NEWS

Draft Legislation Bad News for American Consumers of Natural Gas

(Washington, DC) A draft bill being floated by the House Natural Resources Committee would discourage the development of domestic natural gas on public lands, the Natural Gas Supply Association (NGSA) said today. The proposed bill would raise royalty rates by nearly 50 percent, impose new fees, and cut onshore leasing periods for potential natural gas-producing fields from 10 years to five years.

"We will be sending a letter to Chairman Rahall and his staff next week, letting them know that this legislation eliminates jobs, reduces domestic supply and puts upward pressure on natural gas prices at a time when people are worried about jobs and prices," said R. Skip Horvath, NGSA's president and CEO.

Horvath noted that in 2007 the natural gas industry paid over $2.9 billion nontax dollars to the federal government in royalties, rents and other payments. Those payments more than doubled to over $7.2 billion in 2008.

"Those numbers don't even include the taxes we pay," Horvath said.

According to the Energy Information Agency, in 2007 the effective federal income tax rate of the major producers of natural gas was 40.3 percent, significantly higher than the statutory U.S. tax rate of 35 percent and the 26.6 percent effective rate of all U.S. manufacturing.

"At a time when unemployment is running in the double digits in states like California and Michigan, now is not the time to raise taxes or create uncertainty in the energy market. That hurts consumers on both the job front and in the pocketbook," Horvath said.   "By our calculations, natural gas provides approximately 4 million American jobs, and this legislative proposal will put those jobs at risk. "

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