Castle: In Time of Record Profits, We Should Not Be Subsidizing Big Oil, We Should Investing in Alternative Sources of Energy -- January 18, 2007

Washington, D.C. -- Citing questionable laws that he opposed, but were signed by this Administration and the Clinton Administration regarding oil and gas subsidies and leasing royalties, Delaware Congressman Mike Castle today supported H.R. 6, "The CLEAN Energy Act" to repeal these laws and their subsidies for the oil and gas industry. Instead the royalties and ill-advised subsidies, totaling $13 billion, would be invested in a reserve account to offset the cost of research into alternative energy sources and conservation measures.

"With the world's biggest oil companies reporting combined $111 billion in profits in 2005 and $94 billion in the first three quarters of 2006, it is clear that they are awash in cash. They certainly do not need billions of dollars in subsidies to encourage domestic production -- it is already happening. This is not a tax increase as some may lead you to believe, it is sensible governing. I opposed legislation authorizing the subsidies in the first place and this is why I strongly support directing this money towards conservation and investment in the development in alternative sources of energy," Castle said.

"The best way to reduce our dependency on foreign oil and achieve energy independence, which should be our number one goal, is to jumpstart research into alternative sources of energy, including fuel cells, solar and wind. We also must build on this legislation and begin a real debate on global warming. In the coming weeks, I will cosponsor legislation to establish a cap and trade system to reduce carbon dioxide in the air, which will also lead to a clean energy policy. We also need to establish reasonable CAFE standards which are both achievable and valuable to a good energy policy," Castle said. "And I don't think there's any doubt CAFE would have an impact on the consumption of oil and gas in this country."

Specifically the legislation:

- Limits certain preferential tax benefits provided under current law to oil and gas companies, preventing them from being eligible for a domestic production activity deduction and reducing tax benefits for geological and geophysical expenses related to oil and gas exploration for the largest companies

- Requires current offshore fuel producers who are not paying federal royalties to either agree to pay royalties when fuel prices reach certain thresholds, or to pay fees based on how much fuel they produce.

Savings would be used to create a "Strategic Energy Efficiency and Renewables Account" to:

- Accelerate the use of clean domestic renewable energy resources and alternative fuels;

- Promote the utilization of energy-efficient products and practices and conservation; and

- Increase research, development, and deployment of clean renewable energy and efficiency technologies.

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