# Discussions / Live Q&A's

TODAY, 2:00 P.M.

## Democrats target big oil: Experts debate

In an effort to create revenue and decrease the deficit, Democrats are pushing to end tax breaks for big oil companies. Brian Johnson of the American Petroleum Institute and Ryan Alexander of Taxpayers for Common Sense chatted and answered questions about what the Democrats' plan actually means.

**Read today's story:** Senate Democrats push to end tax breaks for big oil companies to cut deficit

## The Discussion

**RYAN ALEXANDER :**

Hi - Ryan Alexander from Taxpayers for Common Sense here to answer your questions on oil and gas subsidies.

*– May 11, 2011 1:59 PM*

**BRIAN JOHNSON :**

Hello, welcome and thanks for joining. My name is Brian Johnson and I am the senior tax advisor for the American Petroleum Institute (www.api.org) representing over 470 oil and gas companies. An industry that supports 9.2 million jobs and contributes 7.7% of GDP. Thanks for joining and I look forward to answering your questions today.

*– May 11, 2011 1:59 PM*

**IF IT QUACKS LIKE A DUCK!**

I suppose the question is....do companies that make the kind of money that oil companies do (like a Microsoft, Apple, ETC) pay tax on profits, and if so at what percent? If they do then oil companies should too. If they also get breaks then we have a bigger issue as to how much do giant companies pay in taxes and is it fair?

*– May 11, 2011 11:47 AM*

**BRIAN JOHNSON :**

The effective tax rate for our industry is 41% - much higher than others.

*– May 11, 2011 2:05 PM*

**RYAN ALEXANDER :**

We think the quesiton for the industry is how much taxes are paid to the US. Effective tax rate against tax expenses, the figure we have seen cited most often, does not tell you how much they pay. We agree 41 percent is a high rate. That is why we want to eliminate tax breaks and credits and lower rates for all businesses.

*– May 11, 2011 2:05 PM*

**HOW DO TAX RASIES AFFECT ME?**

It would be nice if we lived in a "fair" world where tax breaks were not given to companies making billions. However in the real world, when costs go up, so do prices. If big oil gets taxed more, won't this raise the price I pay at the end of the day? Also artificial price controls have massively failed in the past, so forcing them not to raise prices would not only probably fail, but really be just populist rhetoric.

*– May 11, 2011 12:04 PM*

**RYAN ALEXANDER :**

Oil is a global commodity and the prices are set on the world market. Eliminating tax breaks and other subsidies may factor into prices, but given the global nature of the market it is hard to make a direct correlation.

*– May 11, 2011 2:07 PM*

**BRIAN JOHNSON :**

Prices are set on a global market using supply and demand. However, if you decrease supply into that market, Econ 101 tells us that does not send a signal to lower prices. Repealing the Section 199 manufacturers deduction and our ability to deduct

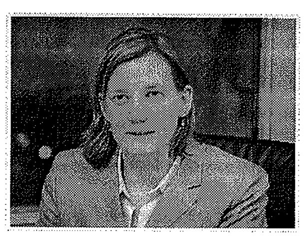
**ABOUT THE HOSTS**

### Brian Johnson

Brian Johnson serves as the Senior Tax Advisor at the American Petroleum Institute (API). With years of experience in energy tax policy, government relations, and grassroots advocacy and mobilization, his current efforts focus on analyzing the impact of tax policy proposals on the energy industry and informing federal policymakers and the public about the effect of these changes.

As an energy tax expert, Johnson has testified before Congress, participated in numerous newspaper, radio and television interviews, and his commentary has been featured on BBC, CNN, C-SPAN, Fox News, Fox Business News and more.

Johnson holds a Masters in Public Administration with a focus on Public Policy Analysis from The George Washington University; a Specialization in European Political Economy and International Trade from the Institut Catholique des Hautes Etudes Commerciales (ICHEC) in Brussels, Belgium; and a Bachelor of Arts in Political Science with Minors in International Affairs and English.



### Ryan Alexander

Ryan Alexander joined Taxpayers for Common Sense as president in November 2006, after serving on the board for more than 7 years. Over the past two decades, Ryan has served as a non-profit advocate, manager, funder, and consultant to TCS. Previously, she served as Executive Director of the Common Cause Education Fund, the research and education affiliate of Common Cause, a consultant to drilling costs would compromise 600,000 boe/d in the US. That lack of supply could send signals to the global markets to take prices higher! That is something our contries can't afford.

*– May 11, 2011 2:07 PM*

**COST OF GAS**

While the cost of oil is global, the cost that Americans are charged for gas is local to this country (to a degree). IE there are other factors involved in determining the price of gas besides just oil, so changing any of those factors dramatically would logically lead to a change in price right?

*– May 11, 2011 2:22 PM*

**BRIAN JOHNSON :**

Yes there are other factors.

*– May 11, 2011 3:11 PM*

foundations and advocacy organizations, a foundation program officer, and a litigating attorney. She co-founded a non-profit, ran her won small business, and sits on the board of directors of the Project on Government Oversight.

Ryan received a bachelor's degree with honors from Wesleyan University in Middletown, Conn., a law degree from the University of Wisconsin at Madison, and was awarded a National Association for Public Interest Law Equal Justice Fellowship.

**WHAT ARE THE TAX BREAKS, SPECIFICALLY?**

I see them called "loopholes," "deductions," and "credits," depending on the article. I've seen each of those words used to describe policies that are good and policies that are bad. But no one will tell me what, exactly, these tax breaks are. Without knowing that, how can one possibly form an opinion? So could each of you please describe what activity is it that triggers these tax breaks and how the amount is calculated? For example, in my business, I don't pay taxes on the money I pay my employees or the money I pay my vendors. I do pay taxes on most of the money I put toward capital purchases, at least in the first year of the purchase. Please provide a definition of these tax breaks in similar (but probably more complex) terms.

*– May 11, 2011 2:48 PM*

**BRIAN JOHNSON :**

They are deductions. Period. If you find a spending credit in the Code we get, please show me.

And there is not enough room in the box I am typing in to go over all of these, please see here: http://www.api.org/policy/tax/apikeytaxissues/index.cfm

*– May 11, 2011 3:12 PM*

**IS THE OIL INDUSTRY MATURE YET?**

When I took macroeconomics, I learned that subsidies were a tool for helping nascent industries get off the ground - things like alternative energy and so forth - until they could stand on their own two feet and benefit society and the economy. The petroleum industry is now a century and a half old, and is among the world's most profitable. So when exactly DO you plan on growing up and leaving mom and dad's house? We're getting awfully tired of buying you expensive sports cars to carouse around in. These subsidies are indefensible, and I think you know it.

*– May 11, 2011 1:10 PM*

**RYAN ALEXANDER :**

Some of the subsidies to the oil and gas industries are almost 100 years old. We agree the time has come to put an end to these. We are hopeful that the new energy around fiscal responsbility in this congress will help bring an end to these subsidies.

*– May 11, 2011 2:11 PM*

**BRIAN JOHNSON :**

Let's at least keep the rhetoric honest - these are not subsidies. There are no credits. They are deductions and timing with respect to cost recovery. Uncle Sam is not taking money from you and giving it to oil and gas (like some other industries) - it just isn't happening, period.

*– May 11, 2011 2:11 PM*

**ALGAE**

Should we be doing more to subsidize algae research? Algae has the potential to be the most efficient and inexpensive source of fuel. What is preventing us from using algae as a signficant source of fuel?

*– May 11, 2011 2:03 PM*

**BRIAN JOHNSON :**

Why should taxpayers foot the bill for any energy forms?

*– May 11, 2011 2:12 PM*

**RYAN ALEXANDER :**

We agree with API. We should level the playing field so new energy forms can compete in the marketplace without subsidies.

*– May 11, 2011 2:12 PM*

**TAXING BIG OIL**

Is it not true that to increase taxes on oil corporations essentially just lessens profits to shareholders, which is nothing more than a tax increase on a certain segment of the population? It seems that applies to taxing any corporations.

*– May 11, 2011 12:14 PM*

**BRIAN JOHNSON :**

That's right. America's oil and natural gas companies are owned by tens of millions of Americans, according to an earlier Sonecon study. More than 29 percent of shares are held in mutual funds; 27 percent are held in pension funds; 23 percent are owned by individual investors; 14 percent are held in IRAs. Five percent are held by institutions and only 1.5 percent of industry shares are owned by corporate management.

Raising taxes negatively impacts these funds.

*– May 11, 2011 2:14 PM*

**RYAN ALEXANDER :**

These companies are very profitable, and unless their profits depend on tax subsidies, they should continue to be profitable. Besides, it is not the business of the federal government to pick winners and losers in the stockmarket any more than it is in the energy market.

*– May 11, 2011 2:14 PM*

**HOW MUCH MORE WILL I PAY FOR A GALLON OF GAS...**

...if we end the tax breaks to big oil and other companies involved in putting gas in my tank? If they lose their subsidies and tax breaks so should green and alternative enrgy firms. Fair, even playing field.

*– May 11, 2011 1:03 PM*

**BRIAN JOHNSON :**

We agree. There are no credits or taxpayer subsidies in the tax code we receive. We get deductions and other cost recoveries like all other industries. Also, we pay $87 million every day to the government - we are paying our fair share and at the same time, since 2000, we've invested $1.7 trillion in alternative and green industries.

*– May 11, 2011 2:20 PM*

**RYAN ALEXANDER :**

We agree that the playing field should be level and that all energy subsidies, whether they be tax deductions, credits, or direct spending, should be eliminated. Start by eliminating the oldest and most expensive first.

It is important in thinking about this issue to remember there are all sorts of subsidies - yes, some of the tax breaks the oil and gas industries benefit from apply to all businesses (and we would say many of those should be cut across the board), but the oil and gas industry also has special tax breaks like intangible drilling cost expensing and tertiary injectants expensing.

Also, paying royalties to the government is simply paying the taxpayers for a commodity oil and gas companies take out of taxpayer owned lands. I make payments to oil companies every time I fill up the tank.

*– May 11, 2011 2:20 PM*

**A SIMPLER SOLUTION FOR LOWERING ALL TAXES**

As a policy matter, how about a straightforward and easily understandable tax solution of eliminating all personal and business deductions (loopholes and subsidies) in the Federal Tax Code? This would: a) enable average tax rates to be lowered substantially, perhaps personal rates could average less than 12-15% and business rates could average 15-20%); b) allow individuals and businesses to make proper purchase, investment and savings/profit decisions independent of government influence or interference (e.g., no allowance for deducting golfing fees and the like under the guise of necessary business expenses); c) reduce accounting and tax return preparation costs for individuals and businesses as determining taxes would only require applying the appropriate (lower) tax rate to gross income; and d) reduce IRS staff as there'd be no need for IRS Agents to check/follow-up returns regarding documentation for deductions and the focus of the IRS would shift to ensuring all personal and business income is reported accurately.

*– May 11, 2011 12:18 PM*

**RYAN ALEXANDER :**

Certainly we agree that simplifying the code is the right way to go. We think the first step is to get rid of some of the oldest, biggest tax break like some of those that benefit oil and gas companies.

*– May 11, 2011 2:24 PM*

**BRIAN JOHNSON :**

We'd be happy to have an adult conversation about corporate tax reform. Unfortunately, until several people re-take Econ 101 and learn that a credit is not the same as a deduction, those conversations can be very frustrating.

*– May 11, 2011 2:24 PM*

**OILA AND GAS SUBSIDIES**

Are the proposed changes to impact only "big oil" or the small independents also?

*– May 11, 2011 2:07 PM*

**BRIAN JOHNSON :**

Menendez is proposing just for the major integrateds - but he is confused. He is targeting provisions for "Big Oil" like percentage depletion - the problem is, the major integrated companies have not been eligible for percentage depletion in decades. This just goes to show you they are not serious about having an adult conversation about this matter - they just want to raise taxes.

*– May 11, 2011 2:24 PM*

**RYAN ALEXANDER :**

The Menendez proposal does not go far enough and is drafted in a way that targets bigger companies. A better, more comprehensive approach would eliminate the subsidies across the board. We need bipartisian, serious, and comprehensive reform that helps us tackle the $1.65 trillion budget deficit and sets energy policy based on the country's needs and not which industry has the most political clout.

*– May 11, 2011 2:24 PM*

**DEDUCTIONS AND TIMING**

Explain some of these please. What specific deductions do oil & gas get that other industries don't?

*– May 11, 2011 2:18 PM*

**BRIAN JOHNSON :**

There is nothing in here unique to the Code. Sec 199 is available to all - we get it at 6% while everyone else is at 9%. IDC is cost recovery just like R&D for all other industries. There are no credits, there are no subsidies. Thank you for calling them deductions.

*– May 11, 2011 2:31 PM*

**RYAN ALEXANDER :**

A tax expenditure is a subsidy - it is way the tax code favors and supports one activity over another. Absolutely Code Section 199 applies to all businesses and the recent attempts to target that deduction - which is a subsidy - have targeted oil companies instead of all businesses. That said, tax expenditures like expensing intangible drillings costs and expensing tertiary injectants are directed at oil and gas.

*– May 11, 2011 2:31 PM*

**BRIAN JOHNSON :**

IDC may be directed at oil and gas...but it is not unique to the Code. It is just like R&D deduction. And I would also say that credits and direct spending are subsidies...allowing a business to keep more of their own money is not.

*– May 11, 2011 2:31 PM*

**TOMATO, TOMAHTO**

What is the difference between removing deductions and increasing taxes? Word choice. Oil companies typically make the highest profits in the country. If those profits are so eroded by removing some tax deductions, won't these funds just move to other industries that make them better profits? I can't see how they will be substantially impacted.

*– May 11, 2011 2:23 PM*

**BRIAN JOHNSON :**

With deductions, the government allows you to keep more of your own money - a silly thought to some. If they take those away, they are forcing you to give them more of that money (a tax). We are a capital intensive industry. Recovering our costs to put into the next project, new technology, higher wages, etc is just like R&D for tech, pharma, etc. If you remove our ability to recover our drilling costs, labor associated with a well - 60-80% of the total cost of the well, that affects all future actions. Such as drilling the next well or hiring that next worker. Cost recovery is huge, billions would be at risk and hundreds of thousands of barrels of production per day would be at risk as well.

*– May 11, 2011 2:36 PM*

**RYAN ALEXANDER :**

Removing deductions would increase revenue, but would also allow to lower rates for more businesses, allowing them to keep more of their money. Particularly in the corporate tax code, targeted deductions have the effect of picking winners and losers and general deductions artifically inflate rates. A far better way forward would be a simpler and more transparent tax code.

*– May 11, 2011 2:36 PM*

**ETHANOL**

Hello, Ethanol gets a bad rap for food vs. fuel (rising fuel costs increase costs to farmers for fertilizer and on farm activity and costs to deliver food to consumer locations) and for the subsidy which equals about six days of imported oil costs. It takes time for replacement sources of energy to become competitive in the marketplace. Surely the tax breaks for oil companies far exceed tax credit costs for biofuels.

*– May 11, 2011 2:28 PM*

**RYAN ALEXANDER :**

A bad subsidy is a bad subsidy. We are opposed to the Volumetric Ethanol Excise Tax Credit, which costs taxpayers $6 billion per year. Oil companies like Shell benefit from this tax credit as blenders of ethanol.

*– May 11, 2011 2:43 PM*

**BRIAN JOHNSON :**

...what she said.

*– May 11, 2011 2:43 PM*

**41% RATE**

Could you explain the 41% effective tax rate. The Center for American Progress reported today that Exxon Mobil registered an average 17.6 % federal effective corporate tax rate on its annual earnings in the three years spanning 2008 to 2010. Granted paying only $39 million on nearly $10 billion in profits in two of those years reduces the three year rate but is the 41% US tax on US profits, or something else? Also they claimed that the deduction for domestic production was intended for manufacturers, not big oil producers. Could you explain.

*– May 11, 2011 2:27 PM*

**BRIAN JOHNSON :**

It is effective income tax rate on US and worldwide income. Sec. 199 of the Code specifically mentions the extractive industries - gold, silver, oil, gas, etc. If you tell a refinery worker that taking raw crude out of the ground and turning it into over a dozen products used by billions of people every single day does not count as "domestic manufacturing," I'd make sure to stand very very very far away.

Response to below...if Sec. 199 is bad tax policy it should be bad for everyone...not just the oil and gas industry.

*– May 11, 2011 2:44 PM*

**RYAN ALEXANDER :**

It is still not clear what the 41 percent number is from this answer. We want to know what is the income tax paid to the US treasury.

And we agree, Section 199 certainly applies to oil and gas as well as other industries. The question is do we need it? Can we afford it? What are we the taxpayers getting for it?

*– May 11, 2011 2:44 PM*

**DOMESTIC PRODUCTION AND BALANCE OF PAYMENTS**

Given that we cannot make a transition to a hydrocarbon free economy in the short to intermediate run and that oil is necessary to power our economy, is it not in the country's best interests to continue to encourage domestic production if for no other reason that a barrel that is produced domestically replaces an imported barrel and thus improves our balance of payments? Won't elimination of these tax incentives result in reduced domestic production?

*– May 11, 2011 2:36 PM*

**BRIAN JOHNSON :**

We have a winner folks. Please thank your Econ teacher.

*– May 11, 2011 2:48 PM*

**RYAN ALEXANDER :**

Aren't $100/barrel prices enough incentive? And if you want to transition to a hydrocarbon free economy, why would you continue to subsidize hydrocarbons? That is not our issue, but the $14 trillion debt is. We want to see value for our taxpayer investments.

*– May 11, 2011 2:48 PM*

**DOMESTIC PRODUCTION**

Brian - please tell "domestic production" how much oil is produced domestically and how long sole domestic production would be able to supply our country's oil needs?

*– May 11, 2011 2:58 PM*

**BRIAN JOHNSON :**

Domestically we produce 5.4 million barrels of crude per day, that's almost 2 billion per year. We produce 26,000bcf of gas per year. We have enough natural gas to meet 100% of current domestic demand for at least 90 years.

*– May 11, 2011 3:02 PM*

**SUBSIDIES**

why should industries that make enormous profits (or even modest profits) receive any government subsidies?

*– May 11, 2011 2:35 PM*

**BRIAN JOHNSON :**

Profits are high because we sell a lot of product that is in very high demand. We receive no different treatment in the Code than dozens of other industries. Don't worry, your tax dollars are not going to help oil and gas companies.

*– May 11, 2011 3:05 PM*

**RYAN ALEXANDER :**

They shouldn't. Again, foregone revenue through tax expenditures is a taxpayer subsidy. It has the effect of picking winners and losers and skewing the marketplace.

*– May 11, 2011 3:05 PM*

**BRIAN JOHNSON :**

Tax deductions are in no way a "taxpayer subsidy." How is a deduction that allows company X to keep more of their money somehow the same as the American taxpayers dollars going to that company? Keeping your own money has nothing to do with money going out of the government. Dections are not the same as credits. This battle of rhetoric is part of the problem with a skewed public perception.

*– May 11, 2011 3:05 PM*

**RECOVERING COSTS**

But with pharma and tech, the R&D generally goes into either increasing health by encouraging these companies to make more/better drugs that benefit society or to increase technological innovation, which (at least in our previous experience) typically improves people's lives and experiences. But R&D for oil and gas, unless it is being used to fund new, cleaner energy technologies, does not really appear to provide the same benefit. That is the point of this "complicated" tax code - to try to give incentives for net positives to society. How is additional drilling for oil the kind of R&D that ultimately provides a net positive to society (taking into account the environmental impacts of both drilling and additional gas emissions)?

*– May 11, 2011 2:47 PM*

**BRIAN JOHNSON :**

Our ability to deduct our drilling costs which are the labor costs, etc associated with a well, which make up 60-80% of the cost of the well, allow us to put that money into innovation, etc. Just like R&D. Integrated companies can deduct 70% in year one and ammortize the rest of 5 years. Independents can deduct 100% in year one. We're talking millions and millions of dollars. This money is put into drilling the next well, paying the average $98K a year salary, or new technology. Slant drilling, the ability to lower our visibility above ground while expanding drastically below ground, the development of shale plays and keeping the price of gas stable have been attributed to our drilling cost deduction.

*– May 11, 2011 3:07 PM*

**RYAN ALEXANDER :**

Oil and gas companies are eligible for the general R&D tax credit as well as the intangible drilling costs deduction.

*– May 11, 2011 3:07 PM*

**BRIAN JOHNSON :**

I am comparing this to the R&D deduction, not credit just FYI.

*– May 11, 2011 3:07 PM*

**WE DO PAY TAXES ALOT OF TAXES.**

But not your fair share. That's the problem. And people of your ilk will never ever see of believe that.

*– May 11, 2011 3:05 PM*

**BRIAN JOHNSON :**

While I can appreciate your sentiment, our effective income tax rate on US and worldwide income (bc the US taxes on a worldwide basis), is 41%. If you look at other industries effective rates, I think you might be surprised.

*– May 11, 2011 3:09 PM*

**RYAN ALEXANDER :**

What we all need to remember is that it is the job of Congress to address this problem. Oil and gas companies are protecting their profits, as they should. Congress needs to protect taxpayers.

*– May 11, 2011 3:09 PM*

**TAX CREDITS TO OTHER GOVERNMENTS**

As I understand. U.S. taxpayers are taxed on income worldwide, but get a dollar-for-dollar tax credit for any income taxes paid to foreign governments. Some claim oil and gas companies are disguise royalty payments to foreign governments as foreign taxes, allowing them to lower their taxes in the U.S. Shouldn't royalty payments be viewed more as a cost of production rather than tax?

*– May 11, 2011 2:55 PM*

**BRIAN JOHNSON :**

**OIL PRICES UNAFFECTED BY TAX HANDOUTS**

To effect the price of oil, killing the tax subsidies would have to decrease the WORLD's supply of oil since prices are set on the world market. Its impossible to imaging a few billion dollars is going to effect a market that big, and there is no way the oil companies hand over ANY profits to the public, but just in case lets cut the oil companies tax breaks and use 1/10th of the money to lower the federal gas tax a little. Would that save more people money? BTW if the Republican consider getting rid of tax breaks tax increase, then the claim that the Paul Ryan plan would get rid of deductions in the future has to be total BS.

*– May 11, 2011 1:04 PM*

**BRIAN JOHNSON :**

Oil companies do use profits to pay dividends, return on investments, and contribute to pension plans. Further, if you look at state pensions in OH, MI, PA, and MO, the impact is even greater in the states' two largest public pension funds: the fund for public teachers and other school employees and the fund for state government employees. Oil and natural gas holdings make up an average of 4.0 percent of these funds but contribute an average of 10.4 percent to the funds' total gains from 2005 to 2009. Returns on oil and natural gas assets in these state funds averaged 46.5 percent, compared to 13 percent for all other assets, according to the Sonecon study.

*– May 11, 2011 2:52 PM*

**RYAN ALEXANDER :**

Oil and gas industries are profitable and people buy their stock for that reason. But that isn't an argument to continue to subsidize the industry.

*– May 11, 2011 2:52 PM*

**THE GAME IS OVER**

Since the conservative side of the Supreme Court has decided that corporations are just like people, shouldn't they pay taxes? I mean after all I pay taxes. Everyone else I know pays taxes. I don't get any tax breaks, so why should they? And don't give me any crap about taxes and job creation. It's a crock and everyone knows it. Just like trickle down econ. The oil companies have screwed the American people for the last decade. The DEMS should stand firm on this and let Big oil know that the game is over. I can't wait to hear Mr. Johnson's comments. I'm sure it will be entertaining.

*– May 11, 2011 12:18 PM*

**BRIAN JOHNSON :**

We do pay taxes, a lot of taxes. We've paid $1 trillion in just income taxes between 1980-2000. We pay $87 million a day in rents, royalties and income tax payments. Our effective income tax rate is 41%. Between 2005-2009 we've paid $376 billion in come taxes. Not really entertaining...but true.

*– May 11, 2011 2:53 PM*

**OIL VS. RENEWABLES**

If both industries were equally aged, well capitalized, and curried the same level of political capital; then by all means Mr. Johnson's position of equal taxes would in fact be the most equitable structure. Since the oil industry has enjoyed great success and preferential treatment since it dethroned the previous energy industry of whale blubber, my question is this: Are the oil industry's cries for "fairness" nothing more than attempts maintain its outdated supremacy by ensuring that better forms of energy are stifled? This tactic is of coarse a good business tactic, as monopolies always are for the monopoly, but energy is bigger and more important than any one industry.

*– May 11, 2011 1:48 PM*

**BRIAN JOHNSON :**

No.

*– May 11, 2011 2:55 PM*

**RYAN ALEXANDER :**

Of course the oil industry is fighting to maintain the subsidies they receive. They are protecting their interests. Congress has a fiduciary duty to taxpayers - not oil companies. This new congress said they would be different and they'd take on business as usual in Washington to tackle our debt and deficit problems. Nows the time to show taxpayers that they mean it.

*– May 11, 2011 2:55 PM*

**OIL FAT CATS**

Why are the oil companies ruining America? Is it their greed or hatred of the environment?

*– May 11, 2011 2:10 PM*

**BRIAN JOHNSON :**

Supporting 9.2 million jobs, contributing to 7.7% of GDP, paying an average upstream wage of $98K a year, paying the Treasury $87 million everyday...is that ruining the country?

*– May 11, 2011 2:56 PM*

**GIVE US YOUR SCHPEEL**

While I fully recognize that the oil and petroleum industry supports numerous jobs, it is also the industry that consistently makes more profit than any other industry in the country. And further to that, it is one of the industries that American consumers must utilize (unlike, say, Apple products). So since most of your profits are made off of the backs of Americans, and they are the biggest profits of any other industry, then why do you honestly believe that we shouldn't be removing some of the deductions that specifically hit your industry in order to help the entirety of the country?

*– May 11, 2011 2:11 PM*

**BRIAN JOHNSON :**

Well, in 2010 the avg earnings per dollar sold are only 5.7 cents compared to the average manufacturer in the US which earns 8.5 cents per dollar sold. We just happen to sell a lot of dollars. And the deductions we receive again, are no different than what is in the Code for other industries. If we are talking about lowering the rate and broadening the case, we're happy to be at that table and have that conversation when the time comes. Unfortunately, no one is having that adult conversation at the moment.

*– May 11, 2011 3:00 PM*

**RYAN ALEXANDER :**

We are talking about lowering rates and broadening the base. Congress has to get started somewhere.

*– May 11, 2011 3:00 PM*

First sentence - correct. Second sentence - some do claim that, but it isn't true. The rules are set up such that our foreign tax credit can only be used to offset foreign income taxes and not other types of payments. This is a false rumor and there have been no instances of abuse of the current system.

– May 11, 2011 3:09 PM

**OIL**

Do Oil companies still want to be Oil companies in 100 years?

– May 11, 2011 2:08 PM

**BRIAN JOHNSON :**

I think they still want to be in business, yes. That is why since 2000 oil and gas companies have invested over $1.7 trillion in new, green energy and from 2000-2008 $58 bilion in zero and low carbon tech.

– May 11, 2011 3:10 PM

**NATIONAL SECURITY?**

What about the argument that the reason for taxpayers and the government to support alternative sources is that it comes down to national security? Even with U.S. oil, the price is affected by global changes and therefore problems with the oil supply globally can dictate our foreign policy. Taxpayers should subsidize alternatives so that, over time, we are less likely to be impacted by, say, Middle East despots?

– May 11, 2011 2:17 PM

**BRIAN JOHNSON :**

Wouldn't increased access help national security?

– May 11, 2011 3:10 PM

**WHAT'S BEHIND THE TAX BREAKS**

Mr. Johnson: Why should oil companies get tax breaks like this? The argument that if we make them pay taxes they will raise the price is silly. By that line of thinking we should give them our oil for free. I think most people understand why we shouldn't give them these tax breaks: They take our oil from our country and overcharge us to buy back our oil. What is the other side of the argument? What will make us understand why oil companies need their special deal?

– May 11, 2011 2:30 PM

**BRIAN JOHNSON :**

Why should tech companies get the R&D deducton? To continue to pay high wages, continue with innovation, and to put that money back into developing the product. Exact same with our industry. I agree that they argument "if we make them pay taxes they will raise the price is silly." I agree. One, they already pay taxes. Two, oil companies don't control prices. Why do people think that? An examination of our public school system is surely needed.

– May 11, 2011 3:12 PM

**HALEY CRUM :**

Thanks everyone for your questions -- I wish I had more time. If you want more information, please visit our website at www.taxpayer.net

– May 11, 2011 3:13 PM

**HALEY CRUM :**

Thank you to the Washington Post for having me on today to answer your questions and thank you all for joining and asking them. Also, a thank you to Ryan Alexander for her insights on these topics. I hope I've answered some of your questions. Surely this is a debate that will continue and it is important to have these discussions. For more information about API and our contributions to the economy, please visit www.API.org. Thanks again!

- Brian

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