



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

March 26, 2012
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 2204 – Repeal Big Oil Subsidies Act

(Sen. Menendez, D-New Jersey)

The Administration supports Senate passage of S. 2204, which would repeal \$21 billion in special tax breaks for oil and gas companies over 10 years. The Nation's outdated tax laws currently provide the oil and gas industry billions of dollars per year in these subsidies, even though the industry is reporting outsized profits. Furthermore, heads of the major oil 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. In making the tough choices necessary for deficit reduction, the Nation simply cannot afford these wasteful subsidies, and that is why the President has proposed to eliminate them in his past three budgets as well as in his framework for business tax reform. This money can be better spent promoting domestic manufacturing, encouraging the development of clean energy technologies that will reduce our dependence on oil, and cutting the deficit.

In addition, S. 2204 is consistent with elements of the President's Budget such as the reauthorization of the section 48C advanced energy manufacturing credit and the extension of the section 1603 program. Together, these important provisions support projects that will increase the Nation's production of domestic clean energy and encourage investment in factories that will manufacture cutting-edge energy technologies here in the United States. There is no silver bullet when it comes to high gas prices, which is why the Administration has consistently advocated for an "all-of-the-above" approach when it comes to the Nation's energy policy. By ending taxpayer subsidies to large oil companies and investing part of that money in a clean energy industry that has never been more promising, S. 2204 is consistent with that approach.

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