

Substitute for Senate Resolution No. 123

A resolution to memorialize the President of the United States and the United States Congress to take prompt action to provide relief from high gas prices and to call on the Governor of the State of Michigan to investigate potential effects of state government policies that may add to the price of gasoline in Michigan.

Whereas, Michigan citizens and businesses are paying nearly \$3.00 per gallon for unleaded regular gasoline and are feeling the pressure of increased gasoline prices every day; and

Whereas, The average price for unleaded regular gasoline is 71 cents per gallon higher than this time last year; and

Whereas, This is the highest price gasoline has been since immediately after Hurricane Katrina in 2005. The President has instructed the Federal Trade Commission, the Justice Department, and the Energy Department to investigate whether the price of gasoline has been unfairly manipulated; and

Whereas, The average price for a barrel of oil recently topped \$75.00 for the first time in history. The President has called on Congress to take back some of the billions of dollars in tax incentives given to energy companies that are not needed in the face of record profits due to high oil prices; and

Whereas, This per-barrel price is approaching the inflation-adjusted highs of the late 1970s and early 1980s; and

Whereas, Michigan's manufacturing, agricultural, and tourism economies are negatively impacted by rising fuel costs; and

Whereas, The Legislature appropriated funds for the Department of Agriculture to add Motor Fuel Quality inspectors and to increase the number of gas pump inspections in the state of Michigan. These inspections help decrease the chance that consumers are being gouged at the pump and should continue so that our citizens get what they pay for; and

Whereas, There are many factors that have contributed to the recent rise in gasoline pump prices. A significant element is the dozens of gasoline formulations that refineries must produce to meet environmental standards nationwide, as well as the switch from winter to summer gasoline blends; and

Whereas, To address these concerns, the President has ordered a temporary suspension of environmental rules for gasoline so that refineries can meet consumer demand more cost effectively, which should in turn dampen prices at the pump; and

Whereas, While our nation's refining capacity has been stagnant for 30 years, our total energy demand has increased by 40 percent. This is due in part to the problems of a large bureaucratic permitting process that has made it extremely difficult to site and construct new refineries; and

Whereas, New refineries could increase gasoline supplies and lower gasoline prices for consumers. It may be helpful for Michigan to identify what state government barriers exist that hamper our ability to site new refineries or to enhance our existing refinery capacity; and

Whereas, Legislation to support increased exploration and production of domestic oil and gas reserves has been debated by Congress. Such development would decrease our dependence on foreign sources of oil and meet the nation's future energy needs; and

Whereas, The Strategic Petroleum Reserve was established to guard against any major supply disruption. The President ordered the deferment of deposits into the reserve to leave more oil on the market to meet consumer demand, which should in turn dampen prices at the pump; and

Whereas, One approach to solving America's energy problems is to invest in alternative forms of energy. The President signed the National Energy Policy Act of 2005, which authorizes billions of dollars to promote the production and use of alternative transportation fuels and to enhance domestic energy production. By supporting the production and use of ethanol, biodiesel, and

other alternative fuels, our nation will enhance its security by becoming less dependent on foreign sources of oil; now, therefore, be it

Resolved by the Senate, That we urge the United States Attorney General and the Chairman of the Federal Trade Commission to immediately investigate all potential price gouging, price fixing, and other anticompetitive practices related to gasoline prices as directed by the President of the United States; and be it further

Resolved, That we memorialize the Congress to act on the President's call to roll back government assistance and tax breaks for oil companies; and be it further

Resolved, That we support the President's actions to temporarily suspend environmental rules for gasoline to more quickly and efficiently make the switch to summer gasoline and thereby dampen gasoline prices at the pump; and be it further

Resolved, That we memorialize the President of the United States and the United States Congress to increase efforts to decrease the nation's dependence on foreign sources of energy by increasing domestic oil and gas exploration and production; and be it further

Resolved, That we support the President's actions to defer deposits into the Strategic Petroleum Reserve, which could increase supply and dampen prices at the pump; and be it further

Resolved, That we memorialize the President of the United States and the United States Congress to increase their support for the development of alternative forms of energy, including ethanol, biodiesel, blended fuels, and other alternative fuels; and be it further

Resolved, That we memorialize the Governor to divest state investments in oil companies that she feels have made unseemly profits; and be it further

Resolved, That we memorialize the Governor to investigate why it took more than a year and a half for her administration to utilize money provided by the Legislature to increase gasoline pump inspections and deploy new inspectors in a proactive manner. Michigan consumers continue to overpay by hundreds of millions of dollars at the pump while the administration continues a reactive inspection program rather than a proactive inspection program that could protect consumers from paying for more gas than they are receiving; and be it further

Resolved, That we memorialize the Governor to instruct the Michigan Department of Environmental Quality to examine Michigan regulations to identify barriers to increasing refinery capacity in Michigan and to make recommendations to lower and remove such barriers; and be it further

Resolved, That we memorialize the Governor to investigate the barriers to the redevelopment of Michigan oil and gas reserves and to make recommendations to lower and remove such barriers; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, and the Office of the Governor.