

News Release



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IPAMS: Proposed Tax Increase Harmful to Consumers, National Security

*Passage of H.R. 5351 would decrease domestic production, increase consumer prices,
and delay transition to renewables*

(Denver) – The Independent Petroleum Association of Mountain States (IPAMS) today urged Congress to reject H.R. 5351, which would increase financial burdens on domestic energy producers and ultimately diminish clean energy supplies, driving up costs for American businesses and consumers and delaying our transition to a renewable energy future.

“Advocates of this tax increase have failed to assess the real impact its passage would have on energy supplies, costs for consumers, and the transition to renewable energy,” said Marc W. Smith, Executive Director of IPAMS.

“With energy prices near record highs and world supplies increasingly in the hands of countries that are hostile to our nation’s interests, now is not the time to hinder the development of any domestic energy source,” Smith said. “We need more of all types of clean energy, including solar, wind, and natural gas, for our economy and for our nation’s security.”

Ironically, H.R. 5351, which seeks to bolster the development of renewable and alternative sources of energy, would undoubtedly decrease supplies of natural gas, the demand for which will increase substantially as America relies more on renewable energy. According to the U.S. Department of Energy, as our dependence on energy made from plants increases, more natural gas will be needed to produce fertilizer and convert plant materials into useful energy. Further, natural gas is a clean, practical back-up source for wind and solar generation when the wind isn’t blowing and sun isn’t shining.

The proposed tax increase, which some see as a way to punish major integrated oil companies, will also end up punishing middle class investors who are the true owners of America’s oil companies. According to a recent study authored by the former Undersecretary of Commerce for Economic Affairs under President Clinton, only 1.5% of shares of public companies are owned by company executives. The study shows that ownership of industry shares is broadly middle class, with the majority of industry shares held by institutional investors, often on behalf of millions of Americans through mutual funds, pension funds and individual retirement accounts.

As they struggle to keep up with American’s increasing demands for natural gas, independent producers must have capital to invest in order to continue developing our natural resources. In fact, most independents reinvest close to 100% of their profits into development of energy resources in an effort to keep supplies high and prices affordable.

“This legislation would ultimately hurt the small, independent natural gas producers, who drill 90% of U.S. wells and provide over 80% of the natural gas needed heat our homes, light our offices, cook our food, and make renewable energy projects viable.”

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“HR 5351 would be a giant step backward for U.S. energy security. Congress is setting the stage for a true energy crisis—on the one hand they are pushing policies that call for increased natural gas. On the other hand they are making it more and more difficult for domestic energy companies to produce the natural gas that our nation so desperately needs,” concluded Smith

IPAMS, founded in 1974, is a non-profit trade association representing more than 400 independent oil and natural gas producers, service and supply companies, banking and financial institutions and industry consultants committed to environmentally responsible energy development in the Intermountain West. More information on IPAMS and its members is available at www.ipams.org.