

November 9, 2005

Highlight Sheet On The Windfall Profit and Consumer Assistance Act of 2005

Rep. Ed Markey and Rep. Rahm Emanuel today introduced the Windfall Profit and Consumer Assistance Act of 2005. The bill would impose a 50 percent windfall profit tax on the oil industry on oil sold above \$40 a barrel and use the generated revenue to give an income tax rebate and fund the Low Income Home Energy Assistance Program (LIHEAP).

Effects of the Markey Windfall Profit and Consumer Assistance Act of 2005

- Impose a 50 percent tax on oil companies for oil sold at prices above \$40 a barrel.
- Return half of the generated revenue to consumers who have been bearing the brunt of high gas prices by giving an income tax rebate.
- Use the other half of the generated revenue to fund LIHEAP, which millions of Americans will need this winter to stay warm.
- Would exempt profits that are reinvested by oil companies to increase refinery capacity, costs incurred for new domestic drilling activities, and costs incurred for production facilities for ethanol or biodiesel.

Additional Facts

- Oil companies have been recording record profits:
 - \$9.9 billion – Exxon Mobile’s third quarter profits.
 - \$9 billion – Royal Dutch Shell’s third quarter profits.
 - \$107 billion – Estimated combined profits of the five biggest investor owned oil companies in 2005.
- Current oil prices are near \$60 a barrel and have been near \$70 a barrel recently.
- Consumers have been bearing the brunt of extraordinarily high gas prices.
 - According to The Energy Information Administration, yesterday the average price of gas nationally was \$2.376 per gallon.
http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_home_page.html
- Home heating costs are skyrocketing:
 - According to projections in the Energy Information Administration’s recently released “Short-Term Energy Outlook and Winter Fuels Outlook,” home heating oil prices are likely to be 31.5 percent higher than they were last year.
 - This price increase translates into an average consumer expenditure of \$1,577, an increase of \$378 over last winter.
 - Last year, only 15.6 percent of households eligible for LIHEAP assistance nationwide were actually served – about five million families.