



Who really pays the price of new energy taxes? We all do, in more ways than one.

Given current high prices of oil, there's a predictable political question: should we "penalize" oil and natural gas companies with new taxes?

Here are a couple of facts that might surprise you:

- Oil and natural gas companies pay income taxes averaging 40% of their pre-tax income. That is nearly double the average rate paid by all companies in the manufacturing sector, according to data on the nation's top 27 energy companies tracked by the U.S. Energy Information Administration.
- These 27 energy companies were responsible for \$90 billion in income taxes in 2006. And they constitute just part of the nation's oil and natural gas industry*.

The better question is this: what is the effect of increasing already high taxes on oil companies?

The government projects a need for 21 million barrels of oil per day and a substantial rise in natural gas consumption by 2030. America cannot function without reliable supplies of these resources, yet increasing taxes on the oil companies that find and produce them will likely result in less U.S. investment, making U.S. supplies even scarcer and America's economy less secure.

Why? Taxes reduce available funds these companies can reinvest in additional exploration, production, and refinery capacity as well as in new technologies vital to supplying the future energy needs of our nation.

Oil and natural gas companies have been doing their part to prepare for the future – investing more than \$1.25 trillion since 1992 in a wide range of capital improvements. Massive investments are essential to developing additional supplies for America's energy needs.

The oil and natural gas industry employs 1.8 million hard-working Americans, and more than 4 million other jobs are indirectly attributable to oil and gas activities. Many of these good jobs that today support millions of American families would be at risk, if new taxes stifle the industry's growth and development.

The bottom line is this: raising taxes on oil companies could actually make matters worse for businesses and consumers already feeling the effects of higher energy costs rippling through the economy. And higher taxes will likely produce less energy, not more – making America's energy future less secure.

THE *people* OF AMERICA'S
OIL AND NATURAL GAS INDUSTRY

* These companies accounted for 44 percent of U.S. crude and natural gas liquids production, 43 percent of U.S. natural gas production, and 81 percent of U.S. refining capacity in 2006

American consumers require reliable, growing energy supplies