114TH CONGRESS
2D SESSION

H. CON. RES. 112

CONCURRENT RESOLUTION

Whereas raising revenue and spending money are powers reserved to Congress by the Constitution;

Whereas according to global economists, the United States oil and gas industry is currently experiencing the worst industry decline since similar commodity price collapses in the 1980s and 1990s forced oil companies to slash payrolls and dividends;

Whereas global oil production exceeds demand by more than one million barrels a day, and Iran has promised to provide an additional 500,000 barrels a day to the world market, now that several sanctions have been lifted after the recent implementation of the Joint Comprehensive Plan of Action;

Whereas the price of a barrel of oil is currently around $30, less than a third of the $90-plus it was selling for 18 months ago; which would mean the President's proposal would be equivalent to a 33.3 percent tax, making the United States Federal excise tax on oil the highest of any domestic product;

Whereas this tax could translate into as much as an additional 25 cents on a gallon of gas, when the Federal tax on gasoline is currently 18.40 cents per gallon;

Whereas the oil and gas industry accounts for significant employment and is an even more significant driver of investment spending and growth along the supply chain, ranging from aggregates to steelmaking and specialist equipment;

Whereas more than 258,000 people employed in oil and gas extraction and support activities globally, including more than 100,000 across the United States, have lost their jobs since October 2014;

Whereas every lost oil and gas job leads to an additional 3.43 jobs cut in other sectors;

Whereas that means the 114,000 job losses in the oil and gas sector wiped out an additional 391,000 jobs in other sectors last year and sliced economic growth to about 2.1 percent from 2.6 percent;

Whereas more layoffs are virtually certain in the months ahead in oil and gas production, as well as along the supply chain and in petroleum-dependent economies, as the continued price slump filters through to even less drilling activity;

Whereas the number of rigs drilling for oil and gas has fallen from over 1,900 in October 2014, to 744 at the end of November 2015, and just 619 at the end of January 2016, according to oilfield services firm Baker Hughes;

Whereas manufacturers, for example, announced 37,221 layoffs in the past 12 months;

Whereas shipments of steel in the United States—used to make oil and gas pipelines—were down 11.4 percent through the first 11 months of 2015 and the industry announced more than 12,000 layoffs during the past year, according to the American Steel and Iron Institute;

Whereas believing that oil companies will pay the fee with no effect on consumer prices requires also believing that the producers won't pass their increased cost on to refiners, who won't in turn pass their costs on to the public; in other words, requires suspending belief in basic economics;

Whereas this tax could also put American oil companies, at a competitive disadvantage with foreign oil companies, as imported oil may not face the same treatment;

Whereas the domestic midstream and downstream stages of oil and gas production will be at a competitive disadvantage to their global competitors due to a $10 higher cost for every barrel of oil;

Whereas in combination with a stronger dollar, slowing growth in international markets, and an overaccumulation of inventories through much of the economy, the oil slump is creating headwinds for manufacturers, freight firms, and the wider economy; and

Whereas the oil and natural gas industry anchors our economy in terms of jobs, economic activity, and even State and local tax revenue in a challenging price environment: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That Congress finds that—

(1) any new tax placed on the struggling oil and gas industry will further prevent growth and development throughout the sector and encourage additional layoffs; and

(2) the effect of a $10 tax on each barrel of oil sold in the United States—

(A) would raise the price of oil, and by extension gasoline; and

(B) would result in a decrease in the consumption of oil.

SEC. 2. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) a new tax should not be placed on oil, and

(2) in considering future policy, Congress should carefully review the detrimental impacts of

placing any new taxes on any industry that has seen a slash in jobs, revenue, and production.

Passed the House of Representatives June 10, 2016.

Attest:

Clerk.

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Expressing the sense of Congress opposing the President's proposed $10 tax on every barrel of oil.