OIL & NATURAL GAS INDUSTRY
LABOR-MANAGEMENT COMMITTEE

October 15, 2009

The Honorable Max Baucus
Chair, Senate Finance Committee
511 Hart Senate Office Bldg.
Washington, D.C. 20510

Dear Chairman Baucus:

Earlier this year, the American Petroleum Institute and 15 labor unions created the Oil and Natural Gas Industry Labor-Management Committee, an organization established to preserve and create jobs by promoting domestic oil and natural gas production. We believe by working together we can protect and promote job growth and be a part of the economic future of America.

As you begin consideration of legislation to address expiring tax provisions and other revenue issues, we urge you to avoid policies that could endanger jobs in the domestic oil and natural gas industry, an industry that is critical to both our energy and economic security.

More than 9 million jobs are directly and indirectly related to the industry, including those of thousands of building and construction workers, who supply the skilled labor for refinery modifications and expansions, pipeline construction, and fabrication of equipment used to produce domestic oil and natural gas supplies.

One proposed industry tax increase; repeal of Sec. 199, would jeopardize $32 billion in planned U.S. refinery modifications that would create more than 22,000 construction jobs and 3,000-plus permanent jobs.

Sec. 199 was enacted in 2004 as part of the American Jobs Creation Act. Between 2005 and 2009, US refining capacity increased by a total of 547,000 b/d. Between 2001 and 2004, US refining capacity increased by a total of 299,000 b/d. In other words, the rate of capacity expansion nearly doubled after the passage of Section 199.

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And this is just one example of a host of proposed industry tax increases that could jeopardize jobs and stymie increased domestic energy production, endangering economic and energy security. Avoiding tax increases on the industry is not only good tax policy—it is good energy policy.

We recognize that there are expiring tax provisions whose extension will have a positive impact on economic growth and job creation. However, those extensions should not come at the expense of workers in the oil and natural gas industry.

We'd be happy to discuss these issues with you at any time.

Sincerely,

Mark H. Ayers

Mark Ayers
President, Building and Construction Trades Department, AFL- CIO
Oil & Natural Gas Industry Labor-Management Committee

Jack Gerard

Jack Gerard
President and CEO, American Petroleum Institute
Oil & Natural Gas Industry Labor-Management Committee