News from the Oklahoma Corporation Commission

Matt Skinner, Public Information
Phone: (405) 521-4180, FAX: (405) 522-1623, m.skinner@occemail.com

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LOOK BEFORE YOU LEAP

Corporation Commissioners warn President's budget will increase our reliance on foreign energy, put thousands out of work

(Oklahoma City) The Oklahoma Corporation Commissioners have sent a letter to President Obama and congressional leaders warning that the President's proposed budget will have "disastrous effects on Oklahoma's efforts to educate its children, clean its environment, and create jobs."

Among other things, the President's budget would repeal tax incentives needed by Oklahoma's independent energy producers, even though many of those incentives will still be in effect for all other manufacturers.

The Commissioners noted that Oklahoma's oil and natural gas industry provides, directly and indirectly, a huge percentage of the funding for public services, and is the single largest contributor to Oklahoma education. It is also the sole source of funding for one of the most successful environmental clean-up programs in the U.S., the OERB. Oil and natural gas production and related activities also directly and indirectly account for about 20 percent of Oklahoma's employment.

Commission Chairman Bob Anthony said the President's budget would "put the law of unintended consequences to work."

"The administration's defense of its approach is that this strategy is necessary to decrease our dependence on foreign oil. The tragedy is that this will, in fact, increase our dependence by driving America's domestic producers out of business," said Anthony.

Commission Vice Chairman Jeff Cloud agreed, saying recent history shows what can happen.

"In 1980, then-President Carter successfully pushed through the Windfall Profit Tax on energy producers. Much of President Obama's argument for his approach mirrors that used by the Carter administration. As Carter did, President Obama says the extra revenue could be used to fund alternative energy and reduce our dependence on foreign oil. But the same thing will happen today as happened under the Windfall Profit Tax. Our dependence on foreign sources grew by 13 percent and tax revenue from the industry decreased because domestic drilling budgets were slashed in order to meet the extra tax burden."

Commissioner Dana Murphy said what's needed is a balanced approach.

"While we do need to continue to develop and implement alternative energy sources, we also have a very real need for oil and natural gas. Our domestic supplies are critical to

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meeting that need. Adoption of the White House policy will destroy the progress our state has made in education, in cleaning up the environment, and in improving our economy."

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