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At Senate Commerce Hearing, Blumenthal Calls for More Federal Action to Lower Gas Prices & Stop Profiteering by Oil Giants

“While hardworking families are making sacrifices, 25 top oil and gas companies have announced an astonishing \$237 billion in profits in 2021 alone,” said Blumenthal

[WASHINGTON, DC] – Today, U.S. Senator Richard Blumenthal (D-CT), a member of the Senate Committee on Commerce, Science, and Transportation, called for additional steps to lower gas prices for consumers and hold accountable oil companies that are exploiting and profiting from record prices.

At the hearing titled, “Ensuring Transparency in Petroleum Markets,” Blumenthal highlighted a recent [Hearst Media analysis](#) that found Connecticut’s efforts to temporarily suspend the state’s 25 cent per gallon gas tax successfully lowered prices at the pump.

“Let me just say there are some success stories here,” said Blumenthal. **“The day after the state tax was suspended – and it’s a 25 cent per gallon tax – prices dropped by 24 cents at all but four of the hundred gas station surveyed. Twenty-four cents. Real money back in people’s pockets.”**

Blumenthal called for similar action at the federal level, including a temporary suspension of the federal 18.4 cent per gallon gas tax. Blumenthal also called for passage of the Big Oil Windfall Profits Tax, legislation to curb profiteering by oil companies and provide Americans relief at the gas pump.

“The [Big Oil] Windfall Profits Tax [Act] that we have proposed in legislation would address the fact that oil companies are making record profits,” said Blumenthal, citing reports that 25 top oil and gas companies raked in \$237 billion in profits in 2021 alone while consumers struggled with high prices. **“Fourteen oil companies gave away \$35 billion to shareholders – dividends that bump up their income but take away from consumers, including stock buybacks which enrich only the investors. The oil companies clearly want to continue efforts to exploit and profiteer at the expense of consumers.”**

Citing these efforts as well as actions to release oil from the Strategic Petroleum Reserve, Blumenthal said, **“Short-term solution, yes, but worth doing if it reduces prices of gasoline in the short term...These kinds of short-term steps make sense, don’t they, in order to reduce the excessive burdens on consumers at the pump? They are feeling this pain every day. It adds insult to injury and it’s real injury because these companies are profiteering at their expense.”**

Blumenthal’s full remarks are available below.

U.S. Senator Richard Blumenthal (D-CT): Thank you very much Senator Fischer. Thank you both for being here. I will be chairing the committee until the Senator from Washington state returns. We’re in the middle of a vote.

Let me just say there are some success stories here. My state of Connecticut has suspended its state tax, much as I have recommended that the federal government suspend the 18.4 cent per gallon federal tax. It works.

The legislation that I am helping to lead at the federal level could have the same effect as the gas tax holiday that Connecticut has implemented at the state level. A study by the Hearst Media Group found that the day after the state tax was suspended – and it’s a 25 cent per gallon tax – prices dropped by 24 cents at all but four of the hundred gas station surveyed. Twenty-four cents. Real money back in people’s pockets.

There are steps we can take that are within reach and suspending the federal gas tax is only one of them. The [Big Oil] Windfall Profits Tax [Act] that we have proposed in legislation would address the fact that oil companies are making record profits. The big ones, in fact while hardworking families are making sacrifices, 25 top oil and gas companies have announced an astonishing \$237 billion in profits in 2021 alone. Fourteen oil companies gave away \$35 billion to shareholders – dividends that bump up their income but take away from consumers, including stock buybacks which enrich only the investors.

The oil companies clearly want to continue efforts to exploit and profiteer at the expense of consumers. Releasing from the Strategic Petroleum Reserve, short-term solution, yes, but worth doing if it reduces prices of gasoline in the short term. Absolutely in the long term, we need to rely more on renewables, cut our dependence on the tyrants and the autocrats like Putin or others around the world in Saudi Arabia and Venezuela that right now in effect hold us hostage. And reducing dependence on oil and fossil fuels will liberate our economy from them, but also from dependence on those big oil companies that right now are profiteering from this crisis.

And I agree with you Mr. McCullough, the little guys should be spared that Windfall Profits Tax. It's the big oil companies that should be hit and our legislation will hit them with that windfall profits tax and only them, not the smaller producers.

I find enormously revealing, Ms. Sgamma, your remark that access to capital is the biggest barrier and that is the consensus. Access to capital – not government regulation, not the Biden Administration. The markets have determined that capital investment will not be profitable in many of these wells because of the long term trends toward renewables and the short term problems with additional drilling and supply.

So we have a clear agenda here and Mr. McCullough, I'd like you to comment. These kinds of short-term steps make sense, don't they, in order to reduce the excessive burdens on consumers at the pump? They are feeling this pain every day. It adds insult to injury and it's real injury because these companies are profiteering at their expense. The federal government has imposed an unnecessary burden through the federal tax that can be suspended without any immediate impact on the Highway Trust Fund. We have just passed an infrastructure program that invests hundreds of billions in our highways and roads and bridges. Connecticut alone will be receiving \$4 billion. Can't we do those kinds of short-term steps and offer some relief to consumers at this critical time when Putin's war is imposing Putin's burden, Putin's tax on consumers?

Robert McCullough, Principal at McCullough Research: Senator Blumenthal, I agree very deeply. Number one, tax incidents goes entirely to consumers. There's a lot of academic research on that so 100 percent of your gas tax cut goes right to consumers. Number two, if we're going to get the best benefit out of the Strategic Reserve, the best thing we could do is to replace the Strategic Reserves by purchasing forward. That gives direct financing to little guys because little guys don't necessarily get to go to the Chase Manhattan Bank, they can sell their future production on the foreign curve in order to drill now. And number three, the fact of the matter is that we need to have a windfall tax that does not injure product. I put a formula in my testimony here, I'm not sure it's the best, but there are ways to structure the windfall tax to give an incentive to start drilling now.

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