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THE WHITE HOUSE  
WASHINGTON

February 24, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF *M.F.*  
SUBJECT: Ullman Economic/Energy Bill *MCJ*

The key elements of the Ullman economic/energy plan which you requested today include the following:

1. An import quota system which will decrease foreign oil by 1 million barrels per day over a two year period and will continue until 2 million barrel reduction is achieved (this means an approximate 400-500 million barrel per day decrease per year). There is a possibility of using a government purchasing unit which would sell the available oil by sealed bids.
2. FEA would be given allocation responsibility and standby rationing would be authorized to the President.
3. Establishment of a stockpile reserve of a 6 month supply to be achieved by the early 1980's. Possible resort to the Elk Hills reserve.
4. A gasoline tax imposed according to the following schedule:
  - 1976-10¢ per gallon
  - 1977-20¢ per gallon
  - 1978-30¢ per gallon
  - 1979-40¢ per gallon

Also, a tax refund allowance may be included up to no more than 2 drivers per family with 2 cars. It could be in the form of a tax cut. Woodworth estimated the gasoline tax would gross about \$10 B and a tax refund allowance costing about \$5 B would net the revenue out at approximately \$5 B.

5. An automobile tax starting in model year 1977 to allow for redesign and retooling to go into full effect over a four year period. Autos getting 17 miles per gallon or less would have a \$1000 tax applied; 17 to 25 mpg, a \$500 tax. This would be phased in at 1/4 of the amount per year over the four year period.

6. Deregulation of old oil would be phased out over a period of years at \$1 per year until the free market price was reached (currently it's about \$11 per barrel).

7. Straight deregulation of natural gas.

8. A windfall profits tax with plowback which would be limited both to percentage of tax and type of investment. The windfall profits tax would be phased in according to the schedule of decontrol of oil.

9. Creation of an Energy Trust Fund with the same intent as the Wright plan.

Ullman is coordinating this plan with the Chairmen of the other respective committees and already has, I understand, a working relationship. He hopes to have the energy tax plan out of committee by mid-April.