



## **Preserve Language to End Royalty Relief for Oil and Gas Industry in Interior Appropriations Bill**

May 16, 2006

Dear Representative,

Taxpayers for Common Sense urges you to support language added to the House Interior Appropriations Bill by Representative Hinchey (D-NY) as modified by Representative Kingston (R-GA). In addition, TCS urges you to support any additional amendments or language to end royalty relief for the oil and gas industry. At a minimum, it is crucial Congress take steps to enact provisions into law that end royalty relief and avoid billions in lost revenue for taxpayers.

Royalty “relief” for oil and gas production is outdated and unnecessary. At a time when oil prices are sky-high there is no need for the federal government to provide relief and further pad the pockets of big oil companies. As the President pointed out last year the oil and gas industry does not need taxpayer incentives with oil at \$55/barrel. Oil prices now hover near and over \$70/barrel. Clearly, it is time to end this multi-billion dollar giveaway.

The Department of Interior predicts that in the next five years energy companies will likely remove oil and gas worth \$65 billion from federal lands without paying the full royalty. According to the *New York Times*, at today’s prices this translates into a \$7-\$9 billion revenue loss to taxpayers. Additionally, the Department of Interior estimates that royalty-free oil will quadruple by 2011 and natural gas will increase by 50%, dramatically increasing taxpayer losses.

At a time when the oil and gas industry are reaping record profits, royalty relief will do little, if anything, to stimulate domestic energy production in the United States. With prices at near-record levels, energy companies are already flocking to the Gulf of Mexico. As the Wall Street Journal put it, “we don’t think oil companies need tax incentives or subsidies to drill for oil at \$70 a barrel, or for that matter at \$25.” Even the oil companies have openly admitted they do not need these subsidies.

We urge you to work to ensure royalty relief provisions remain in the FY07 Interior Appropriations bill and further steps are taken to end the expensive and irrelevant oil and gas royalty giveaway. Please contact Autumn Hanna, Taxpayers for Common Sense Action at 202-546-8500 or [autumn@taxpayer.net](mailto:autumn@taxpayer.net) if you have any questions or would like more information.

Sincerely,

President/Co-Founder