



Congress of the United States
House of Representatives
Washington, DC 20515-3605

May 20, 2022

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Yellen:

We write to express our strong opposition to the implementation of a windfall profits tax on American producers of oil, gas, or any other energy source or commodity. With inflation continuing to exceed 8 percent and America and much of the world rightfully rejecting Russian oil and gas, now is the worst possible time to implement a new tax which would further reduce U.S. production, increase our reliance on foreign oil, and drive consumer costs even higher.

Energy prices have been rising since President Biden took office, in part because of the administration's new, unilateral restrictions on U.S. energy exploration, refining, and transportation. The U.S. average price for a gallon of gasoline rose nearly 50 percent during President Biden's first thirteen months in office, from \$2.42 per gallon in January 2021 to \$3.61 per gallon in February 2022, before increasing another 17 percent to \$4.21 in April of this year.¹ Price increases like this are devastating to low-income Americans, who spend nearly twice as much of their budgets on necessities like food and energy as higher-income Americans do.²

While we agree long-term investment in diverse energy resources is fiscally and environmentally prudent, it is vital we pursue policies to ensure Americans and consumers around the world have access to all available energy sources. A windfall profits tax would only exacerbate the harm to American families.

The most recent example of a U.S. windfall tax on oil companies – the Windfall Profits Tax signed into law by President Carter in 1980 – demonstrates the validity of concerns about the economic impact of such a tax. According to the Congressional Research Service, the 1980 windfall profits tax reduced domestic oil production by up to 8 percent and increased reliance on foreign oil by up to 13 percent. Because of these shifts, revenue from the tax was 80 percent less

¹ https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_M.htm

² <https://www.washingtonpost.com/business/2022/02/13/low-income-high-inflation-inequality/>

than projected when the tax was signed into law.³ Reducing production will also lead to higher prices at the pump.

Rather than increasing costs for hardworking families we should be focusing on ways to fill gaps in our supply chain and bring down costs. To do this, we call on you and President Biden to reject a so-called windfall profits tax and work with Congress to remove barriers to domestic energy production, ramp up exports, and take concrete steps to rein in inflation.

Sincerely,



Adrian Smith
Member of Congress



Kevin Brady
Member of Congress



Vern Buchanan
Member of Congress



Mike Kelly
Member of Congress

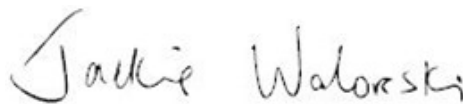


Jason Smith
Member of Congress


Tom Rice
Member of Congress



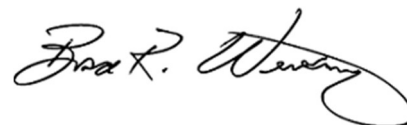
David Schweikert
Member of Congress



Jackie Walorski
Member of Congress



Darin LaHood
Member of Congress



Brad R. Wenstrup, D.P.M
Member of Congress

³ <https://taxfoundation.org/windfall-profits-tax-oil-company-profits/>



Jodey C. Arrington
Member of Congress



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Member of Congress



Ron Estes
Member of Congress



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Kevin Hern
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August Pfluger
Member of Congress



Mike Johnson
Member of Congress



Tracey Mann
Member of Congress



Kelly Armstrong
Member of Congress



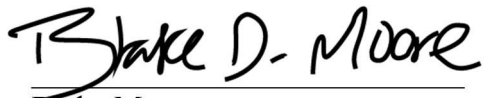
Beth Van Duyne
Member of Congress



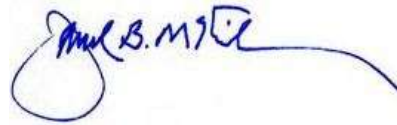
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Member of Congress



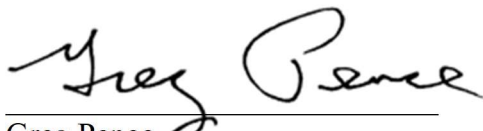
Mariannette Miller-Meeks, M.D.,
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Blake Moore
Member of Congress



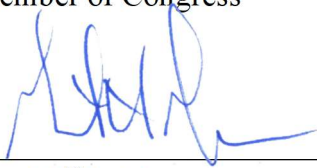
David B. McKinley, P.E.
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Greg Pence
Member of Congress



Dan Newhouse
Member of Congress



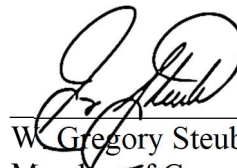
Garret Graves
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Austin Scott
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Stephanie I. Bice
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W. Gregory Steube
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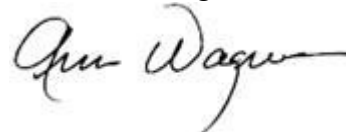
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Frank D. Lucas
Member of Congress



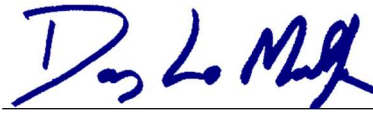
Andy Barr
Member of Congress



Ann Wagner
Member of Congress



Doug Lamborn
Member of Congress



Doug LaMalfa
Member of Congress



Clay Higgins
Member of Congress



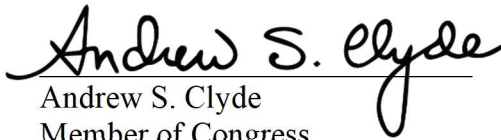
Randy Feenstra
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