Resourceful Information
NATURAL RESOURCES COMMITTEE REPUBLICANS
CONGRESSMAN DOC HASTINGS, RANKING MEMBER

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DEMOCRAT "ENERGY" PROPOSALS WILL INCREASE JOB LOSSES, ENERGY PRICES, AND DEPENDENCE ON FOREIGN IMPORTS

Yesterday, the U.S. Chamber of Commerce's Institute for 21st Century Energy released a report entitled "Taxing Our Way to Energy Insecurity Again," which examines the impact of proposals included in the Administration's budget and the Democrat Natural Resources Committee draft "energy" legislation that would levy billions of dollars in new taxes and fees on the oil and gas industry.

This report further confirms that President Obama and Democrats in Congress should move away from their proposals to discourage energy production and towards the Republican American Energy Act (H.R. 2846) – an **all-of-the-above** energy solution that includes specific measures to encourage development of renewable energy sources, such as wind, solar, hydropower, nuclear and biomass, while also producing more American-made oil and natural gas. The Republican plan would help Americans by protecting our environment, providing affordable energy, and creating new high-paying jobs.

The Chamber report states:

> "Taken together, the administration's budget and Chairman Rahall's draft legislation foreshadow a less secure energy future. History has demonstrated that arbitrary tax increases that raise the costs of doing business in this country are counterproductive, failing to achieve stated long-term goals of creating permanent jobs, supplying affordable domestic energy, and increasing overall energy security. Moreover, close scrutiny demonstrates that **such policies are likely to create harmful unintended consequences like increased oil imports, significant job losses, and more expensive energy bills.**"

And the report specifically points out that the Democrats' proposals for new taxes and fees on oil and natural gas:

- **Jeopardizes Jobs and Increases Costs to Consumers**

  "**Over 1.8 million Americans are employed by the oil and gas industry, with another 4 million workers indirectly tied to the industry. Over 90% of U.S. wells are developed by independent producers, which are small businesses employing 12 people on average.** And the overwhelming majority of investment into very capital-intensive deep and ultra-deepwater development is made by U.S. based major oil and gas companies that currently operate 80% of the top producing areas in the Gulf of Mexico. Increasing the production costs of oil and gas via new taxes and fees place American jobs in jeopardy as small and large firms alike look to reduce operating expenses or shift to lower cost overseas production opportunities."

- **Harms U.S. Economic Competitiveness**

  "**Increasing taxes and costs on domestic energy production makes the United States less attractive for investment as compared to projects outside of the country. The net result is reduced investments into our own economy, and increased reliance on foreign energy sources.** Compounding that by taxing American companies on their foreign operations at higher rates than their competitors further weakens America's competitiveness and increases our reliance for the imported energy."

- **Threatens Energy Security and Increases Imports From Foreign Countries**

  "All of the proposed new taxes, fees, and additional regulatory hurdles have one thing in common; they will increase the cost of producing domestic oil and natural gas. While the U.S. currently produces over 5.3 million barrels of oil per day, it is estimated that America has abundant technically recoverable oil and gas resources totaling approximately 134 billion barrels of oil, and 2,246 trillion cubic feet natural gas on and off its shores. **The clearest way to meet the administration's stated goals of job creation, energy security, and reduced reliance on foreign imports is to take advantage of these abundant domestic natural resources.** But by keeping these resources off limits, and making the costs of developing those that are available more expensive, the policies put at risk affordable and reliable sources of American energy."

- **Decreases Revenue to the Federal Government**

  "**Furthermore, from a purely practical standpoint, it is worth noting that past increases in oil taxes have not produced the new revenue to the federal government that had been predicted.** The Windfall Profits Tax of the 1980s was projected to increase gross federal revenues by $393 billion over the 11 years the tax was supposed to be in place. However, the tax generated only a 20% net increase of what was projected when enacted. In addition, as the proposed new taxes and fees are levied on marginal increases in production (i.e., per barrel), fewer barrels will actually be produced because the necessary capital needed for production will instead be collected by the government. The oil and gas industry paid in excess of $22.5 billion to the federal government in royalty, rent, and bonus payments in FY 2008. **If tax increases lower domestic production, as happened with the WPT in 1980, the government can expect to collect much less in the coming years**."

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