Impact of IDC Repeal

Intangible Drilling Costs (IDCs) are ordinary and necessary business expenses required for the drilling, or preparation of oil and natural gas wells - such as wages, fuel, and other non-recoverable expenses. These costs represent 60 to 90 percent of the cost of a well. Taxpayers are generally able to expense IDCs like other business operating costs recovering them in first year incurred or over a five period depending on the size of the company.

By 2023, repeal of the current tax treatment of IDCs could impact the Rocky Mountain region in the following ways:

- **~920 Thousand** Barrels of oil equivalent Rocky Mountains production lost daily
- **3,000** Less Rocky Mountains wells will be drilled each year
- **~84,000** Total number of jobs lost in the Rocky Mountains region over the period
- **$12 Billion** Total annual loss of local capital investment into the Rocky Mountains region
- **20 Percent** Total increase in domestic production in just 10 years by preserving IDC

Nationwide it is estimated that IDC repeal could almost 265,000 American jobs lost and a decrease in total investment by the industry of $407 billion – all by 2023.

Tax policy decisions should drive economic growth, not restrict it. America’s oil and natural gas industry already contributes, on average, over $85 million per day in revenue to the Federal government, while having a total effective tax rate over 44% and supporting over 9 million American jobs.

Americans understand the impact of taxes on energy. According to a March 2013 poll, 63% of voters believe raising taxes only on America’s oil and natural gas industry, or just on a handful of companies, would be bad tax policy, as well as unfair and discriminatory.

Congress Should Retain The Current Treatment Of IDC Costs.