

**Statement of Senator Jim Bunning**  
**Finance Subcommittee on Energy, Natural Resources and Infrastructure**  
**Hearing on “Oil and Gas Tax Provisions: A Consideration of the President’s**  
**FY2010 Budget Proposal”**  
**September 10, 2009**

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Thank you, Mr. Chairman. I am glad that we are holding this hearing today because it raises some very important issues.

This is not just about raising taxes on the oil and gas industry. The President’s proposals threaten our national security, energy security, economic security, and job security.

We are at crossroads in our nation’s energy policy. I have long said that we have the resources and innovation to develop our domestic energy industry in a way that is more efficient and environmentally sound.

We must, however, develop all of our energy resources and not get into a dangerous political game of excluding two of our most relied upon sources from our national energy strategy.

We all want clean, renewable sources of energy. But it will take decades before those sources come close to fueling our economy. In the meantime, we must have a rational national energy strategy or American workers and consumers will pay the price.

With America in the midst of a recession, now is not the time to impose new taxes on our oil and natural gas industry.

These new taxes will mean less domestic energy production, fewer American jobs and less revenue at a time when we desperately need all three.

It will also jeopardize our nation’s energy security by discouraging new investment in domestic oil and natural gas production and refining capacity.

These investments -- and the jobs that go along with them -- will be pushed abroad.

It will weaken American competitiveness in the global oil market and increase our reliance on foreign oil and natural gas from unfriendly countries.

And ironically, these tax hikes may actually damage the environment by shifting production to countries with less stringent environmental standards.

For nearly a century, our tax code has recognized that oil and gas production is extremely capital-intensive, and it is in our national interest to ensure investments in domestic production go forward.

This is not unique to oil and gas. The tax code is filled with incentives for domestic energy production from a variety of sources, and for good reason – our economy grinds to a halt without abundant, affordable sources of energy.

The American public will be stunned to learn that increasing domestic production is no longer our national goal. Instead, the Obama Administration wants to discourage domestic “overproduction,” as it said eight times in Treasury’s explanation of the President’s tax proposals. I wasn’t aware that overproduction of American-made energy is a problem.

Some of today’s witnesses will argue that the President’s proposals will have a small impact on oil and gas production, prices at the pump, and jobs. But when the President’s tax increases on oil and gas are combined with other tax increases in the President’s budget, this amounts to an 80 billion dollar tax hike on oil and natural gas.

It is foolish to believe that these tax hikes will not have an impact on investments, on domestic supply, on consumer prices, and on the nine million jobs that depend on the oil and gas industry. The witnesses who believe the impact will be small have probably never had to raise capital for an enterprise or make long-term business plans.

I would hope that we don’t damage our national energy strategy and economy in order to score political points.

Thank you, Mr. Chairman, and I look forward to hearing from our witnesses.