

Bill Would Ensure BP is Liable for all Economic Damages from Gulf Spill

Washington – During Wednesday’s House Committee on Natural Resources oversight hearing, U.S. Rep. Rush Holt (NJ-12) called on the Obama Administration - including Interior Secretary Ken Salazar – to back his Big Oil Bailout Prevention Act, which would ensure that BP and other oil companies are held accountable for paying economic damages resulting from spills. While the responsible party in an oil spill currently must pay for all clean-up 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 significantly the liability cap.

“It has been more than a month since this catastrophe began. The American people are right to demand that Congress act to hold BP accountable. They have a right to ask why the liability cap remains set at the laughable amount of \$75 million,” Holt said. “We’ve heard BP say they will cover all legitimate claims. We need more than words. On behalf of American taxpayers, on behalf of the fisheries, small businesses and tourism industry devastated by the spill, and on behalf of those who want justice and accountability – we need to move the Big Oil Bailout Prevention Act forward to ensure that BP is formally liable for the full costs of the economic damages.”

Wednesday, Holt also called for a Transportation and Infrastructure Committee hearing on the bill, followed by a vote on the House floor.

“I know Senators Menendez and Lautenberg have pushed the bill on the Senate side, only to be denied by Republican obstructionism,” Holt said. “The House no longer should delay action on this important legislation.”

In addition to raising the liability cap, Holt’s legislation would increase the amount that could be paid out of the Oil Spill Liability Trust Fund, which covers any claims over the liability cap limit.

To ensure that the solvency of the trust fund – and to ensure that taxpayers aren’t responsible for economic damages – the House this week is expected to vote on legislation that would

increase the amount that oil companies are required to pay into the fund. The House bill would increase from 8 cents to 32 cents the per barrel tax that oil companies pay to finance the fund. This is projected to raise nearly \$10 billion over the next 10 years for the Oil Spill Liability Trust Fund. The bill would also increase the per-incident cap on coverage would from \$1.5 billion to \$7.5 billion.

“This is another way to ensure that oil companies – and not taxpayers – are on the hook for economic damages. By increasing the share that oil companies pay into the trust fund, we would prevent the tab from being passed on,” Holt said.

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