



The Honorable Chuck Schumer
Majority Leader
United States Senate
S-221, the Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
S-230, the Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
US House of Representatives
H-204, the Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
US House of Representatives
H-305, the Capitol
Washington, DC 20515

Dear Majority Leader Schumer, Republican Leader McConnell, Speaker Pelosi, and Republican Leader McCarthy:

The undersigned organizations, representing millions of taxpayers, strongly oppose efforts to raise taxes on American energy. Specifically, we are opposed to discriminatory tax increases that would repeal legitimate cost recovery mechanisms like the ability to immediately expense intangible drilling costs (IDCs). This tax hike would eliminate jobs, raise the cost of energy for American families and businesses, and increase global reliance on hostile nations like Iran and Russia for energy.

For decades, far-left Democrats and activist groups have undertaken a coordinated attack on reliable sources of energy produced in the United States, including oil and natural gas, through schemes like cap-and-trade, bans on hydraulic fracturing, and tax hikes all aimed at “keeping it in the ground.” Most recently, President Biden proposed numerous tax hikes on energy including a tax increase on IDCs in his fiscal year 2022 budget proposal. Senator Bernie Sanders and Representative Ilhan Omar recently introduced legislation that also includes this energy tax hike.

The current tax treatment of IDCs allows American oil and gas companies to immediately expense the intangible expenses associated with drilling a well, like labor. Immediate expensing is not a “subsidy” nor a “loophole.” It is a legitimate cost recovery mechanism that should be made permanent throughout the tax code to encourage investment and job creation across the economy.

The negative consequences of a discriminatory tax increase on IDCs would be felt throughout the economy. One study from 2013 found that President Obama’s attempt to raise taxes on IDCs would have eliminated over 230,000 jobs, reduced oil output by 3.8 million barrels/day, and cut U.S. capital investment by over \$400 billion. These impacts would be felt across the country, but especially in states like Colorado, New Mexico, Pennsylvania, Texas, and West Virginia.

Thankfully, for these reasons, efforts to raise taxes on IDCs have been rejected by members of both parties for years.

POWER THE FUTURE

The American shale industry significantly contributed to our country's ability to emerge from the last economic recession of the early Obama years – we should not impose discriminatory taxes on this industry now, as it is needed to help us recover from the current economic downturn.



As Congressman Jodey Arrington recently noted in a letter signed by 55 members of Congress, “Using an ‘infrastructure’ package to weaken our energy infrastructure is a grave mistake that will hurt families, farmers, and small businesses still recovering from the pandemic.”



We agree, and we strongly urge Congress to oppose energy tax increases, especially the discriminatory efforts to repeal the legitimate treatment of intangible drilling costs (IDCs) that support good-paying American jobs across the country.



Sincerely,

Grover Norquist
President, Americans for Tax Reform



David Williams
President, Taxpayers Protection Alliance



Garrett Bess
Vice President, Heritage Action for America



Ryan Ellis
President, Center for a Free Economy

James L. Martin
Founder/Chairman, 60 Plus Association

Saulius “Saul” Anuzis
President, 60 Plus Association



Carrie Lukas
President, Independent Women's Forum

Heather R. Higgins
CEO, Independent Women's Voice

Andrew F. Quinlan
President, Center for Freedom and Prosperity

Adam Brandon
President, FreedomWorks

Paul Gessing
President, Rio Grande Foundation

Daniel Turner
Executive Director, Power the Future

Brandon Arnold
Executive Vice President, National Taxpayers Union

Myron Ebell
Director, Center for Energy and Environment, Competitive Enterprise Institute

Jeff Mazzella
President, Center for Individual Freedom

Tom Schatz
President, Council for Citizens Against Government Waste

James Taylor
President, The Heartland Institute

Jon Caldara
President, Independence Institute

Mario H. Lopez
President, Hispanic Leadership Fund