

As I understand it, the Kennedy-Rudman proposal allows a maximum \$300 tax credit to taxpayers earning up to \$15,000 a year, phasing out by 10 percent for each \$1,000 of income above \$15,000. The credit will be calculated by multiplying the family's home heating costs for a given year by one-half of the increase in the Consumer Price Index.

Therefore, a Rhode Island family with fuel oil expenses of \$1,200 during a year when the CPI increase measured 10 percent would be entitled to a \$60 tax credit if its income was \$15,000 or less, but a tax credit of only \$30 if its income was \$20,000.

Mr. President, in 1977, the Senate passed a similar amendment by an overwhelming margin. The people who needed relief from increased energy costs 4 years ago need and deserve it even more today. In just the last 2 years, the cost of home heating has risen 100 percent—from about \$600 in 1978 to \$1,200 in 1980. It is expected to go up another 50 percent, or \$600, this year. For the poor and elderly living on fixed incomes and many middle-income families as well, this is simply the kind of inflation that cannot be absorbed without drastically reducing their standards of living.

The question I anticipate on the Senate floor, Mr. President, is, "How can we afford this amendment? How can we afford another \$500 million a year in this tax bill?"

There are two ways I would approach this question. One is to ask in return, "What was the windfall profits tax for and how much are we going to raise from that tax?" As one Senator who worked on that legislation, it seems to me that the windfall profits tax was imposed to absorb some of the increase in oil revenues resulting from the decontrol of crude oil, and to reallocate some of those revenues to assure that alternative forms of energy are explored and that people who cannot afford the immediate sharp increase in energy costs are protected. This year, the windfall tax will raise about \$15.4 billion, and over the next 5 years, about \$100 billion. Where is all that money going? So far, I would say the people who are paying the oil bill are not getting the protection they were promised.

Second, let us not forget the billions of dollars this tax bill already contains in tax relief for oil royalty owners and producers of new oil. The way things stand now, we seem to be redefining the word "relief." First, a \$2,500 tax credit for oil royalty owners, worth over \$2 billion in the next 3 years which is the time of duration of the home heating tax credit; and second, a 50 percent reduction of the tax on new oil resulting in a revenue loss of \$600 million in 1983 and 1984, and rapidly rising after that. This is a benefit to the oil companies themselves—not exactly hardship cases.

So, Mr. President, I strongly urge my colleagues to support this amendment and congratulate the Senators from Massachusetts and New Hampshire for bringing it to a vote this afternoon.

Mr. MITCHELL. Mr. President, the escalation in heating costs over the past couple of years is no secret to anyone. Millions of Americans—elderly people,

young families and middle-income workers—have all found their heating costs rising dramatically since the 1979 doubling of oil prices. That cost increase has been most heavily borne by those using heating oil in furnaces directly, but it has not spared those whose home heating relies on electricity or gas, either, as both fuels have risen in cost along with heating oil.

Coupled with the 100-percent price increase just 24 months ago, the decision to lift crude oil controls gradually—and then to totally abandon them this January—accelerated the speed at which artificially high world oil prices have been translated into an added drain on family budgets. And the people who have felt this cost the most are those living in the Northern tier of the States, where winters are longer, and colder than in other areas of the country.

In Maine, for instance, home heating is not a luxury or even a modest comfort, it is a basic essential without which life itself is endangered.

So heating oil costs cannot be avoided, even though most Maine families are using their oil sparingly, are keeping their homes at temperatures which are far below comfortable, and are closing off portions of their homes when they can, and living in fewer rooms over the course of the winter, just to cut down on the costs of heating. The conservation by Maine families has helped the region reduce its use of heating oil, but there is a point below which further conservation is simply impracticable.

The costs of converting every home to alternative fuels are high; and even were that feasible, the costs of the most widely available alternative, wood, would soon escalate substantially if the entire region came to depend upon it. So it is evident that for the foreseeable future, people in Maine and other northerly States, will be depending on home heating oil for keeping their houses moderately warm in the winter.

At the same time, the massive price increases for this commodity have done more than cause sacrifices in family budgets; they have seriously distorted families' plans for their future, for educating their children, and for saving toward their own retirement. This amendment, which would provide a modest credit to somewhat offset the cost of home heating is an essential means of helping redress the imbalance that these high oil prices have caused for most Maine families.

It would not be such a substantial tax savings as to actually encourage use of heating oil in a profligate fashion—and at \$1.22 per gallon, no one in Maine can afford to heat extravagantly. But it would be a modest offset to the rising costs, and it would provide a comparable form of relief to the middle-income wage earner to that which we have tried to extend to the very poor, through the low-income fuel assistance program.

No one begrudges the needy assistance to stay warm when it is essential. But the working families whose taxes help pay for that assistance ought not be ignored either. The increased cost to heat a home in Maine has risen from a range of \$400 to \$600 per season to around \$800 to

\$1,200 per season today. The family earning \$15,000 or \$25,000 cannot afford such an outlay without making serious cutbacks in other essentials. This modest credit would not be a total offset for that expense, but it would at least provide some relief for this very sudden price increase. And, just as importantly, it would demonstrate to the working families of the Northern States that their Government understands and is concerned with their plight.

The cost of this amendment, according to the Joint Tax Committee, is in the range of \$500 million for 1982, rising to \$600 million the following year, and then decreasing to \$500 million again, as more people turn to alternative heating methods. This is not an insubstantial cost, but compared with the level of tax relief that the bill before us provides to many other segments of the economy, it is modest and well justified.

I strongly support this amendment. It would provide welcome relief to working, taxpaying Americans for a price increase for which they are not responsible. It is a reasonable and responsible way to extend that relief without distorting our energy policy or undermining the goal of conservation. It merits the support of every Senator.

• **Mr. DODD.** Mr. President, as a cosponsor of the amendment by the Senator from Massachusetts, to allow consumers a tax credit of up to \$300 to help offset the inflationary effects of rapidly rising home-heating costs, I strongly urge my colleagues' support.

This amendment is vital to millions of middle- and low-income Americans to stem the erosion of living standards caused by skyrocketing energy costs. Home heating and other residential energy costs have escalated much more rapidly than the general rate of inflation. More importantly, they have greatly outstripped the rate of increases in wages and salaries.

Between January 1980, and January 1981, home-heating oil prices in my State of Connecticut increased by 24 percent. By March 3, 1981, another 15 percent had been tacked onto the prices Connecticut consumers were paying for home-heating oil. Similar increases have been witnessed in electricity rates, the other major component of home-heating costs in Connecticut.

New England consumers have made dramatic strides in energy conservation. We have reduced our energy consumption by 6.5 percent since 1978, while the Nation as a whole has reduced energy consumption by 2.3 percent. But our conservation efforts have not been able to keep pace with the rate of price increase.

Many of our poor and elderly citizens are now forced to spend as much as 50 percent of their income to keep their homes adequately heated during the winter. This leaves only meager funds for food, clothing, and other essentials. A tax credit of even a few dollars can alleviate much suffering for many of our hard pressed low-income people.

Middle-income energy consumers, likewise, have had to drastically alter their lifestyles as a result of this drain on their resources. In addition, funds that might well have gone into improving home insulation and other energy con-