



Senate Rejects Obama Call To Strip Oil Company Tax Breaks

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A last minute entreaty by President Obama wasn't enough to convince senators to strip the oil and gas industry of billions in tax incentives.

The president said today that Americans are getting fleeced by an oil industry awash in profits – pinched at the pump by rising prices and forking over billions in taxpayer cash and he put his weight behind a senate bill that would repeal

“Think about that. It’s like hitting the American people twice,” Obama said in a Rose Garden press conference, just before senators considered a bill that would roll back many such tax incentives for oil companies.

“They can either vote to spend billions of dollars more in oil subsidies that keep us trapped in the past. Or they can vote to end these taxpayer subsidies that aren’t needed to boost oil production so that we can invest in the future,” Obama said. “It’s that simple.”

Less than an hour later, Republican senators were joined by a handful of Democrats in the senate to reject a bill that would do just that. They argue it would raise gas prices even more. The “Repeal Big Oil Tax Subsidies” bill failed to advance by a vote of 51-47. It needed 60 votes to overcome a procedural hurdle.

The bill would have killed several tax breaks taken by the five largest oil companies and use some of the proceeds to extend expiring energy tax provisions, such as tax breaks for renewable energy, electric cars and energy efficient homes.

Senate Democrats, mostly from oil-rich states, were not supportive of the legislation. They included Sen. Mark Begich, D-Alaska, Sen. Mary Landrieu, D-La., Ben Nelson, D-Neb., and Jim Webb, D-Va. Voting with the Democrats was Sen. Olympia Snowe, R-Me.

President Obama had argued the tax breaks were more than Americans could afford.

“Last year the three biggest U.S. oil companies took home more than \$80 billion in profits. Exxon pocketed nearly \$4.7 million every hour. And when the price of oil goes up, prices at the pump go up, and so do these companies’ profits,” he said, adding, “In fact, one analysis shows that every time gas goes up by a penny, these companies usually pocket another \$200 million in quarterly profits.”

Obama said the tax incentives for energy companies – which allow them to pay a lower effective tax rate than other companies – are outdated and prime examples of a systemic unfairness that compounds frustration among consumers.

“It’s not as if these companies can’t stand on their own. American oil is booming,” Obama said. “With high oil prices around the world, they’ve got more than enough incentive to produce even more oil.”

But Republicans say Obama is calling for an effective tax hike on oil companies that would in turn be passed on to consumers in the form of even higher gas prices. Current nationwide averages are hovering near \$4.00 per gallon.

“The legislation before this chamber proposed to raise taxes on American energy producers. This won’t change supply and demand,” Sen. Boozman, R-Ark., said today, “once again hardworking Americans will be left with the bill as a result if this bill were passed.”

“Is this really the best we can do?,” Senate Minority leader Mitch McConnell, R-KY., said on the Senate floor moments before the vote, “we should do more for the American people at a time when they’re paying \$4 dollar a gallon for gasoline than raise taxes on energy manufacturers and block a pipeline from Canada, then you should vote against cloture.”

House Speaker John Boehner’s office cites a March 2012 report from the non-partisan Congressional Research Service report which says changes to the tax code could “raise the cost of exploration and production, with the possible result of higher consumer prices and more slowly increasing domestic production.”

Obama has made ending tax subsidies for oil companies a key part of his populist re-election message, using the issue to draw a sharp contrast with Republicans and GOP frontrunner Mitt Romney, who oppose repeal.

“We’ve got a very clear division here on this issue,” Obama campaign pollster Joel Benenson told reporters Thursday morning. “I think that this isn’t going to go away if they’re paying four bucks or four bucks, 20 cents at the pump... They’re going to want a real answer. They’re not going to want some glib, gimmick approach that’s going to promise them something they know they’re not going to get which is long term stability on what they pay for gas.”

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