "ANOTHER VOICE / The Washington Post / Oil companies are paying taxes on windfall profits," Editorial, Thursday.)

Revisiting the failed policy of a windfall profits tax would be counterproductive to solving our energy needs. In the '80s, windfall profits taxes extracted some \$39 billion from an industry that relies heavily on capital for new production and technology. It reduced domestic oil production and resulted in up to a 13 percent increase in dependence on foreign oil. We cannot afford to repeat this crippling policy.

American independent oil and gas producers have invested up to 150 percent of their domestic profits back into homegrown production. This is a practice our leaders should encourage as we seek greater energy independence, not punish.

#### BARRY RUSSELL

president and CEO, Independent Petroleum Association of America, Washington, D.C.

## Miami Herald

### **Letter to the Editor (8/8/08)**

Re the Aug. 5 story *Obama backs some drilling, tapping oil stockpile*: Recent polls show that Americans understand the need for a more-sensible and productive energy policy. The country is ready to take advantage of our resources and seek relief from foreign imports and costs.

Unfortunately, new tax proposals touted by some politicians, including Sen. Barack Obama, threaten the engine that would drive such progress. Revisiting the failed policy of a windfall profits tax would not solve our energy needs. In the '80s, taxes on windfall profits took \$39 billion from an industry that relies heavily on capital for new production and technology. It reduced domestic oil production and resulted in up to a 13 percent increase in dependence on foreign oil.

We cannot afford to repeat this crippling policy. American independent oil and gas producers have invested up to 150 percent of their domestic profits back into homegrown production. This is a practice that our leaders should encourage, not punish, as we seek greater energy independence.

**BARRY RUSSELL,** president and CEO, Independent Petroleum Association of America, Washington, D.C

#### News-Tribune

## Windfall profits tax would stifle progress – Letter to the Editor (8/8/08)

Re: "Candidates talk energy, war policy" (TNT, 8-5).

Recent polls show that Americans understand the need for a more sensible and productive energy policy. The country is ready to take advantage of our resources and seek relief from foreign imports and costs. Unfortunately, when politicians revisit the failed policy of a windfall profits tax, they threaten the very engine that would drive such progress.

In the 1980s, windfall profits taxes extracted some \$39 billion from an industry that relies heavily on capital for new production and technology. This resulted in up to a 13 percent increase in dependence on foreign oil. We cannot afford to repeat this crippling policy.

American independent oil and gas producers have invested up to 150 percent of their domestic profits back into homegrown production. This is a practice our leaders should encourage – not punish – as we seek greater energy independence.

**BARRY RUSSELL,** president and CEO, Independent Petroleum Association of America, Washington, D.C

#### The News Journal

### Confiscating oil company profits hurts shareholders (8/5/08)

Barack Obama's socialist leanings have finally come out of the closet. A proposal to take "excess" profits from Big Oil to distribute to voters deemed more worthy of enjoying the fruits of business actually seems like a communist's idea. It's how Hugo Chavez operates.

Voters tempted to endorse Obama's Robin Hood scheme to confiscate oil company assets to pay \$1,000 to families and \$500 to individuals need to recognize the real victims. Corporations are not impersonal entities; they are owned by stockholders, as are profits.

So who owns big oil companies? Shareholders include mutual funds held by millions of citizens, pension funds that retirees rely on for income, 401(k) plans managed by employers and investment companies, university endowment funds and scholarship trusts, and life insurance companies building reserves to pay claims.

Government confiscating the property of any business will cause an immediate drop in value of not only the stock of the affected corporation, but all companies. It's hard to think of a government action that would cause a more severe stock market crash. How will workers saving for retirement feel about that?

Oil companies use profits to pay dividends, maintain equipment and explore for new petroleum sources. If profits are reduced by new taxes, which activities will they cut? How does a reduction in any of these expenditures help Americans?

**Beverly Wohlust, Dagsboro** 

## <u>News & Record</u>, Greensborough, NC Letter to the Editor (6/30/08)

Obama's economic plans take from the middle class

A word of caution about Barack Obama's economic policy: Watch your wallet. First, his plan includes nearly doubling capital gains tax. This hurts middle-class families.

In 2005, 47 percent of taxpayers reporting capital gains made less than \$50,000. He says he'll raise income taxes and payroll taxes on North Carolina businesses. He'll tax coal and natural gas, the two largest sources of electricity in the United States. He'll impose a **windfall profits tax** on oil companies, already taxed at 35 percent, one of the highest rates in the world. Those taxes will be passed to the consumer, increasing gas prices even further. The last time a **windfall profit tax** was tried, U.S. oil production decreased, the price of gas increased, there were oil shortages, and the weak economy got weaker.

Obama's love for taxes is not new. As senator, he voted 94 times for higher taxes: opposed eliminating the death tax, opposed repeal of the tax increase on Social Security benefits, opposed repeal of increases in AMT, opposed an income-tax deduction for people purchasing their own health insurance. The National Taxpayers Union gave him an "F" for his voting record on taxes. This is not change we can afford!

#### Warren Nash

## <u>Intelligencer Lancaster Journal</u> Letter to the Editor (6/30/08)

Once again we see Congress at sleep, while President Bush moves forward. Ending the moratorium on offshore oil drilling is needed, but Congress says No. We also need to move ahead with drilling in Alaska and elsewhere. According to a recent survey by the Polling Co. Inc., citizens favor U.S. drilling and lower gas prices over an environmental agenda by a 3-to-1 margin.

The typical muddle-headed response of Democrat leadership to \$4 gas prices has been to call for nationalization of refineries and **windfall profit taxes** on oil companies.

Oil companies are not to be blamed for the current high prices; lack of supply against bursting demand has been the result of congressional policy stopping new refineries and drilling over the last 30 years.

Blame Congress for our energy and economy messes, not the president.

Larry L. Garber, Maytown

## Contra Costa Times

**Letter: Time squandered (6/30/08)** 

You would think that a 27-year moratorium on offshore drilling would have given our elected leaders sufficient time to make at least some progress at reducing our dependence on oil, foreign and domestic.

But no, apparently the time was squandered. Instead, with gas prices at \$4.50 and climbing, we hear only those familiar golden oldies, **windfall profits tax** and resuming off-shore drilling. When will Washington learn to forgo the politics and put forth meaningful policy options?

Brian McCoy, Antioch

## Fort Myers News Press (6/30/08)

#### Global economy lesson

Re: "A place in the sun," Wayne K. Hood, July 8. This letter and Obama's positions perfectly illustrate the ignorance of economics and business finance by liberals. Mr. Hood and Obama clearly need a remedial economics class and a remedial business finance class if they think a windfall profits tax will do anything but increase gas prices since it is consumers who pay business taxes and not businesses.

Ninety-five percent of oil is "state-owned," which leaves 5 percent owned by oil companies. Oil companies simply do not control oil prices. The cartel of state-owned oil control the supply of oil at a time of increasing global demand due to the expanding economies of India and China.

The net effect of a tight supply problem is high oil prices. Oil companies need to make an increased profit to replace their inventory at the increased price of oil. It is called "working capital" and is necessary to sustain a business.

Various opinion polls show 67-76 percent of Americans want to address the oil supply issue through offshore oil drilling. Perhaps Mr. Hood and Mr. Obama would see the obvious need to address energy supply through U.S. oil, U.S. shale and nuclear — after successfully completing their remedial classes.

MIKE DOWNING, St. James City

#### The Greenville News, North Carolina

Letter to the editor: All share blame for gas prices (6/29/08)

Oil-producing countries restrict the supply of oil to drive oil and gas prices up. Oil companies do very little nowadays except restrict refinery output to keep gas prices high. Why should they spend money when they are already raking in obscene profits? Greedy speculators play the market and cause oil and gas prices to rise. Car manufacturers seem unable or unwilling to make affordable, plug-in electric cars.

Cities like Greenville, hungry for the almighty tourist dollar, constantly hold festivals that encourage people to burn more gas in order to attend. They also contribute to the wasting of gas by not sequencing traffic lights while allowing the development of areas like Woodruff Road.

The love affair many Americans still have with their huge gas-guzzling behemoths wastes untold millions of gallons of fuel. So does not consolidating errands and trips.

The point of this letter is that it is everyone's fault that we're in the state we are in with regard to oil and gas prices. The solution does not involve more drilling, refining or things like **windfall profits taxes** and gas tax holidays. The solution is to make oil and gas much less important, and we all do that by taking actions that contribute to the saving of fuel, not burning more of it.

#### Indianapolis Star

## Windfall profit tax isn't answer to energy problems (6/28/08)

Keith Clock's June 19 letter underscores a serious misunderstanding of business and economics as they relate to energy production in America.

Clock seems to think the legislation Senate Republicans blocked would have gone a long way toward solving our energy problems. But he fails to explain how a **windfall profit tax** will produce more energy and end speculation. The theory, of course, is that our benevolent government will take the proceeds from the windfall tax and invest in alternative, clean energy. Been there, done that in 1978 with Jimmy Carter. It did not work then and it won't work today.

Clock rails against the "\$36 billion first-quarter profits" of oil companies without knowing the size of these companies, their return on investment or any other measuring stick of corporate performance. Presumably, any profit earned by these evil corporate titans is too much. Also, if we tax companies who earn more than Clock thinks they should, when times are bad and earnings suffer, will Clock want to subsidize their less-than-satisfactory results? Shouldn't it work both ways?

John L. Sorg, McCordsville

## Jackson Citizen Patriot

We all end up paying, Voice of the People; Taxing 'Big Oil' means (6/21/08)

SUMMIT TOWNSHIP - I would like to respond to Jim Collins' one liner Sunday. Mr. Collins said the proposed "windfall profits tax" proposed for Big Oil was shot down by the Republicans and Big Oil.

Thankfully this time, he was right. Just who does he think would have paid this tax? Does he really think that Big Oil would pay and not pass it on to us, the consumers? It is this type of mentality that got us into the mess we are now in.

There is no company or corporation that actually pays a tax. We the consumers pay all the taxes, as we have no one else to pass them on to.

Unfortunately most of the members of the Democratic Congress and some of the Republican members, too, think we the public are too stupid to realize this, hence the haranguing about "taxing the rich," "Big Oil" or other various big companies. They tell us it will solve all our budget woes and the "middle class" and retirees will not have a tax increase.

Don't you believe it! Ultimately, it is us, the people, who will pay and pay and pay.

## **Harold Augustat**

## The Indianapolis Star (Indiana)

Want lower gas prices? Drill, don't add taxes (6/18/08)

Barack Obama and other Democrats are trying to lead us to believe that a "windfall profit" tax on big oil is the answer to high gas prices. Whom do they think will end up paying this tax? It certainly won't be the oil companies. It will be the American people, because gas prices will rise accordingly.

Congressional Democrats need to stop catering to the environmentalists and allow for more exploration. There are billions of gallons of oil waiting to be pumped in our own backyard, in an environmentally friendly manner. Taxing oil companies will not reduce dependence on foreign oil; drilling will.

Jim Dawson

### Arkansas Democrat-Gazette (Little Rock)

June 1, 2008

Tax increase will hurt investors

Our Congress is once again calling for higher taxes on American oil and gas companies. Clearly, everyone is upset with higher gas prices, but raising taxes on corporations producing the fuel we need will only further inflate prices and unfairly penalize small investors along with punishing people at the pump. These companies do not have control over the free market or the growing consumption by foreign countries.

It is often forgotten that oil companies are owned by millions of American investors, most of them average people whose energy stocks are part of their retirement plans or mutual funds. Their individual holdings may be small, but energy stocks play a very important role in the retirement incomes and pensions that these retirees have worked a lifetime to build.

Higher federal taxes, including a windfall profits tax, will reduce the legitimate returns these investors are entitled to. Singling out American oil and gas companies is a shortsighted economic policy that will ultimately reduce investment in domestic energy production and cost American jobs.

We should be doing everything we can think of to encourage and allow U.S. companies to create greater supply or create alternative options within our free-market system and increase infrastructure delivery systems. Taxing away their profits won't accomplish that and will hurt millions of average American families in the process. It is just another "rob Peter to pay Paul" tax by our lackluster Congress. It's a self-defeating strategy that doesn't deserve our support.

#### **JOHN EDDY**

## <u>The Oklahoman</u> Letter to the Editor (5/25/08)

No new ideas?

When I consider which side of the political spectrum seems to come up with the most innovative and sensible solutions to America's problems, I find it only in conservative thought: everything from abolishing the IRS and implementing the Fair Tax to privatizing Social Security and the space program to offering school vouchers and health savings accounts. Unfortunately in recent years, most of these brilliant ideas have come out of third parties that have no money and no chance of winning elections or Republicans who hardly make it out of their own primaries.

Who are we left with? The three remaining presidential candidates to some degree espouse the same old failed role of government in people's lives. For Hillary Clinton and Barack Obama, it's pure socialism dressed up in new terms like "baby bonds" and billing the oil companies for a windfall profits" tax. These are nothing but feel-good measures at best and would wreck the economy at worst.

As for John McCain, he may be too old and set in his ways to be convinced of new ideas. My only hope is that he won't push us further toward full-blown socialism like the other two.

**Shelby Lambert, Bethany**