



**(1:00 RADIO AD): "BILLIONAIRES" RESEARCH BACKUP**

AUDIO	RESEARCH BACKUP
<p><b>OPERATOR:</b> Pennsylvania ad complaint hotline, can I help you?</p> <p><b>CALLER:</b> Uh, I'm calling about all these attacks on Katie McGinty.</p> <p><b>OPERATOR:</b> Yes, yes, you're not the first to call about those...</p> <p><b>CALLER:</b> Are they true?</p>	
<p><b>OPERATOR:</b> Well, independent fact checkers called them "misleading" and "distorted" and said they "twist the facts."</p>	<p><b>FactCheck.org Called Club For Growth's Attack On Katie McGinty "Misleading."</b> In reporting on an ad from the Club For Growth attacking Katie McGinty, FactCheck.org led their analysis by saying: "The misleading ad from Club for Growth Action attacks Katie McGinty, winner of the April 26 Democratic Senate primary in Pennsylvania." [<a href="http://Factcheck.org, 5/5/2016">Factcheck.org, 5/5/2016</a>]</p> <p><b>FactCheck.org Says Club For Growth Ad Used "Distorted Accusations."</b> In analyzing an ad from the Club For Growth attacking Katie McGinty, FactCheck.org reported: "At the end of the ad, the actress portraying McGinty is shown wearing a fur coat and clutching an envelope stuffed with cash. 'Katie McGinty has no shame,' the narrator says. We might say the same about those who produce such distorted accusations. Club for Growth Action has flubbed this one." [<a href="http://Factcheck.org, 5/5/2016">Factcheck.org, 5/5/2016</a>]</p> <p><b>FactCheck.org Says Club For Growth's Attack On Katie McGinty "Twists The Facts."</b> In May of 2016, FactCheck.org reported: "An ad attacking the Democrats' nominee for U.S. Senate in Pennsylvania claims she 'gave millions in grants to her husband's company' while working for the state, and that the couple 'pocketed thousands.' That twists the facts." [<a href="http://Factcheck.org, 5/5/2016">Factcheck.org, 5/5/2016</a>]</p>
<p><b>CALLER:</b> Who's paying for the nasty ads, anyway?</p> <p><b>OPERATOR:</b> As you might suspect, those big oil billionaires – the Koch Brothers. Groups they've funded have spent almost nine million dollars attacking Katie McGinty.</p> <p><b>CALLER:</b> Did you say, nine million dollars?</p>	<p><b>2014: Koch-Backed Freedom Partners Gave \$1 Million To Club For Growth.</b> In April 2016, the Center for Media and Democracy stated, "The Koch-backed Freedom Partners provided a \$1 million grant to Club for Growth in 2014, according to its IRS filings." [Center for Media and Democracy, <a href="http://4/18/16">4/18/16</a>]</p> <p><b>Club For Growth Has Spent Nearly \$600,000 Attacking McGinty.</b> Over the course of the 2016 cycle, the Club for Growth has spent \$588,839 opposing Katie McGinty in the Pennsylvania Senate race. [Open Secrets, accessed <a href="http://10/19/16">10/19/16</a>]</p> <p><b>Americans For Prosperity And Freedom Partners Action Fund Have Spent At Least \$9 Million In 2016 To Defeat Katie McGinty.</b> According to data from the Center for Responsive Politics, groups linked to the Koch brothers have spent \$8,798,215 opposing Katie McGinty: \$1,524,413 from Americans for Propserity, and \$7,273,802</p>



	<p>from Freedom Partners Action Fund. [OpenSecrets, accessed <a href="#">10/19/16</a>]</p> <p><b>The Koch Brothers’ Concerned Veterans For America Spent \$1.5 Million In 2015 To Thank Toomey For Being “A Leader In The Fight To Hold VA Bureaucrats Accountable For Failing Pennsylvania Veterans.”</b> According to Politics PA, “Sen. Pat Toomey will be getting a very public pat on the back for his work on holding the Department of Veterans Affairs ‘accountable for its failures.’ Concerned Veterans for America are spending \$1.5 million on a digital, TV and mail campaign to thank Toomey for being ‘a leader in the fight to hold VA bureaucrats accountable for failing Pennsylvania veterans.’” [Politics PA, <a href="#">8/5/15</a>]</p> <p><b>Koch Industries Is An “Oil, Chemical And Consumer Products Company.”</b> “For instance, during presentations in late June in Vail, Colo., at the latest installment of the twice-a-year gatherings of major donors sponsored by the Koch brothers’ privately owned oil, chemical and consumer products company, Koch operatives signaled they ‘are going to focus a great deal on the presidential race,’ according to someone who attended the meeting.” [Politico, <a href="#">10/10/11</a>]</p> <p><b>PolitiFact Said It Is True That The Koch Brothers Are One Of The Country’s Biggest Polluters.</b> In a review of a statement by Fox News commentator Bob Beckel, PolitiFact ruled: “Beckel said that the Koch brothers are one of the country’s biggest polluters. In this fact-check, we’re talking about the Kochs’ company, Koch Industries. Koch Industries operates over 100 plants across the country. According to one ranking, it is not responsible for the most significant releases but it does land within the top 30 on one list and the top 15 on another. Most people would count that as ‘one of the biggest.’” [PolitiFact, <a href="#">4/9/2014</a>]</p>
<p><b>OPERATOR:</b> Yes. They care about Pat Toomey because Toomey sides with big oil polluters in the Senate.</p> <p><b>CALLER:</b> Like, how?</p>	<p><b>Toomey’s Lifetime Rating For Voting With The Koch Brothers Was 96 Percent As Of October, 2016.</b> According to the Americans for Prosperity Scorecard, Toomey received a lifetime rating of 96 percent. [Americans for Prosperity, <a href="#">Viewed 10/18/2016</a>]</p> <p><b>PolitiFact Said It Is True That The Koch Brothers Are One Of The Country’s Biggest Polluters.</b> In a review of a statement by Fox News commentator Bob Beckel, PolitiFact ruled: “Beckel said that the Koch brothers are one of the country’s biggest polluters. In this fact-check, we’re talking about the Kochs’ company, Koch Industries. Koch Industries operates over 100 plants across the country. According to one ranking, it is not responsible for the most significant releases but it does land within the top 30 on one list and the top 15 on another. Most people would count that as ‘one of the biggest.’” [PolitiFact, <a href="#">4/9/2014</a>]</p>
<p><b>OPERATOR:</b> Toomey voted to protect the big oil polluters’ \$24 billion in special tax giveaways.</p>	<p><b>2012: Toomey Voted Against Repealing \$24 Billion In Tax Breaks For The Five Largest Oil Companies To Fund Extension Of Alternative Energy Tax Credits.</b> In March 2012, Toomey effectively voted against a bill that would, according to the Evansville Courier and Press, “end several tax breaks worth \$24 billion over ten years for the five largest oil companies: BP, Chevron, ConocoPhillips, Exxon Mobil and Shell. More than half of the savings would be allocated to deficit reduction, with the remaining \$11 billion used for tax credits to promote natural gas and propane as vehicle fuels, make U.S. homes more energy-efficient and spur the production of renewable and alternative fuels to reduce U.S. consumption of fossil fuels.” The vote was a motion to end debate on the</p>



bill, which failed 51 to 47. [Senate Vote 63, [3/29/12](#); Evansville Courier and Press, 4/1/12]

**2011: Toomey Voted Against Closing Tax Loopholes Used By Five Largest Oil**

**Companies.** In May 2011, Toomey voted against a bill that would, according to the Associated Press, “repeal about \$2 billion a year in tax breaks for the five biggest oil companies, a Democratic response to \$4-a-gallon gasoline.” The vote was on the motion to proceed to consideration of the bill and needed 60 votes to pass; the motion was defeated by a vote of 52 to 48. [Senate Vote 72, [5/17/11](#); Associated Press, 5/17/11]

- **Bill Would Repeal Five Tax Provisions For Large Oil Companies.** According to the CRS summary of the bill, it would have “[a]mend[ed] the Internal Revenue Code to deny to oil companies with gross receipts in excess of \$1 billion in a taxable year and an average daily worldwide production of crude oil of at least 500,000 barrels a year: (1) a foreign tax credit if such company is a dual capacity taxpayer, as defined by this Act; (2) the tax deduction for income attributable to domestic production of oil, natural gas, or primary products thereof; (3) the tax deduction for intangible drilling and development costs; (4) the percentage depletion allowance for oil and gas wells; and (5) the tax deduction for qualified tertiary injectant expenses.” [CRS Summary of S. 940, [5/10/11](#)]
- **Tax Changes In Bill Would Raise About \$1.2 Billion In Revenue In 2012, Less Than Five Percent Of Total Oil Industry Earnings.** According to the Congressional Research Service, “The five provisions, taken together, are expected to raise approximately \$1.2 billion in 2012. For the calendar year 2010, the revenues of the five largest oil companies were approximately \$1.5 trillion with additional revenues accruing to the non-majors. The net incomes, after tax, of these five companies totaled over \$76 billion with additional earnings accruing to the non-majors. The total expected tax revenues are only 5% of the earnings of the five largest firms in the industry and a smaller percentage of the total industry. [CRS Memo To Senate Majority Leader Harry Reid, [5/11/11](#)]
- **CRS: Repealing Section 199 Deduction Unlikely To Result In Increased Oil Or Gas Prices.** According to the Congressional Research Service, “The Section 199 deduction for the oil industry is a 6% deduction from net income, capped by limitations of payroll size. For the purpose of economic analysis, the repeal of the Section 199 deduction is equivalent to an increase in the tax on corporate profit. It is widely accepted that a proportional change in taxes on profit affects neither the firm’s incremental costs or revenues, and therefore does not change its behavior with respect to output. Since output does not change, there is little reason to believe that the price of oil, or gasoline, consumers face will increase.” [CRS Memo To Senate Majority Leader Harry Reid, [5/11/11](#)]
- **CRS: Repealing Section 199 Deduction Unlikely To Slow Production Or Lead To Well Closures While Oil Prices Around \$100 Or More.** According to the Congressional Research Service, “Because Section 199 provides an incentive for domestic production compared to foreign production, some have claimed that the



result of repeal would be greater dependence on foreign sourced oil and natural gas. In the short-run it is unlikely that this would occur due to the nature of oil and natural gas production. Once a well is in the producing phase, production tends to be maximized, within the limits of sound oil field management techniques. With current oil prices at, or near, \$100 per barrel in the United States, it is unlikely that firms will slow production, or close wells as the result of the loss of the Section 199 deduction.” [CRS Memo To Senate Majority Leader Harry Reid, [5/11/11](#)]

- **CRS: Repealing Expensing Of Intangible Drilling Costs Not Likely To Affect Current Gas Prices.** According to the Congressional Research Service, “Repeal of the immediate expensing of intangible drilling costs provision and replacement with a form of cost amortization more consistent with depreciation methods common in other industries likely will have no effect on current U.S. oil production, and hence no effect on current gasoline prices. The purpose of the expensing provision is to enhance the investment returns for investors in what has historically been a risky activity: exploring for, and developing hydrocarbon resources. Since the provision has little effect on wells already in production, available output and prices should be unaffected if the provision is repealed and replaced with less favorable amortization procedures.” [CRS Memo To Senate Majority Leader Harry Reid, [5/11/11](#)]
- **2010 Wood MacKenzie Study Of Section 199 Repeal, Drilling Cost Repeal Found Doing So Would Lower Domestic Exploration, Development By U.S. Firms; But Not Find Effect On U.S. Gas Prices; CRS Said Conclusion Sensitive To Oil, Natural Gas Prices.** According to the Congressional Research Service, “Wood MacKenzie, a consultancy, determined that the sum effect of eliminating the Section 199 deduction and the repeal of the expensing of intangible drilling expenses would have an effect on the rate of return to exploration, lowering the return of marginal projects, and reducing over-all domestic exploration and development activity by U.S. firms. However, the conclusion is sensitive to the level of oil and natural gas prices. High prices can raise rates of return substantially. Natural gas projects are more likely than oil projects to be affected by the tax changes because they are experiencing low market prices due to the volume of non-conventional gas production that has entered the market in the past several years. The Wood MacKenzie study did not conclude that U.S. gasoline prices would be affected by the tax changes.” [CRS Memo To Senate Majority Leader Harry Reid, [5/11/11](#)]

**2011: Toomey Voted Against Eliminating Oil And Gas Tax Breaks To Pay For A Repeal Of The Affordable Care Act’s 1099-Reporting Requirement.** In February 2011, Toomey voted against eliminating several oil and gas tax deductions to pay for the cost of repealing the Affordable Care Act’s 1099 reporting requirement for vendor purchases more than \$600 by businesses. According to The Hill, “The healthcare reform provision requires businesses to report for each vendor annual purchases of goods or services of more than \$600. The House, which must still approve its own version of the legislation, has signaled it would move quickly to repeal the 1099 requirement. [...] Levin, backed by Sen. Daniel Inouye (D-Hawaii), offered an alternative 1099 amendment Wednesday evening that he said would eliminate tax loopholes for the oil and gas industry to fund repeal.” The amendment, offered to the proposed Federal Aviation Administration



reauthorization bill, failed by a vote of 44 to 54. [Senate Vote 7, [2/2/11](#); The Hill, [2/2/11](#)]

- **The National Small Business Association Said That Sen. Carl Levin’s Amendment Would Repeal Oil And Gas Tax Credits Related To Production And Foreign Income.** According to a press release from the National Small Business Association, “Prior to floor action on the Stabenow amendment, the Senate failed by a vote of 44-54 to adopt S. Amdt. 28 offered by Sen. Carl Levin (D-Mich.) which called for a repeal of 1099 but was paid for with a number of tax provisions, among them a repeal of the Section 199 domestic manufacturing deduction for oil and gas production and changes to the foreign tax credit rules applicable to dual capacity taxpayers and the rules relating to foreign oil and gas income.” [National Small Business Association Press Release, [2/8/11](#)]
- **Levin Said His Amendment Would Reform “Unjustified Tax Expenditures Related To Oil And Gas Production By Large Oil Companies.”** According to a Sen. Levin press release, “There is an alternative amendment that we are offering today, that makes specific decisions on spending cuts and revenue increases to account for the cost of repealing this provision. We would reform unjustified tax expenditures related to oil and gas production by large oil companies, companies that are enormously profitable with or without these tax expenditures.” [Sen. Carl Levin Press Release, [2/2/11](#)]
- **Opponents Of Ending Oil Tax Credits Claimed They Were “Backdoor Tax Increases” That Would Increase Gas Prices.** According to the New York Times, “Linking two of the politically volatile issues of the moment, Senate Democrats say they will move forward this week with a plan that would eliminate tax breaks for big oil companies and divert the savings to offset the deficit. [...] Many Republicans are certain to oppose the proposal, making it hard for Democrats to assemble the 60 votes that will be needed to break a filibuster, given the resistance from energy-state senators in their own ranks. Republicans have characterized calls by Mr. Obama and Congressional Democrats to end the breaks as backdoor tax increases that will only increase gas prices.” [New York Times, [5/8/11](#)]

**2004: Toomey Voted To Implement A Comprehensive National Policy For Energy Production That Included Tax Breaks For Oil And Gas, Clean Coal And Alternately Fueled Cars.** In June 2004, Toomey voted for a bill that would have, according to Congressional Quarterly, “implement[ed] a comprehensive national policy for energy conservation, research and development. It would [have] authorize[d] \$25.7 billion in tax breaks over 10 years, including \$11.9 billion to encourage oil and gas production, \$2.5 billion for ‘clean coal’ programs, \$2.2 billion in incentives for alternative motor vehicles, and \$1.8 billion for the electric power industry and other businesses. [...] Makers of the gasoline additive MTBE would be protected from liability, but would have [had] to cease production of the additive by 2015. The bill would [have] also impose[d] reliability standards for electricity transmission networks and ease restrictions on utility ownership and mergers.” The House passed the bill by a vote of 244 to 178; however, the Senate took no substantive action on the measure. [House



	<p>Vote 241, <a href="#">6/15/04</a>; Congressional Quarterly, <a href="#">6/15/04</a>; Congressional Actions, <a href="#">H.R. 4503</a>]</p> <ul style="list-style-type: none"><li>• <b>The Bill Would Have Emphasized Greater Domestic Energy Production And Would Have Provided Tax Breaks For Natural Gas And Oil Drilling.</b> According to Congressional Quarterly, “The bill emphasizes greater domestic energy production and further deregulates electricity markets. It would provide billions in tax breaks for drilling for natural gas and oil while providing tax credits for purchase and development of fuel efficient vehicles and buildings.” [Congressional Quarterly, <a href="#">6/15/04</a>]</li></ul>
<p><b>CALLER:</b> And now they’re trying to buy his Senate seat for him, that’s just wrong.</p> <p><b>OPERATOR:</b> Ah, that’s for you to decide ma’am.</p> <p><b>CALLER:</b> Ok, thanks.</p> <p><b>OPERATOR:</b> Have a nice day.</p>	
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