

WINDFALL PROFITS TAXES INCREASE PRICES AND DEPENDENCE ON FOREIGN ENERGY

Policies that discourage American energy production **increase costs, reduce supply, and shift reliance overseas.**



American
Petroleum
Institute

WHAT THIS MEANS FOR AMERICAN CONSUMERS

- ✓ Higher risk of gasoline price increases
- ✓ Greater exposure to global supply shocks
- ✓ Less control over America's energy future



**You can't
tax supply
and expect
lower prices**

WHAT HAPPENS WHEN YOU TAX AMERICAN ENERGY PRODUCTION

PRODUCTION COSTS

- **HIGHER TAXES** increase the cost of producing energy

INVESTMENT

- **HIGHER COSTS** deter investment in domestic energy production and could reduce supply

CONSUMER PRICES

- **REDUCED SUPPLY** could put upward pressure on prices for consumers

BOTTOM LINE & WHY THIS MATTERS

Higher taxes raise costs, deter investment and production, and increase reliance on foreign energy.

WE'VE TRIED THIS BEFORE...

UNITED STATES - 1980's*

- Raised **80% LESS REVENUE** than projected
- **REDUCED U.S. OIL PRODUCTION** by up to 1.3B barrels
- **INCREASED IMPORT DEPENDENCE**
- **REPEALED AFTER UNDERPERFORMING**

... AND IT'S HAPPENING AGAIN

UNITED KINGDOM - TODAY

- **UP TO 78% TOTAL TAX RATE** on oil & gas profits
- **90% OF OFFSHORE** firms report **LOWER INVESTMENT**
- **PRODUCTION DOWN 25%** since 2022
- **INCREASED RELIANCE ON IMPORTS** and exposure to supply shocks

* CRS Report RL33305, The Crude Oil Windfall Profit Tax of the 1980s: Implications for Current Energy Policy, by Salvatore Lazzari.

To learn more visit [API.org](https://api.org)