



BARACK OBAMA: RELIEVING THE PRESSURE OF RISING ENERGY PRICES

Gas prices are at an all-time high -- \$3.55 per gallon for the typical American consumer.¹ In some places, gas has already reached \$4.00 per gallon. Because oil prices continue to rise at a faster pace than gas prices, gas prices may continue to rise through the spring so that \$4.00 per gallon gas prices are the norm rather than exception. Crude oil prices are now 400 percent higher than in 2001 and have doubled since last spring. As energy, health care and housing prices continue to rise, and our economy continues to shed good-paying jobs, the burden on American families has become unacceptably high. Barack Obama understands that squeezed Americans need relief to deal with higher gas prices.

Obama will provide relief to American families struggling to make ends meet, and finally put America on a path to energy independence – so that filling up the tank doesn't come at the expense of so many other important priorities. Obama has worked across the aisle toward a more sensible energy policy, from fighting to end tax breaks for the oil and gas industry, to increasing the fuel efficiency of our cars, to investing in efficient, clean and advanced American-grown fuels. As president, he will build on his record of leadership on energy policy and enact a detailed plan that reduces our energy costs. And Obama will address the growing squeeze on middle class families. He will enact a comprehensive agenda to reclaim the American Dream for our children and families that revitalizes the economy. Obama's energy agenda will set America on a course of action to hold down double-digit gasoline price increases, bring new, clean-burning fuels to market, increase energy market competition, and stimulate renewable energy production and better energy efficiency.

THE OBAMA PLAN TO ADDRESS SKYROCKETING ENERGY COSTS

Enact a Windfall Profits Tax on the Top Grossing Oil Companies and Ease the Burden on American Families: Barack Obama believes that a profitable U.S. energy industry is key to our economy and national security. He recognizes that it is critical that oil companies and shareholders have strong incentives to run well-managed businesses that invest in efficiency and innovation. However, a significant share of the remarkable profits currently enjoyed by big oil companies has not resulted from their foresight, efficiency or innovation. To the contrary, the industry has profited greatly -- over \$150 billion in 2007 -- due to global instability fueled by conflict in Iraq, failing domestic fiscal policies that have weakened the U.S. dollar and skyrocketing global demand resulting from a lack of investment in alternatives. While oil companies should not be held responsible for factors beyond their control, they should neither reap excessive profits at the expense of consumers due to this combination of unfortunate circumstances and failed policies.

A well-designed windfall profits tax and relief program will provide significant relief to consumers without undermining the profit incentives for the U.S. oil industry. Barack Obama supports imposing a windfall profits penalty on oil selling at or over \$80 per barrel. Revenue from the proposal will be invested in a number of mechanisms to reduce the burden of rising prices, such as expanding resources for the federal Weatherization Assistance Program, increasing federal support for state and local-level efforts to relieve the burden of rising energy prices on low and moderate-income families, and helping permanently expand the Low Income Home Energy Assistance Program, which helps families pay their heating and cooling bills. Obama will couple these

investments with his plan to invest in job training initiatives that will help more Americans enter the growing energy efficiency jobs sector, a good-paying field that cannot be outsourced.

Provide a Tax Cut for Working Families: Barack Obama will provide broad-based tax relief to American workers so they are better able to pay rising energy, housing and health care costs and save money for a secure retirement. The Obama tax fairness agenda provides 150 million workers a “Making Work Pay” tax credit of \$500 per person or \$1,000 per working family. The tax credit will completely eliminate income taxes for 10 million Americans. Obama will also expand the Earned Income Tax Credit for low-income workers by increasing the number of working parents eligible for EITC benefits, increasing the benefit available to parents who support their children through child support payments, increasing the benefit for families with three or more children and reducing the EITC marriage penalty which hurts low-income families. These tax fairness measures will provide direct relief to the nearly 80 percent of American workers who drive themselves to work.² Finally, Obama will also eliminate all federal income taxes for seniors who make less than \$50,000 per year so retired Americans can also have additional tax relief to help pay for increasing basic costs.

Halt Strategic Petroleum Reserve Purchases: The national Strategic Petroleum Reserve (SPR) has a large supply, but it continues to add to its oil reserves. Because the SPR currently has a significant supply that our country can use during an emergency, Barack Obama believes we should halt filling the SPR until gas prices go down to a reasonable level. This measure will ensure that additional oil remains in the market, and may help reduce oil prices.

Increase Transparency of Energy Markets to End Market Manipulation: Oil prices have dramatically increased in a short period of time, and public confidence in the energy markets and their ability to avoid price manipulation is low. Barack Obama believes we must restore faith in the energy markets and ensure that market manipulation or an irresponsible drive for quick profits is not pushing prices upward. In the U.S. Senate, Barack Obama has supported new federal protections against profiteering and market manipulation by oil and gas companies to crack down on any efforts to price-gouge consumers. As president, Obama will work to increase transparency in the energy markets to ensure that any suspicious activity is quickly identified and addressed through a combination of stepped-up oversight from the Federal Trade Commission and implementing new legislation to reinstate federal supervision of the energy futures market, which has not been regulated since 2000.

End Oil and Gas Industry Tax Breaks: Obama has called for repealing the oil and gas industry tax breaks that President Bush himself has said himself are unnecessary given today’s strong market incentive for expanding exploration and production.

Cooperate with Oil Importing Nations to Reduce Demand: As new large oil importing nations come on the market, the United States is at the mercy of an ever more volatile oil market. Obama believes we should use existing organizations, like NATO, to make energy security a shared global goal. We should take steps to engage the largest new consumers, China and India, including by inviting them to join the International Energy Agency. Though they are not OECD countries, a formalized relationship for them with the International Energy Agency – where we work together on common analysis and emergency response mechanisms – is imperative.

THE OBAMA PLAN TO REDUCE OUR DEPENDENCE ON FOREIGN OIL

America has not fallen victim to skyrocketing energy prices due to a lack of interest or initiative from the American people to do something about our energy problems. Washington hasn't acted. Washington's failure to lead on energy is the failure of an Administration that developed America's energy policy with a secret task force that opened the door to oil lobbyists and then shut it to differing viewpoints. It's also a failure of our politics that pre-dates President George W. Bush. We have heard promises about energy independence from every single U.S. President since Richard Nixon - Republicans and Democrats. In the 1970s we imported about

a third of our oil.³ Now we import over half.⁴ Obama's plan will reduce U.S. oil consumption by at least 35 percent, or 10 million barrels per day, by 2030. This will more than offset the equivalent of oil we are expected to import from OPEC nations in 2030.

Increase Fuel Economy Standards: Obama will double fuel economy standards by 2030 while supporting the financial future of domestic automakers. His plan will provide retooling tax credits and loan guarantees for domestic auto plants and parts manufacturers, so that more new fuel-efficient cars can be built in the U.S. rather than overseas. Obama also supports the ability of states to spur innovative new technologies that achieve even better fuel efficiency.

Invest in Developing Advanced Vehicles: Obama will invest in more hybrids, plug-in hybrids and other high efficiency vehicles that utilize advanced lightweight materials and new engines and can achieve performance well beyond the CAFE standards recently adopted by Congress. Obama will also expand consumer tax incentives by lifting the 60,000-per-manufacturer cap on buyer tax credits to allow more Americans to buy ultra-efficient vehicles.

Invest \$150 Billion over 10 Years in Clean Energy: Obama will invest \$150 billion over 10 years to advance the next generation of clean biofuels and fuel infrastructure, accelerate the commercialization of plug-in hybrids, promote development of commercial-scale renewable energy and begin the transition to a new digital electricity grid. A principal focus of this fund will be devoted to ensuring that technologies that are developed in the U.S. are rapidly commercialized in the U.S. and deployed around the globe.

Establish a National Low Carbon Fuel Standard: Barack Obama will establish a National Low Carbon Fuel Standard to speed the introduction of low-carbon non-petroleum fuels. The standard will require fuels suppliers to reduce the lifecycle carbon of their fuels 10 percent by 2020.

Build More Livable and Sustainable Communities:

- Reform Federal Transportation Funding and Invest in Public Transportation: Obama will re-evaluate the transportation funding process to ensure that smart growth considerations are taken into account and he will also re-commit federal resources to public mass transportation projects and modern fast, comfortable and convenient intercity rail projects across the country. Obama will work with state and local governments across the country on efforts to create new, effective public transportation systems and modernize our aging urban public transit infrastructure.
- Require States to Plan for Energy Conservation: Obama will require governors and local leaders in our metropolitan areas to make "energy conservation" a mandatory part of their planning for federal transportation funds.

¹ AAA Daily Fuel Gauge Report (4/24/2008), <http://www.fuelgaugereport.com/>

² Center for American Progress, 4/22/2008, http://www.americanprogress.org/issues/2008/04/record_gas_prices.html

³ EIA, <http://www.eia.doe.gov/emeu/25opec/sld002.htm>

⁴ U.S. Department of Energy, <http://www.fueleconomy.gov/FEG/oildep.shtml>