



# SETTING THE RECORD STRAIGHT ON ENERGY INDUSTRY TAX TREATMENT

Contrary to what some politicians continue to claim, the natural gas and oil industry does not receive special tax treatment from the federal government. Since its inception, the U.S. tax code has allowed corporate taxpayers, including those in the natural gas and oil industry and across the entire manufacturing sector, the ability to recover costs related to job creation and other operational investments. These common tax mechanisms, like claiming a deduction on your income tax return, allow companies to invest and deliver the energy that working families rely on every day.

## THE NATURAL GAS AND OIL INDUSTRY DOES NOT RECEIVE SPECIAL TAX TREATMENT KEY POINTS

1. Natural gas and oil companies receive no special tax treatment from the federal government. The U.S. tax code is applied equally across industries.
2. Legitimate tax treatments used by natural gas and oil companies – the same or similar to those used by other businesses – regularly come under attack by those pushing a political agenda that penalizes one industry and provides taxpayer subsidies to another.
3. Current tax law provides a level playing field for all companies regardless of economic sector. For example, all industries can now deduct expenditures in the same manner, allowing for the market to determine winners and losers rather than the federal government.
4. The effective tax rate for natural gas and oil has been historically higher than for electric utilities, banks, airlines, aerospace and defense, to name just a few.

## DEDUCTIONS THAT INCENTIVIZE INVESTMENT ARE NOT SUBSIDIES

- The natural gas and oil industry is eligible for ordinary deductions that ensure companies are taxed only on real income, enabling businesses to write off legitimate expenses such as investments that generate tax revenue that benefits all Americans.
- Deductions are not a give-away but a common mechanism that allows businesses to grow, invest and create jobs, and many industries including manufacturing claim similar tax deductions.
- Deductions are some of the most popular tax provisions and apply to charitable giving, mortgage interest and student loan interest.

## REPEALING TAX PROVISIONS THAT ENCOURAGE INVESTMENT COULD WEAKEN THE U.S. ECONOMY, HURT DOMESTIC ENERGY PRODUCTION AND COST AMERICAN JOBS.

- **The natural gas and oil industry supports 10.3 million** U.S. jobs, powers, the nation's economy, and generates billions in revenue for the federal and state governments in rents, royalties, corporate tax and income tax payments.
- America's natural gas and oil industry is helping reduce America's income inequality by providing jobs that pay seven times the federal minimum wage.
- Smart tax policies that encourage continued investment made the U.S. energy revolution possible, which bolstered our national security and helped cushion American households from geopolitical and oil price shocks.
- U.S. natural gas and oil industry receives no special tax treatment from the federal government, yet it is competitive with foreign producers that do thanks to the smart provisions in the U.S. tax code that encourage investment and innovation.
- G-20 governments' recommendation to repeal tax provisions specifically targeted at U.S.-based energy companies would put our country at a significant disadvantage with international competitors such as China, Russia and Saudi Arabia whose natural gas and oil companies are state-owned and heavily subsidized by their governments.