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Senate

THURSDAY, MARCH 21, 1974

there long before the President sent up his first proposal. But let us look at the 17 proposals he lists in a letter to me, under date of March 14, 1974, the first initiative he mentions is the windfall profits tax. A copy of that letter is as follows:

THE WHITE HOUSE,
Washington, March 14, 1974.

HON. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: As you know, I found it necessary to veto the Energy Emergency Act on March 6th. I can well understand and share the frustrations you must feel when legislation which has consumed great time and effort falls short of enactment, but for the reasons set forth in my message to the Senate on this subject, I felt that the act would hinder, not help, our efforts to solve this problem.

Now that the energy emergency bill is behind us, I would hope that everyone in the Executive and Legislative branches could join together in a spirit of constructive cooperation to pass the legislation that is still urgently needed for the future of our Nation.

I recognize that Members of the Congress have already made several proposals which merit attention and that others are likely to be forthcoming. This Administration will always welcome a healthy debate on these matters and seek to work with members of the House and Senate.

At the same time, I would hope that future energy bills passed by the Congress will be as direct and straightforward as possible without the burden of extraneous issues. Consistent with this approach, I have over the past thirteen months proposed a comprehensive package of seventeen legislative initiatives relating to energy. While some progress has been made toward enactment, a great deal remains to be done. I would therefore like to take this opportunity to summarize those initiatives for you:

Windfall Profits Tax—prevents oil producers from making undue profits as a result of the petroleum shortage by imposing a tax of up to 85 percent on that part of the selling price of domestic crude oil above its December 1, 1973 ceiling price.

Job Security Assistance Proposal—strengthens the unemployment insurance program that now exists by extending it to many workers not now covered and by providing additional benefits to those who lose jobs in areas where unemployment rates show that other jobs will be hard to find.

Special Energy Act of 1974—authorizes mandatory energy conservation measures and rationing (if it should become necessary) and grants to States to carry out energy emergency programs.

Natural Gas Supply Act—allows competitive pricing of newly developed gas supplies, thereby encouraging exploration and development of new wells. This bill should be of the highest priority.

Mandatory Reporting on Energy Information—requires all domestic energy companies to report energy inventories, production, cost, and reserves. Such information is needed to enable the Government to determine and carry out energy policies more effectively.

Naval Petroleum Reserves—allows limited production of oil from Elk Hills Naval Pe-

troleum Reserve No. 1 and provides funds for further exploration and development of reserve No. 1 and exploration of reserve No. 4.

Mined Area Protection Act—establishes standards to govern surface effects of coal mining. This is needed to encourage the development of State programs which permit the mining of coal in a manner that is environmentally safe. The absence of clear legislation in this area is inhibiting the development of our coal reserves.

Deepwater Port Facilities Act—authorizes the Secretary of the Interior to grant permits for the construction, licensing and operation of ports beyond the three-mile limit. These facilities would permit the use of ships that are economically and environmentally sound for the importation of petroleum.

Mineral Leasing Act—places all mineral exploration and mining activities on Federal lands under a modernized leasing system. This proposal would assure that persons obtaining leases have an interest in early exploration for oil, gas and other minerals.

Drilling Investment Tax Credit—provides a tax credit similar to the investment tax credit for costs incurred for exploratory drilling for new oil and gas fields in the United States. Approval of this provision would provide an important incentive for new domestic oil and gas exploration.

Foreign Depletion Allowance—changes the present law to eliminate the 22 percent depletion deduction permitted in computing U.S. taxes on foreign production of oil and gas. This proposal would eliminate any incentive that percentage depletion provides for investment in foreign oil and gas development rather than U.S. energy resources.

Foreign Tax Credits—limits foreign tax credits available to U.S. oil and gas companies operating in foreign lands. Taxes paid to foreign oil producing countries by U.S. oil companies operating abroad have increased dramatically. It is no longer realistic to treat these payments to foreign governments entirely as income taxes creditable against the U.S. tax; it is proposed that the excessive portion of these payments be treated as an expense rather than as a tax credit.

Appliance and Motor Vehicle Energy Labeling Act—requires that major appliances and motor vehicles be labeled to show their energy use and efficiency so that consumers will have the information they need to make wise choices in purchasing.

Revision of Nuclear Licensing procedures—encourages standardization of nuclear plant designs and encourages early site review and approval so as to reduce the time required for getting nuclear plants on line from the current 9-10 years to 5-6 years, without compromising safety and environmental standards.

Federal Energy Administration—provides statutory responsibility to deal with the current energy problem through the allocation program and to carry out major new activities in encouraging the development of new energy supplies, collecting and analyzing energy information and supporting energy conservation.

Energy Research and Development Administration—provides a central agency for a series of \$10 billion, five year energy research and development programs designed to develop new technologies for increasing energy supplies and for more efficient energy utiliza-

THE FACTS ABOUT THE PRESIDENT'S 17 ENERGY PROPOSALS

Mr. MANSFIELD. Mr. President, the President of the United States, on Tuesday last, held a question-and-answer news conference in Houston, Tex. At that time he took the Congress to task for its lack of energy on not passing the 17 energy legislative proposals which he had recommended to the Congress.

I would point out that the initiative, insofar as the energy legislation is concerned, has been in the Senate, and was

tion. ERDA would include the research and development as well as production functions of the Atomic Energy Commission and selected energy R. & D. functions of the Department of the Interior, the National Science Foundation, and the Environmental Protection Agency.

Department of Energy and Natural Resources—provides a new Cabinet department for the comprehensive management of Federal energy and natural resource programs. DENR would incorporate most of the responsibilities of Interior, plus selected natural resource activities from the Departments of Agriculture, Commerce, Transportation and the Corps of Engineers. These responsibilities would form the basis of a modern department.

Our main concern now must be to work together to reconcile differing views so that important energy legislation can be brought to enactment as quickly as possible. I will personally guarantee the full cooperation of the executive branch in making this possible.

With warm personal regards,

Sincerely,

RICHARD NIXON.

Taking each of these proposals in order specified in the President's letter:

First, the windfall profits tax was part of the original energy emergency bill presented to Congress which was filibustered at the end of the first session of the 93d Congress with strong encouragement by the administration to those filibustering. As a matter of fact, there were open threats that if this windfall profits tax provision was in the bill, the bill would be vetoed by the President. As a result, the windfall profits tax was changed to a price rollback provision in the emergency bill. This proposal was part of the Emergency Act which was vetoed by the President on March 6, 1974.

Second, job security assistance proposal. This proposal, strengthening the unemployment insurance program by providing additional benefits for those who lose jobs because of the energy crisis, was part of the Emergency Energy Act which was vetoed by the President.

Third, Special Energy Act. This authorizes mandatory energy conservation measures and rationing. This also was a part of the Emergency Energy Act which was vetoed by the President. As a matter of fact, in this regard, the original energy conservation and rationing measure was introduced in the Congress October 18, 1973. At that time Governor Love and Secretary Morton, who were in charge then of energy matters for the administration, requested that the bill not be processed immediately in order to permit the proposals of the administration to be submitted. On October 24, 1973, they promised that they would be submitted within 48 hours. The administration bill was finally submitted in March of 1974. In any case, the provisions were included in the Emergency Energy Act which was vetoed by the President on March 6.

Fourth, deregulation of natural gas. This proposal is in the Commerce Committee presently.

Fifth, mandatory reporting of energy information. This feature was also part of the emergency energy bill which was vetoed on March 6 by the President. There is a separate bill which is in the Interior Committee and executive sessions are scheduled on that specific bill.

Sixth, the naval petroleum reserves. This bill allows limited production from the Elk Hills Petroleum Reserve and has already passed the Senate and is being processed by the House.

Seventh, strip mining. This bill has already passed the Senate and is reaching final stages in the House.

Eighth, deep water port facilities. The Commerce, Public Works, and Interior Committees are processing this bill. Executive sessions to mark up this bill are planned very shortly. Until the recent embargo was lifted there was no sense of urgency for deep water ports because there were no large ships bringing in petroleum to this country.

Ninth, Mineral Leasing Act. Hearings are already scheduled on this bill. There is a strong viewpoint in the Congress to do away with the present bonus system on leases which favor only the large companies and put some form of royalty system based upon production so that the small independents will have an incentive also to compete with the large oil and gas companies.

Tenth, drilling investment tax credit, eleventh, foreign depletion allowance, and twelfth, foreign tax credit. All of these tax proposals are being considered by the House Ways and Means Committee and there will be an adjustment of significant nature to the treatment of these incentives when the bills reach fruition in the Senate.

Thirteenth, Appliance and Motor Vehicle Energy Labeling Act. This requires major appliance and motor vehicles to be labeled to show their energy use. This bill has already passed the Senate. It is very interesting that the measure has been fought and opposed by the administration from the very beginning.

Fourteenth, the revision of nuclear licensing procedures. These proposals are being considered by the Joint Committee on Atomic Energy and it seems that proper accommodation will be recommended by that committee which will accelerate the process and not ignore the environmental impact of these sitings and licensing procedures.

Fifteenth, Federal Energy Administration. This has passed both the House and the Senate and is reaching final enactment in conference.

Sixteenth, the Energy Research Development Administration and seventeenth, the Department of Energy and Natural Resources. The Senate has already passed a \$20 billion, 10-year research program to accelerate research into new technologies. The format for the administration of the research program—whether Energy Research Development Administration will be separate or not from FEO and whether there will be a Department of Energy and Natural Resources—is really being held up by a total disagreement between Mr. Simon and Roy Ash. Both recommend the Department of Energy and Natural Resources but the former Mr. Simon recommends a combination of FEO and ERDA which the latter recommends an Energy Research Development Administration independent of FEO. It is really the conflict within the administration itself which is retarding the type of administration and bureauc-

racy which will be established to administer these programs. In any case, the Congress will resolve their disagreement soon.

I have noticed in recent days the President has seen fit to attack Congress, and to attack it vigorously. I wish to state for the Record, as I have many times before, that, as far as Congress is concerned—certainly as far as the Senate is concerned—we have made every effort to act responsibly and constructively. We are prepared to meet the President halfway and more, and we intend to follow that course regardless of what is said in question-and-answer press conferences.