

President Obama tax proposals bad for families

BACKGROUND: *President Obama sent to Capitol Hill on Feb. 26, 2009, a summary of his fiscal 2010 budget proposal. The proposal calls for at least \$400 billion in new taxes and fees on the oil and natural gas industry, including a significant portion of the revenues that would be raised from a carbon cap-and-trade system.*

Raising taxes in a time of economic decline is a recipe for disaster. Hoover did it in the 1930s, Carter did it in the 1970s and Obama wants to do it now.

- New taxes kill jobs. According to a preliminary estimate based on Center for American Progress data, 271,000 oil and gas jobs annually would be destroyed by the Administration's new taxes and fees.
- With America in the midst of a deep recession, now is not the time to impose new taxes on the economy, including the oil and natural gas industry. New taxes could hurt workers by extending the recession or depressing job creation just as an economic recovery starts to bloom.

The Administration's tax plan puts the economic burden on hard-working Americans and their families. Higher energy taxes that reduce production and increase costs for oil will steal money from every American household.

- Historically, higher taxes have resulted in less domestic energy, and restrained supplies often lead to higher energy costs for consumers. In today's economy, that could stifle a recovery and make Americans more dependent on foreign oil and natural gas.
- New taxes will make it more expensive for oil and natural gas companies to expand or initiate new exploration and development programs – all of which would mean fewer jobs for workers and less oil and natural gas for consumers and businesses.

Higher energy taxes will seep into every facet of our lives and be paid on the backs of hard-working Americans who already struggle to make ends meet.

- New taxes hurt businesses, threaten jobs and are passed on to consumers as higher prices. Higher taxes are a burden felt throughout the economy and discourage business expansion, investment and job creation. They could result in less, not more, job security, make health care more expensive for American workers and threaten other benefits.

The Administration is not listening to the majority of Americans who want a stronger economy using our own vast oil and natural gas resources.

- A recent poll found that 61 percent of Americans who voted in the 2008 presidential election support access to offshore oil and natural gas resources.
- At a time when other countries are providing incentives to develop their own energy resources, the U.S. is the only country actively discouraging it. The U.S. oil and natural gas industry is one of the success stories of the American economy, directly and indirectly supporting 6 million workers in good jobs that often pay well above the national average.
- Saddling the industry with additional taxes would likely drive these jobs overseas at a time when America needs to create jobs. It is not an economic recovery when the jobs of millions of industry workers in this country are placed in jeopardy.
- Plans to reduce America's dependence on foreign oil, produce domestic energy resources and develop alternative energy would all be undermined by higher taxes. When the economy recovers, America will need all the energy we can produce. Higher taxes would rob the industry of the capital it needs to invest in alternatives and reduce supplies of the oil and natural gas needed as a bridge to the future.

Millions of Americans are watching their retirement savings shrink. Now, the administration wants to impose billions in new taxes on U.S. oil and natural gas companies. That will hurt millions of Americans whose retirements depend on mutual funds, pension and retirement plans that own oil company shares.

- Almost 43 percent of oil and natural gas company shares are owned by mutual funds and asset management companies that have mutual funds. Those funds are a major retirement savings and investment tool for millions of middle-class Americans. Imposing new taxes on the oil and natural gas companies further undermines the retirement security of working people.

There is a better way than saddling a troubled economy with new taxes that hurt consumers and workers.

- The oil and natural gas industry should be allowed to develop the vast energy resources that belong to the American people. It would improve America's energy security and create jobs and federal, state and local tax revenues. In fact, a recent ICF International study found that developing the vast domestic oil and natural gas resources on federal lands that had been kept off-limits by Congress for decades could generate \$1.7 trillion in government revenue.