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ATR Obama Budget Analysis: Energy Tax Hike Series

Gulf of Mexico Energy Taxation

Current Law

Despite the increase from the last presidential administration in royalties (money paid to the U.S. Treasury by the energy producers for the right to access energy) by fifty percent on energy produced in the Gulf of Mexico, there is no current additional taxation levied on energy produced in the Gulf.

Obama Proposal

The Obama budget proposal for FY 2010 implements the first ever tax on energy produced from the Gulf of Mexico. Currently, 25 percent of total U.S. production of oil and 15 percent of total U.S. production of natural gas comes from the Gulf of Mexico.

ATR Analysis

History tells us if we want less of something, tax it.

The Obama proposal will increase the tax on energy production by \$5.3 billion and will result in less production, fewer jobs, and will increase the cost of energy for all consumers.

Access to domestic energy is vitally important for both our economic security and stability. The President's budget does nothing but further his personal agenda to force Americans off of traditional forms of energy and onto expensive and underdeveloped alternative forms of energy.

At a time of economic uncertainty, this is not the moment for the President to use the budget as a personal vehicle to play with the nation's infrastructure development needs by levying the highest tax ever on domestically produced energy.

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