

SHORT TITLE: Memorializing the federal government to reject the proposed energy or BTU tax; distribution.

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

SENATE

RESOLUTION NO. 11

By: Hendrick, Ford, Cole,  
Douglass, Fair, Gustafson,  
Pierce, Rubottom, Smith,  
Snyder and Wright

AS INTRODUCED

A Resolution declaring the proposed federal energy or BTU tax as injurious to the State of Oklahoma and to the nation; memorializing Congress, the President of the United States and the Secretary of the United States Department of Energy to reject the proposed federal energy or BTU tax; and directing distribution.

WHEREAS, on February 17, 1993, the national administration proposed a federal energy tax on the heat content of fuels or heat output measured by BTUs (British Thermal Units) which would, according to United States Senator Don Nickles, raise \$71.4 billion in new revenue from 1994 until 1998. Senator Nickles, a member of the Senate Energy and Natural Resources Committee, says the proposed federal energy tax will increase rather than reduce the federal deficit when its negative effects are combined with new federal spending designed to ameliorate those effects. The United States Treasury Department says that in order to net \$81.4 billion, \$95 billion must be collected in gross taxes since corporations will consider the tax and its administration as an expense, thus reducing corporate income taxes. United States Senator David L. Boren, a member of the Senate Finance Committee, has also declared himself opposed to the proposed federal energy tax; and

WHEREAS, according to the National Association of Manufacturers (NAM), more than 600,000 jobs will be lost because of the energy tax, thus resulting in lower personal income tax collections and

higher unemployment compensation payments. Higher energy prices will increase inflation, thus increasing the cost of living for veterans, Social Security recipients and others on fixed incomes. Fuel costs will also rise for the federal government, especially the Defense Department. The combination of these and other effects of the BTU tax leads the National Association of Manufacturers (NAM) to conclude that the net revenue will be only \$38 billion; and

WHEREAS, according to the National Coal Association, the proposed BTU-based energy tax will increase the average price of coal 26% or \$5.57 per ton; oil 18% or \$3.47 per barrel; and natural gas 13% or \$.26 per million cubic feet (mcf). As a result, consumers will see a 3.7% increase in electric power bills and a 10- to 15-cent increase in the price of a gallon of gasoline at the pump. A family of four can expect to pay an additional \$200 to \$400 per year for energy; and

WHEREAS, on Wednesday, May 5, 1993, Oklahoma Corporation Commission Vice Chair Cody Graves delivered a speech in Washington, D. C. that was strongly critical of the proposed federal BTU tax on energy. The speech was presented at the annual meeting of the Federal Energy Bar Association. Corporation Commission Vice Chair Graves indicated that the tax will be extremely difficult and perhaps impossible to administer while some segments of the energy industry will find compliance impossible. Because oil and gas producers in the State of Oklahoma cannot pass on the increased costs of production that would result from the BTU tax being imposed on their consumption of energy, a substantial number of marginally producing wells in the State of Oklahoma will be shut down. Studies have projected that the tax, if implemented, could cost Oklahoma residents and businesses about \$459 million annually, with an impact of about \$578 for a family of four; and

WHEREAS, a large number of prominent individuals and organizations are opposing the proposed BTU-based energy tax.

Individuals opposing the program include Oklahoma Corporation Commission Vice Chair Cody Graves; United States Senators David L. Boren and Don Nickles of Oklahoma; United States Senator J. Bennett Johnston of Louisiana, Chairman of the Senate Energy and Natural Resources Committee; United States Senator Richard C. Shelby of Alabama; United States Senator John B. Breaux of Louisiana; United States Senator Kent Conrad of North Dakota; and United States Senator Mark O. Hatfield of Oregon. Major organizations opposing the BTU tax include the National Coal Association, American Petroleum Institute, the National Association of Manufacturers, the National Federation of Independent Business, the American Dairy Products Institute, and the American Farm Bureau. On May 5, 1993, a coalition of more than 900 companies and associations formed a coalition to oppose the energy tax. According to a report in "The Wall Street Journal", the coalition asserted that the energy tax would make American industry less able to compete in the world market and would harm rural America. Known as the Affordable Energy Alliance, the coalition represents a broad scope of both business and agricultural organizations; and

WHEREAS, the proposed federal energy or BTU tax would cause irreparable damage to the energy industry and agricultural concerns in both the State of Oklahoma and the nation as a whole, as well as excessive monetary burdens to individuals, families and businesses throughout the State of Oklahoma and the United States of America.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE 1ST SESSION OF THE 44TH OKLAHOMA LEGISLATURE:

THAT the Oklahoma State Senate declares the proposed federal energy or BTU tax as injurious to both the State of Oklahoma and the United States of America.

THAT the Oklahoma State Senate memorializes the Congress of the United States, the President of the United States and the Secretary

of the United States Department of Energy to reject the proposed energy or BTU tax.

THAT a copy of this resolution be distributed to the State of Oklahoma's Washington, D. C. office for distribution to the Oklahoma Congressional Delegation, the President of the United States, and the Secretary of the United States Department of Energy.

44-1-1180

THC