

Press briefing teleconference on administration budget and taxes on industry

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Opening statement:

Good morning everyone. Thanks for calling in.

In his state of the union address last month, President Obama spoke positively about more domestic energy development. We in the industry found his words heartening, and we hoped they would be followed by policies encouraging more oil and natural gas production here at home.

Unfortunately, his 2013 budget plan returns to the well of bad ideas and backtracks on his state of the union commitment. Instead of advancing constructive pro-development policies, his budget plan calls for increased taxes on America's oil and natural gas industry.

From every perspective, tax increases are a bad idea. Not only would they be punitive and unfair, but long-term they would mean less domestic energy, fewer jobs, less energy security, and far less government revenue.

America's oil and natural gas industry already returns more than \$86 million to the federal treasury every day, pays taxes at far higher effective rates than most other industries, and is one of few industries that have created jobs throughout the economic downturn.

Increasing our taxes would push oil and natural gas investment overseas and diminish job-creation and economic activity here at home. After a handful of years, we would see less domestic energy production – particularly of natural gas – more imports, fewer new jobs, and, eventually, depressed tax, royalty and other revenues.

Frankly, the administration should be trying to replicate the success America's oil and natural gas industry has had in creating jobs and growing the economy primarily through development on private and state lands. The evidence clearly shows that what we're doing is working.

Hundreds of thousands of new jobs are being created in North Dakota, Pennsylvania, Texas and other states with new energy production – production made possible by innovations in technology and large private investment.

A recent analysis by former U.S. Census officials shows that, out of nine geographic regions across the U.S., in only one – the oil patch – has household income increased between 2007 and 2010. And of the ten states showing the greatest increases in household income, seven are oil and gas producing states.

We can and will see many more of these success stories if we produce at home more of the oil and natural gas our nation requires, especially on federally controlled lands and offshore areas. We're going to need all sources of energy to feed a growing economy, but even with aggressive expansion of renewable and alternative energy, oil and

natural gas will continue to provide the majority of our energy for decades to come.

A full program of domestic oil and natural gas development – unfettered by the kind of tax increases the administration is proposing and by needless new regulations – could create one million more new jobs in just seven years and increase revenue to the government by \$127 billion by 2020 and \$800 billion by 2030.

Michael Lynch, president of Strategic Energy & Economic Research, called America's oil and natural gas industry "probably the biggest stimulus" our nation has going. He noted that oil and gas companies would spend \$145 billion this year drilling and completing new wells in the United States.

If these job-creating investments are a stimulus for the nation, then what the administration is proposing is an anti-stimulus.

To spur new jobs, the president advocates tax breaks for everyone but the oil and gas industry – the one sector with the proven ability to create jobs and already supporting 9.2 million of them.

Public opinion research shows most voters support more development at home and don't support raising taxes on the oil and natural gas industry. Most believe higher taxes would increase energy costs and hurt consumers.

We urge Congress to listen to its constituents and reject the administration's latest iteration of tax increases for the industry.

We also urge the administration to become a part of the conversation on energy we are encouraging around the country as part of our Vote 4 Energy campaign. As part of this conversation, we will start running ads on taxes this week explaining how vital sound tax policy is to our nation's economy and energy future.

Energy is important to every American. We hope every American will make it an issue in the upcoming election.