

## POLICY POSITION

### 11. Oil Overcharge Refunds

#### Background

Federal price and allocation controls were imposed on crude oil and refined petroleum products between 1973 and 1981. An investigation by the United States Department of Energy resulted in allegations that several oil companies had violated the price controls by overcharging consumers during that period of time.

Some cases have been settled out of court and refunds have been distributed directly to injured consumers. Where injured parties cannot be identified, some of the refunds have been given to the states for energy related activities. Other refunds have been placed in escrow by the Department of Energy for subsequent distribution. A number of cases remain in litigation. It is estimated that about \$5 billion to \$6 billion in alleged violations are yet to be resolved.

The administration and some congressional members have proposed to offset federal expenditures with oil overcharge revenues by using the refunds to supplant federal expenditures for energy related programs. Additional legislation is expected to be proposed to place the oil overcharge refunds in the general treasury without earmarking for specific purposes.

#### Recommendation

The Southern Legislative Conference supports budget deficit reductions but opposes any attempt to substitute oil overcharge refunds for existing energy related appropriations. Oil overcharge refunds provide restitution to identified injured parties for past oil price and allocation control violations and to the public when injured parties cannot be identified. The role of the federal government is to hold these refunds temporarily. Oil overcharge refunds belong to affected consumers and are not tax dollars. The use of oil overcharge refunds to replace federal tax dollars does not provide restitution to injured parties. Where injured parties cannot be identified, refunds should be distributed to states for appropriate energy related programs. States should apply interest derived from the oil overcharge refunds to the restitution programs.

Adopted by the Southern Legislative Conference on July 24, 1985.

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