

February 2020

Padding Big Oil's Profits: Companies Bank Trillions, Taxpayers Get The Bill



The six largest oil and gas companies reported in excess of \$55 billion in combined profits in 2019. Just these six companies have generated \$2.4 trillion in profits since 1990 (see table below). The oil and gas industry is undoubtedly one of the most profitable in the world.

Despite their enormous profitability, oil and gas companies still receive generous subsidies from the U.S. federal government. They have also avoided the massive costs of climate change caused by oil and gas consumption. These costs, which include damages from intensified storms, floods, and drought easily run into the trillions of dollars, and are now largely paid for by federal taxpayers. The oil and gas industry has known for

decades about the linkage between fossil fuel consumption and climate change, but they chose to publicly deny it while the federal government – taxpayers – have paid the price.

As the government's fiscal health continues to deteriorate, and climate change costs rise, taxpayers cannot afford to shell out billions of dollars in subsidies and carry mounting climate liabilities for the hugely profitable oil and gas industry.

Provisions of the U.S. tax code that allow oil and gas companies to write off exploration and development expenses, form master limited partnerships, and take advantage of Last-In,

TOP 6 PRIVATE OIL & GAS COMPANIES' PROFITS (\$, MILLIONS)

	2019	1990-2019 (\$-nominal)	1990-2019 (\$-2019)
ExxonMobil Corp.	\$14,340	\$613,130	\$775,159
Royal Dutch Shell PLC	15,843	411,316	523,632
BP P.L.C.	4,026	257,769	331,703
Chevron Corp.	2,924	291,496	360,609
Total S.A.	11,267	228,591	278,417
ConocoPhillips	7,189	114,250	145,741
Top 6 Total	\$55,589	\$1,916,552	\$2,415,260

First-Out accounting (among others) reduce revenue to the Treasury by billions of dollars every year. Combined with charitable regulations for development on federal lands that allow for free use of natural gas, methane venting and flaring with little oversight, and royalty payments at a fraction of rates charged by state and private lands, these policies have padded industry's profits by more than \$100 billion over the last few decades, all at taxpayers' expense.

While these subsidies continuously bumped up the bottom line for oil and gas companies, they deepened the U.S. budget deficit. Running such deficits year after year has swelled the U.S. national debt. Over the 30 years in which

the oil and gas companies made \$2.4 trillion in profits, the national debt ballooned to \$23 trillion, roughly doubling the debt as a share of GDP. In January, the Congressional Budget Office—the official legislative fiscal scorekeeper —projected that debt would continue to climb to near-record levels by 2030. Subsidies to the oil and gas industry play a small role in overall debt accumulation, but the corporate favors are unjustifiable at any cost to taxpayers as the nation's fiscal health deteriorates.

The pressure on both national and individuals' finances in the U.S. will be exacerbated by the rising costs of recovering from and mitigating the dramatic effects of climate change.

Six Companies, Three Decades, Trillions in Profits (\$ in millions of 2019 dollars)

