

Holt, Kosmas, Boyd, Pallone, Hodes, Meek, Davis, and Inslee Bill Would Increase Cap on Oil Company Liability for Spill Damages from \$75 Million to \$10 Billion

Washington – With estimates that the oil spill off the Gulf Coast may be the costliest in American history, House Democrats have introduced legislation to ensure that oil companies are held accountable for paying economic damages resulting from spills. U.S. Rep. Rush Holt (NJ-12) introduced the bill with Reps. Suzanne Kosmas (FL-24), Allen Boyd (FL-02), Frank Pallone (NJ-06), Paul Hodes (NH-02), Kendrick Meek (FL-17), Artur Davis (AL-07), and Jay Inslee (WA-01).

While the responsible party in an oil spill currently must pay for all clean costs, there is a \$75 million cap on its liability for economic damages, including lost business revenues from fishing and tourism, natural resources damages, or lost local tax revenues. The bill would raise the liability cap from \$75 million to \$10 billion. The liability could be made retroactive, ensuring that BP is on the hook for the economic damages resulting from the Gulf Coast spill. The bill is similar to legislation introduced earlier this week in the Senate by U.S. Senators Robert Menendez (D-NJ), Senators Frank Lautenberg (D-NJ), and Bill Nelson (D-FL).

“The American public repeatedly is told that drilling off our shores is safe and reliable – yet when a devastating spill like this hits, it’s taxpayers who have to help cover the damages,” said Holt, who has spoken out against off shore drilling. “In a fair and just world, companies like BP should pay for every last cent of the mess they’ve made, not taxpayers, not the tourism industry, not the fishing industry, not small businesses. Our bill is clear: the buck stops with oil companies; it shouldn’t spill over to taxpayers.”

“The Deepwater Horizon disaster and the massive effort to contain the spill are likely to cost billions, and we must make sure that taxpayer dollars are protected,” Kosmas said. “Our bill will hold oil companies accountable and make sure that those responsible for causing these disasters are the ones responsible for paying for the clean-up, not the taxpayers.”

“While a concerted effort is underway to clean up the environmental impact of this disaster, we must also be taking action to correct the negative economic impact this incident will have on communities, industries, fisheries and small businesses,” Boyd said. “Oil companies – and not the taxpayers – should be held accountable for every cent worth of damage resulting from an oil spill, both environmentally and economically. This legislation will help support our local communities during this crisis and fill the economic losses they are likely to experience as a result of this oil spill.”

“Big Oil should be held accountable and be required to pay the bills for the full extent of damages they cause, including the impact on fishermen, small businesses and the local economy,” said Pallone. “The cap on damages allows oil companies to hedge their bets against an accident and, when the worst happens, they still win. BP is making record profits by drilling into the sea floor, putting the ocean waters at constant risk. BP and not the taxpayers should pay for their mistakes.”

“As the law stands right now, oil companies are eyeing a backdoor bailout to skip out on major cleanup costs. I want to slam that door shut”, said Hodes. “This will make it absolutely clear that oil companies are responsible for cleaning up their own messes. Taxpayers simply will not allow huge oil companies to run up massive profits and then skip town when the check comes, sticking us all with the bill.”

“If Big Oil caused the spill, Big Oil should foot the bill, plain and simple. Hardworking Florida taxpayers should not be left to sign the dotted line and cover the clean-up costs. Nothing will undo this environmental catastrophe, but raising the oil liability cap will go a long way toward protecting taxpayers from shouldering the burden of massive corporate irresponsibility,” Meek said.

“With 5,000 or more gallons a day leaking into the gulf, the economic and environmental costs will be significant,” said Inslee. “This legislation will ensure BP and other corporations are held responsible for paying their fair share of the damages caused by oil spills.”

“This legislation will make BP and any other responsible company fully accountable for the environmental havoc that is threatening Alabama’s coastline” stated Davis. “While the oil industry will not be happy about it, the petroleum business is a multi-billion dollar enterprise that

has enjoyed record profits in the past decade and must be made to understand that a catastrophic oil spill is simply unacceptable. I hope that the House leadership will bring this legislation to the floor promptly in the interests of making BP and others pay their fair share.”

In 1990, in response to the Exxon Valdez spill, Congress and the President enacted the Oil Pollution Act. The liability cap was set at \$75 million. Any amount above that requires claims made against the Oil Spill Liability Trust Fund. The Fund is funded by an 8 cent tax for every barrel produced or imported into the United States and is projected to have \$1.6 billion in it by the end of FY10. However, there is a \$1 billion per incident cap on payouts from the fund.

The Big Oil Bailout Prevention Act would:

- Raise the liability cap for offshore oil well spills from \$75 million to \$10 billion.
- Eliminate the \$1 billion per incident cap on claims against the Oil Spill Liability Trust Fund and allow community responders to access the fund for preparation and mitigation up front, rather than waiting for reimbursement later.
- Allow claimants to collect from future revenues of the fund, with interest, if damages claims exceed the amount in the Oil Spill Liability Trust Fund (currently \$1.6 billion).
- Eliminate the \$500 million cap on natural resources damages.

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