



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

May 17, 2011  
(Senate)

## STATEMENT OF ADMINISTRATION POLICY

**S. 940 – Close Big Oil Tax Loopholes Act**  
(Sen. Menendez, D-New Jersey, and 28 cosponsors)

The Administration strongly supports Senate passage of S. 940, which would repeal tens of billions of dollars in special tax breaks for oil and gas companies over the next decade.

While there is no single solution to addressing the effect of rising gas prices on American families in the short term, the Administration has put forth a long-term plan to cut the Nation's oil imports by one-third by 2025. The plan includes increasing domestic production in the short term, while investing in domestic alternative fuels, and increasing efficiency in the vehicles Americans drive. It is also clear that there are much more responsible ways to utilize the billions in taxpayer dollars provided to oil and gas companies through unwarranted tax breaks.

The Nation's outdated tax laws currently provide the oil and gas industry billions of dollars per year in these subsidies, even though oil and gas prices are high and the industry is reporting outsized profits. Furthermore, heads of the major oil and gas companies have in the past made it clear that high oil prices provide more than enough profit motive to invest in domestic exploration and production without special tax breaks.

The Administration believes that, at a time when it is working with the Congress on proposals to reduce Federal deficits, the Nation cannot afford to maintain these wasteful subsidies. The President proposed eliminating these subsidies in his FY 2010, FY 2011, and FY 2012 Budgets. The Administration believes these resources are better used for efforts that will help the American people, such as deficit reduction or investments in clean home-grown sources of energy. The Administration considers this bill to be an important step toward more responsible fiscal and energy policies and looks forward to continuing to work with the Congress to end these subsidies.

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