

inaccessible or restricted to drilling. No drilling is allowed on the entire east and west coasts. No drilling is allowed in ANWR, in Alaska, and very limited drilling is in the gulf.

Oil and gas production is skyrocketing in States such as North Dakota and Texas simply because the President has very little control over the drilling there. That is not Federal land. This is in Texas, Oklahoma, and North Dakota. The Congressional Research Service concurs, stating in a recent report that about 96 percent of the increase in oil and gas production since 2007 took place on nonfederal lands. In other words, it has happened in spite of the President's efforts. The President imposes all of these punitive taxes because he doesn't have control over private lands. He tries to say: In my administration we expanded production. That has happened in spite of his policies.

At end of the day, all of President Obama's oil and gas policies make it harder for U.S. firms to justify projects at home. This is to the detriment of our economy. Just look at the increase in taxes, the killing of the pipelines, the stopping of hydraulic fracturing, making drilling off-limits. To let you know what States are missing out on, a Friday New York Times front-page article ran about oil and gas development going on in west Texas describes how this helped the local economy, saying new-found wealth is spreading beyond the fields in nearby towns.

Petroleum companies are buying so many pickup trucks that dealers are leasing parking lots the size of city blocks to stock their inventory. Housing is in such short supply the drillers are importing contractors from Houston. The hotels are leased out before they are even built. Two new office buildings are going up in Midland, a city of just over 110,000 people—the first in 30 years—while the total value of downtown real estate has jumped 50 percent since 2008, with virtually no unemployment.

Restaurants cannot be found. They cannot find people to work because they are fully employed. One of the individuals from Oklahoma, a great producer, went up to North Dakota. He is up there right now. I talked to him yesterday and he said: The biggest problem we have is that we cannot hire anyone. It is full employment. Things are great.

That is what the rest of the country is missing out on. When we make the United States less competitive for U.S. oil and gas firms, as the President's tax policies propose, this sort of red-hot growth goes to places such as Azerbaijan and Nigeria instead of Midland, TX, and Oklahoma City. Rather than help our economy, the President's tax policies make us more reliant on foreign oil imports from unstable regions of the world.

I don't know about you, but I would rather see pickup truck dealerships running out of vehicles to sell in Cushing, OK, than in Caracas, Venezuela.

The President will not admit this, but we have seen what punitive tax hikes do to the oil and gas industry. They hurt our economy. President Carter, way back in the early eighties, confirmed this with the windfall profits tax. He was going to punish the bad oil companies. As a result of that, it decreased domestic production by 3 to 6 percent, which increased American dependence on foreign oil sources by 8 to 16 percent. Almost all of it was from the Middle East. It doubled our dependence by putting taxes on the oil industry here. A side effect was also declining, not increasing, tax collections.

Since we know what happens when we do this sort of thing, we don't need to try the experiment again. Regardless, the President and most on the left insist that taxpayers are subsidizing oil and gas firms. But, apparently, they have not been reading the facts.

The Tax Foundation recently estimated that between 1981 and 2008, oil and gas companies sent more money to Washington and State capitols than they earned in profits for shareholders.

The administration's own Energy Information Administration reported that the industry paid about \$35.7 billion in corporate taxes in 2009.

The oil and gas industry sends \$86 million per day to Federal and State governments, and their effective income tax rate is over 41 percent, which may be the highest of any industry in America. But the President and congressional Democrats want them to pay more.

In addition to these tax increases, Secretary Salazar recently told Congress his department is planning to raise the onshore royalty rate by 50 percent. These are the royalty rates to ensure taxpayers get a fair return on the development of oil and gas leases on public lands. If what we are trying to do is raise more revenue, we should get it by growing the economy.

We have used the figure over and over that with each 1 percent increase in economic activity that translates into about \$50 billion in new revenue. We can do that by unlocking more domestic supply for development, and this will lower prices at the same time. We have plenty of it. The CRS report recently stated we have the largest combined oil, natural gas, and coal recoverable reserves on Earth—more than any other country, more than Saudi Arabia, more than any other country. This means we have a 50-year supply of oil in present consumption in the United States, for 50 years, just exporting our own development or 90 years' supply of natural gas.

At the end of the day, this bill, and the rest of the President's proposals, will only make U.S. oil firms less competitive compared to their international peers. It will raise the cost of energy by restricting global prices. It will force us to become more reliant on others, which will make us more vulnerable from a defense and economic security perspective. The only way to

resolve this problem and to do something about reducing the price at the pump is to start developing our own resources.

A minute ago I talked about what is happening in Midland, TX, and North Dakota, and what is happening in some areas in Oklahoma. I can remember when I was a little kid I worked on cable-and-tool rigs. That was very difficult at the time.

A man by the name of A.W. Swift had 18 cable-and-tool rigs. At that time, instead of rotaries, they would pound down. Sometimes I would work two shifts. One night I was working the second shift, and the well blew up. The owner had one son named Burt. Burt was killed and I wasn't. When I stop to think about the prosperity in those days of the oil and gas industry in Oklahoma, I think about the nearby town of Pawhuska, where people had to wait in line to pay their lunch bill. It was full employment and not an empty storefront. But up until we started producing again in Oklahoma, it was very much almost a ghost town.

Now things are coming back, and we can take advantage of that. In spite of the tax policies of President Obama, we are coming back, and we can do this throughout the United States. The most important thing we can do is make sure the Menendez-Obama bill to increase taxes on the oil and gas companies in the United States is defeated. We hope we have the opportunity to do that.

With that I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INHOFE. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

Mr. TESTER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

REPEAL BIG OIL TAX SUBSIDIES ACT—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 2204, which the clerk will report.

The legislative clerk read as follows:

Motion to proceed to Calendar No. 337, S. 2204, a bill to eliminate unnecessary tax subsidies and promote renewable energy and energy conservation.

The PRESIDING OFFICER. Under the previous order, the time until 5:30 p.m. will be equally divided between the two leaders or their designees.

Mr. INHOFE. Mr. President, I ask unanimous consent that the time on each side be equally divided during the quorum calls.