LEAGUE OF CONSERVATION VOTERS

PA-SEN: ACROSS (:30) RESEARCH BACKUP

VISUAL	AUDIO	RESEARCH BACKUP
Fade up on shots of PA in economic distress.	Across Pennsylvania far too many communities are hurting.	
Transition to shot of Toomey. Mixed with shots lower Manhattan office buildings. SUPER: Pat Toomey.	But Pat Toomey's agenda puts the rich and powerful ahead of the rest of us.	
Cut to shots of Houston skyline and oil refineries or offshore drilling. SUPER: **Toomey voted Big Oil $24 Billion in tax loopholes.** *Senate Vote 63, 3/29/12*	That's why Toomey voted to give Big Oil polluters 24 billion dollars in tax breaks… 24 billion…	**Toomey Voted For FY 2013 Ryan Budget Which Kept A Decade's Worth Of Oil Tax Breaks Worth $40 Billion, Include Section 199 Tax Deduction.** Toomey voted for considering the FY 2013 Ryan budget. According to the Center for American Progress, "Yet it appears that House Budget Committee Chairman Paul Ryan's (R-WI) proposed FY 2013 budget resolution would retain a decade's worth of oil tax breaks worth $40 billion." These tax breaks included "Domestic manufacturing deduction for oil production […] Oil producers successfully lobbied for inclusion in a 2004 bill that gave the beleaguered manufacturing sector a special tax break designed to discourage outsourcing of jobs." This tax break was known as the Section 199 tax deduction. According to the American Petroleum Institute, "The Section 199 tax deduction was established in 2004 as part of the 'American Jobs Creation Act' to help U.S. manufacturers maintain and create well-paying U.S. jobs. This deduction is available to all qualifying income from all domestic manufacturers at 9%; however the oil and natural gas industry (and only this industry) is limited in claiming the deduction to an amount that is a third less than all other US manufacturers." [Senate Vote 98, 5/16/12; Center for American Progress, 3/20/12; Center for American Progress, 5/5/11; American Petroleum Institute, accessed 8/8/15] **2012: Toomey Voted Against Repealing $24 Billion In Tax Breaks For The Five Largest Oil Companies To Fund Extension Of Alternative Energy Tax Credits.** 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 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 Alternatively 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 Vote 241, 6/15/04; Congressional Quarterly, 6/15/04; Congressional Actions, H.R. 4503] • **The Bill Would Have Emphasized Greater Domestic Energy Production And Would Have Provided Tax Breaks For Natural Gas And Oil Drilling.** 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, 6/15/04] **Oil & Gas Industry Is The Largest Emitter Of Methane Pollution In The United States.** According to the EPA, natural gas and petroleum systems account for 33 percent of all methane emissions in the United States, the biggest source of such emissions. Agriculture activities come in second, at 22 percent. [EPA, accessed 7/11/16] **Oil Refinery Emissions Can Cause Respiratory Illness And Even Increase The Risk Of Cancer.** In September of 2016, NPR's State Impact reported on new rules for oil refineries, noting: "Hazardous emissions from refineries can cause respiratory illnesses and increase the risk of cancer. Much of those emissions occur during shut-downs and start-ups, or unplanned emergencies where the refinery has to vent for safety reasons. The EPA says these rules will eliminate flares and 'upset emissions events.'" [NPR State Impact, 9/29/2015]
Picture of Toomey finance reports showing contributions. *opensecrets.org*	No wonder Big Oil polluters have given Toomey $700,000 in contributions.	**Pat Toomey Took $736,767 From Oil And Gas.** According to campaign finance records compiled by the Center For Responsive Politics, Pat Toomey has taken $736,767 in contributions from the oil and gas industry throughout his career. [OpenSecrets accessed 7/7/2016]
Transition to Toomey mixed with shots of big oil and Houston or Dallas skyline.	Pat Toomey's agenda – helping Big Oil polluters and millionaires like himself…	**In 2014, Toomey's Assets Were Worth Between $1,420,000 And $4,796,000.** According to Toomey's financial disclosure, in his most recent filings he reported holding assets worth between $1,423,056 and $4,796,000. These assets were primarily comprised of investment funds held through several Morgan Stanley Traditional IRAs. [Personal Financial Disclosure, "Part III," Secretary of the Senate, Patrick Toomey, 2014] • **As Of 2014, Toomey's Most Valuable Asset Was A Real Estate Investment Worth Between $500,001 And $1,000,000.** According to Toomey's financial disclosures, his most valuable asset in 2014, was Old Mill Partners

		(undeveloped land) that he reported being worth between $500,001 and $1,000,000. [Personal Financial Disclosure, "Part III," Secretary of the Senate, Patrick Toomey, 2014] **The Majority Of Toomey's Assets Are Held Through Managed Accounts Such As IRA, Or Stock Portfolios.** According to Toomey's financials disclosures, the vast majority of his assets are held through managed investment accounts such as IRAs and Stock Portfolios. The IRAs are managed by three Morgan Stanley accounts, two traditional IRAs, and on K type IRA. Toomey's stock portfolios are managed by two companies, the first group of stocks is held in a Morgan Stanley active assets account, and the second portfolio is held in a Scottrade joint account. These managed funds account for 47 of the 58 reported assets Toomey held in 2014. [Personal Financial Disclosure, "Part III," Secretary of the Senate, Patrick Toomey, 2014]
Transition back to opening shot(s). SUPER: **Pat Toomey** **Not for us**	NOT us.	
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