



**TEXAS WORKFORCE COMMISSION**  
101 E. 15TH STREET, ROOM 638  
AUSTIN, TEXAS 78778-0001

TOM PAUKEN  
Chairman  
(512) 463-2800  
FAX: (512) 463-1289

May 12, 2009

RICK PERRY  
Governor

**Obama's Energy Tax Proposals a Job-Killer for Texas**

By  
Tom Pauken

President Obama is proposing a wide array of tax hikes on the U.S. energy industry. If enacted, these massive tax increases would be a job-killer for Texas and a huge setback in our overall efforts to lessen our dependence on foreign energy.

More than 100,000 Texans are currently employed in such energy-related fields as oil and gas extraction, petroleum and coal products manufacturing, along with pipeline transportation of oil and natural gas. These are high-skilled, good-paying jobs for Texans. Our energy industry has been particularly instrumental in the strong economic growth and job creation Texas has experienced in recent years. Now that we are feeling the impact of the national economic recession, the energy industry can help lead us out of these difficult economic times so long as we don't make the stupid mistake of passing punitive tax legislation in Washington, D.C., to eliminate the incentives for domestic energy production and refining.

Yet, the Obama Administration is proposing to do just that – abolish or revise virtually all of these existing tax incentives for our domestic energy industry, while adding new taxes as well. Here is what President Obama's proposals would do:

- Repeal expensing of intangible drilling and development costs (IDC)
- Repeal percentage depletion
- Repeal the passive loss exception for working interests in natural gas and oil properties
- Repeal the countercyclical marginal well tax credit
- Repeal the enhanced oil recovery tax credit
- Repeal the manufacturing tax deduction for natural gas and oil companies
- Repeal the deduction for tertiary injectants
- Increase the geological and geophysical amortization period for independent producers to seven years
- Levy a new excise tax on Gulf of Mexico natural gas and oil production

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If you want to decimate our Texas oil and gas producers, pass that tax plan. It doesn't stop there. Bill Kleese, the Chief Executive Officer and Chairman of the Board of San Antonio-based Valero Energy Corp., recently pointed out in an article in the *San Antonio Express-News* other onerous provisions of the Obama plan that "could have devastating effects on our economy," namely:

- "The repeal of LIFO, or 'last-in first-out,' an accounting practice allowed under the IRS Code since the 1930s and used by multiple industries. This would have a detrimental effect on not only the refining industry, but many U.S. businesses.
- Reinstatement of the superfund taxes, which will further increase the price of transportation fuels."

Raising taxes on our domestic energy industry is the worst possible idea at a time when we so badly need to encourage the creation and preservation of good private-sector jobs here in the United States. Besides, I thought there was a national consensus in favor of reducing our dependence on unstable sources of foreign energy.

Fostering a business tax environment which rewards savings and investment in the United States is an essential element in "putting America back to work." A tax system that lessens our dependence on foreign energy is important from a national security standpoint, will help us reduce our unsustainable trade deficits, and is crucial to our economic recovery here in Texas.

The Obama Administration's punitive tax measures on our domestic energy industry will be job-killers here in Texas. We need to let our representatives in Washington, D.C., know that Congress should reject this badly conceived legislation.

*Tom Pauken is Chairman of the Texas Workforce Commission.*

**Media Contact:** Ann Hatchitt

**Phone:** 512-463-8556

*The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in unison with its network of local workforce development boards call (512) 463-8556 or visit [www.texasworkforce.org](http://www.texasworkforce.org).*