LEGISLATIVE DIGEST
HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM
1420 LONGWORTH HOB, WASHINGTON, DC 20515 www.GOP.gov PHONE 202.225.5107 FAX 202.226.0154

H.R. 6377 – Energy Markets Emergency Act of 2008

FLOOR SITUATION

H.R. 6377 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Collin Peterson (D-MN) on June 26, 2008. The bill was referred to the House Committee on Agriculture, but was never considered.

H.R. 6377 is expected to be considered on the floor of the House on June 26, 2008.

SUMMARY

The bill directs the Commodity Futures Trading Commission (CFTC) to immediately curb the role of excessive speculation in any contract market within its jurisdiction and control, or through which energy futures or swaps are traded.

This legislation also directs the CFTC to eliminate excessive speculation, price distortion, sudden or unreasonable fluctuations or unwarranted changes in prices, as well as any other unlawful activity that causes market disturbances which prevent the market from accurately reflecting the forces of supply and demand for energy commodities.

BACKGROUND

With the price of gas at $4.07 per gallon as of June 25, 2008, the rise in the price of gasoline has caused debate over proposed energy policies. Contributing to the high price of gas are factors such as political instability and violence in oil producing regions as well as simple supply and demand, with increasing global demand for oil (most notably in developing countries such as China and India) and limited U.S. refining capabilities.

Oil is one of many commodities that is bought and sold through future contracts for its delivery and sale. Speculators purchase these contracts based on how they expect the market will perform in the future. Whether speculators realize a profit on the settlement or sale of these contracts depends on the price of oil at the time it matures. Some critics argue that the increased number of investors in the oil commodities market is causing the price of oil to rise.

The Commodity Futures Trading Commission (CFTC) was created by Congress in 1974 as an agency to regulate commodity futures markets in the U.S. Today, the CFTC assures the economic efficacy of futures commodity markets by protecting market participants against fraudulent and abusive trading practices, and encouraging competitiveness and efficiency among investors. Oil futures are exchanged on the New York Mercantile Exchange (NYMEX), which is regulated by the CFTC along with all other U.S. commodities exchanges. Oil commodities are also traded on other international exchange markets such as those in London and Dubai.

On June 10, 2008, the CFTC announced that they will create an Interagency Task Force to study recent developments in futures commodity markets and the high price of tradable commodities, such as oil. Specifically, the commission will examine investor practices, supply and demand factors, as well as the effects that speculators have in commodity markets.

COST

The Congressional Budget Office did not have a cost estimate available for H.R. 6377 as of June 26, 2008

STAFF CONTACT

For questions or further information contact Justin Hanson at (202) 226-2302.