109TH CONGRESS
1ST SESSION

H. RES. 299

Expressing the sense of the House that the President should take immediate action to initiate measures to lower the burden of gasoline prices on the economy of the United States, prevent Members of the Organization of Petroleum Exporting Countries from reaping windfall profits on sales of oil to the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 2005

Mr. BISHOP of New York submitted the following resolution; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on International Relations and Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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RESOLUTION

Expressing the sense of the House that the President should take immediate action to initiate measures to lower the burden of gasoline prices on the economy of the United States, prevent Members of the Organization of Petroleum Exporting Countries from reaping windfall profits on sales of oil to the United States, and for other purposes.

Whereas the price of crude oil and gasoline have a direct and substantial impact on the financial well-being of families of the United States, the potential for economic recovery, and for protecting the national security;

Whereas the United States currently imports the majority of its crude oil from foreign countries;

Whereas the 11 countries that make up the Organization of Petroleum Exporting Countries (OPEC) produce 40 percent of the world's crude oil and control three-quarters of proven reserves, including much of the spare production capacity;

Whereas despite the severely high sustained price of crude oil—

(1) OPEC has refused to adequately increase production to calm global oil markets and officially abandoned its $22–$28 price per barrel target; and

(2) officials of OPEC member nations have publicly indicated support for maintaining oil prices of $40–$50 per barrel;

Whereas on April 1,2005 the price of crude oil reached a record high of $57 per barrel and remains in the $50 range;

Whereas increases in the price of crude oil result in increases in prices paid by the United States consumers for refined petroleum products, including, gasoline, and diesel fuel, and home heating oil;

Whereas increases in crude oil prices already have resulted in American consumers and families paying more for cost increases for gasoline at the pump, which reached an average national high of $2.28 a gallon in April 2005, and analysts predict that this level could continue throughout the summer driving season;

Whereas increases in the costs of refined petroleum products have a negative effect on many Americans, including the elderly and low-income individuals (whose home heating oil costs have dramatically increased in the last year), families who must pay higher prices at the gas station, farmers (already hurt by low commodity prices, trying to factor increased costs into their budgets in preparation for the growing season); truckers (who face an almost 14-year high in diesel fuel prices), and manufacturers and retailers (who must factor in increased production and transportation costs into the final price of their goods);

Whereas under current estimates, a family of four will spend $2,873 on gasoline this year, $423 more than last year and almost $800 more than two years ago, based on information from the Bureau of Labor Statistics Consumer Expenditure Survey and the Energy Information Administration;

Whereas the President has failed to use a variety of tools at his disposal to provide gasoline price relief to working families, including proper management of the resources of the Strategic Petroleum Reserve (SPR) that could provide the United States with a way to counterbalance OPEC supply management policies; the President has not forcefully pressed all OPEC Member Countries to immediately increase oil production in order to lower crude oil prices and safeguard the world economy;

Whereas the President declined to insist on measures to lower gasoline prices as he was encouraging Congress to enact the Energy Policy Act of 2005, and postponed introduction of alterative fuel and hybrid vehicle initiatives until after the House of Representatives passed the Energy Policy Act;

Whereas the Energy Information Administration of the Department of Energy has determined that the President's energy bill will not reduce energy prices or reduce America's dependence on imported oil, finding that provisions of the energy conference report of 2004 [substantially similar to the energy bill passed by the House in April, 2005] would have a negligible impact on changes to production, consumption, imports, and prices, and that provisions would actually increase the price of gasoline by 3 cents per gallon and would still increase United States dependence on foreign oil by 85 percent;

Whereas Current policy of filling the SPR has exacerbated the rising price of crude oil and record high retail price of gasoline, and is unnecessary since the SPR is more than 98 percent full; and

Whereas increasing vertical integration and consolidation of oil companies have allowed—

(1) the 5 largest companies in the United States to control almost as much crude oil production as the middle Eastern members of OPEC, over ½ of domestic refiner capacity, and over 60 percent of the retail gasoline market; and

(2) the top 10 oil companies in the world to make more than a record-setting $100,000,000,000 in profits in 2004, and announce first-quarter earnings that would put them on track to break that record in 2005: Now, therefore, be it

Resolved,

SECTION 1. SENSE OF THE HOUSE OF REPRESENTATIVES.

It is the sense of the House of Representatives that the President should directly communicate to the members of OPEC that—

(1) the United States believes that restricting supply in the growing market for crude oil does serious damage to the efforts that OPEC members have made to demonstrate that they represent a reliable source of crude oil supply;

(2) the United States believes that stable crude oil prices and supplies are essential for strong economic growth throughout the world; and

(3) the United States seeks an immediate increase in OPEC crude oil production quotas.

SEC. 2. STRATEGIC PETROLEUM RESERVE.

(a) The President shall temporarily suspend further acquisitions of crude oil for the Strategic Petroleum Reserve through his administrative authority, thereby freeing up additional supply for the marketplace.

(b) Further purchases of oil to the Strategic Petroleum Reserve shall be suspended immediately, thereby freeing up additional supply for the marketplace.

(c) When and if prices decline substantially below the current high levels, any determination by the Secretary of Energy to resume purchases should follow the market-based practices used prior to 2002; carry out and make public analyses of costs and savings when making or deferring such acquisitions; take into account and report to Congress the impact the acquisition will have on the domestic and foreign supply of petroleum and the resulting price increases or decreases; and consult with the Secretary of Homeland Security on the security consequences of such acquisition or deferral.

(d) The existing statutory cap of 700,000,000 barrels of crude oil should not be increased while crude oil prices remain at current high levels.

SEC. 3. GASOLINE MARKET ANTICOMPETITIVE PRACTICES.

(a) The President shall direct the Federal Trade Commission and Attorney General to exercise vigorous oversight over the oil markets to protect the American people from price gouging and unfair practices at the gas pump, including, but not limited to exercising their authorities under the federal antitrust laws to block anticompetitive mergers of companies that explore for oil, own refineries, or act as wholesalers or retailers of gasoline or other petroleum products refined from oil.

(b) In evaluating whether any combination of refiners violates the antitrust laws, the Commission or the Attorney General shall not approve any combination that would create a highly concentrated market that would injure, destroy, or limit competition. The evaluation should include the prospect of zone pricing, redlining, exporting oil to other countries, or withholding gasoline supplies from the market.

SEC. 4. TRANSPARENCY IN OIL PRICING.

The Federal Trade Commission, in consultation with the Secretary of Energy, shall issue regulations requiring full disclosure by refiners and distributors of their wholesale motor fuel pricing policies, with a separate listing of each component contributing to prices, including the cost of crude oil (with exploration, extraction, and transportation costs shown separately if the refiner or distributor is also the producer of the crude oil), refining, marketing, transportation, equipment, overhead, and profit, along with portions of any rebates, incentives, and market enhancement allowances.

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