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# Nader Assails Oil Firms on Taxes

By Jack Anderson and Les Whitten

That renaissance man of consumerism, Ralph Nader, has turned temporarily from auto safety to auto fuels, and found gasoline companies are taking the United States for a $6 billion joy ride in 1974.

In a draft study, Nader reports the oil companies pay even less tax on their income than President Nixon, while they pump the Treasury for $6 billion in unwarranted tax breaks.

"Taxpayers have been tricked into paying the oil companies and their wealthy investors billions through tax subsidies," says Nader's Tax Reform Research Group. Big Oil's friends in Congress try to justify the loopholes by saying they are needed to encourage exploration.

"But the billions. . .we've spent have utterly failed to prevent the present energy shortage," the Nader report goes on. "Consumers and taxpayers shouldn't always be the fall guys. The. . .tax subsidies should be scrapped."

For instance, in 1972, Exxon paid 6.5 per cent on $3.7 billion in profits, Texaco paid 1.7 per cent and Mobil paid 1.3 per cent, although corporations are supposed to pay 48 per cent.

And while motorists line up at 6 a.m. to pay 50c a gallon for "regular," and sleepy-eyed attendants and station managers do their best to keep a stiff upper lip, the oil moguls are reaping 60 per cent higher profits than last year. Their recent 10-cent-a-gallon rise is giving them a $10 billion bonanza, the Tax Reform Group says.

The two most gaping tax loopholes are the famous oil depletion allowance and a provision that permits write-offs of "intangible drilling costs" like labor and transportation in a single year. Most businesses have to spread write-offs over many years.

These two breaks alone "cost the taxpayers $1.6 billion in 1972 and are projected to. . .a whopping $2.9 billion in fiscal 1975," the report contends.

Another little-known loophole is that oil firms with foreign subsidiaries can count their royalties to Arab and other potentates as taxes and deduct the entire amounts from their U. S. tax bill. This is a little like letting an ordinary taxpayer deduct charitable contributions and doctors' fees from the actual amount of income taxes owed instead of from income.

Far fromN[suffering fromN[t increases of foreign oil prices, the oil companies will be able to reduce their U. S. taxes by $3 billion in 1974 because of this royalty gimmick, the Nader group estimates.

"And we taxpayers have to foot the bill for tax laws that actually deprive us of oil by making it more profitable for oil to be produced and sold abroad," says the study.

President Nixon's "windfall profits" plan actually would only cost the oil companies pennies per barrel even if present profits soar higher, Nader concludes. "In three years the oil companies will pay no tax at all on oil they sell for $7 a barrel. This phase-out will just encourage the oil producers to keep their oil in the ground until the tax. . .ends completely."

In any case, the Nader group predicts that when the going gets rough, the guileful oil companies will sneak their profits into other parts of their operation such as shipping or refining.

Nader castigates Senate Finance Committee Chairman Russell Long (D-La.), an oil millionaire, and his House counterpart, Rep. Wilbur Mills (D-Ark.), for paying attention to "their own self interests" instead of the national interest.

While Long has made no secret of his friendship for fellow oil millionaries, Mills has tried to appear more even-handed. Yet, in fact, at Mills' Ways and Means hearings, witnesses for Exxon, Gulf, Sun and other oil companies were allowed to testify on prime time so their views could be heard by the full committee.

But such devoted consumer advocates as former Treasury tax analysis head Gerard Brannon had to testify at 7 p.m., when only four yawning congressmen were present in the committee room.

In addition, a new study of Mills' 1972 presidential campaign contributions show that of almost $250,000 known to have been contributed, some $50,000 came from donors connected with energy companies.

Gulf Oil, for example, gave him an illegal contribution of $15,000. Mills, when pressed, returned it. Records show that C. H. Murphy, of Murphy Oil, and Edward M. Carey, New England Petroleum president, each gave him $5,000. One of the men favored with a prime time appearance before Mills' committee was Emilio Colado, executive vice president of Standard Oil of New Jersey, who sweetened Mills' campaign with $500.

Fooonote: The oil executives and their trade group, the American Petroleum Institute, swear that oil profits are not too high and insist they pay a fair share of taxes.

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