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| **OIL AND PROFITS** |
| **The Need to Eliminate Big Oil Taxes & Subsidies!** |
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For well over the past ten years the oil industry has flourished and prospered due to the high (extremely) prices of both oil and gas. The “big oil” producing cartels of the world consist of the biggest oil producers in the business (Shell, BP, ExxonMobil, Chevron and ConocoPhillips). These five companies have earned more than one trillion dollars in this time period thanks to the tax breaks they receive from the United States Government. In 2013 the “big 5” earned a total of $71 billion on profit, if you assume that each company earned an equal share that would break down to $14.5 billion per company. Even with these obscene profits, they still receive over $2.4 billion in tax breaks from the government. It’s easy to see that these businesses would still do just fine without such breaks. So with another quick break down assuming an equal amount per company they would still each walk away with $14.02 billion profit!

So how do we eliminate the tax breaks that were enacted well over a century ago that continue to allow these oil companies to make obscene profits year after year? Every time an attempt is made to do so the oil industry has lobbied (temper tantrum) successfully to stop any attempt in doing so. As oil reserves continue to rise while prices per barrel drop is it a safe assumption that these factors should be passed down to the average consumer to help relieve some of the economic problems that have the country in a strangle hold? A happy consumer makes for a healthy economy. But our elected officials get elected to public office, stuff their pockets with cash and let the rest of the population worry about the issue of how to pay for a gallon of gas, so they can get to their appointments, work or their kids to school. It’s a very easy solution. Eliminate the tax breaks and subsidies that the oil companies feel they are entitled to.

At a time when gas prices are hovering between $3 and $4 a gallon, the oil companies’ profits are coming out of the pockets of Americans pockets. Every month hard working families and individuals are writing the big oil industry billions of dollars of free bonus checks, from both the pump and the sweet subsidies our government has allowed them to keep. If we eliminate these tax breaks and subsidies, the big oil will complain and threaten to hold the prices high because they need this economic package to survive and compete with the other oil companies of the world. The reality is if we remove these benefits the companies, as explained above, will still make massive profits and will thrive and compete on the world market. What power they wield against the world will be switched back to the consumers and governments. The United States Tax Codes are filled with all sorts of subsidies that were created to benefit oil and gas. Some of the current subsidies and taxes that the oil companies use have been on the books for nearly a century. Is it possible that a thing or two has changed and these subsidies are no longer warranted? I think the overall consensus is YES!

The government keeps bickering about wasteful spending. They are trying to find ways to eliminate and reduce the government deficit by cutting over funded programs that are not working like unemployment, food subsidies and Medicare to name a few. They are too blind to see that the programs they deem useless are needed to keep the American way of life stable and moving forward. Basic math will show these politicians that a simple thing like removing the oil and gas taxes and subsidies would truly decrease wasteful government spending without jeopardizing the programs we need to keep to assist the less fortunate. And finally the Republicans who have supported to continue the oil tax breaks and subsidies are starting to see the damage that is being done to the recovery of the economy and are backing off of their support and are now starting to talk about rolling back the oil and gas taxes and subsidies. Most oil companies are not as large as the big five with the majority of the oil and gas companies being mid-sized or independent. These companies get even more generous and beneficial tax breaks and subsidies that also increase their bottom line and fatten their wallets. Most of these mid to small companies pay no more than 8% taxes while “big Oil” is very adamant they pay 45% in taxes. This is an open debate with many economists’ saying the pay between 20%-35%. It may not seem like a lot but the 25%-10% adds up over time.

It is estimated that on average the oil industry spends north of $40 million annually lobbying for the continuation and expansion of subsidies and tax breaks. This seems like a huge amount of money for the average person but this is a drop in the bucket and money well spent for the industry. The financial field states that if “big oil” continue too successfully retain their tax breaks they will on average save $73,000 on taxes for every $1 they spend on lobbying for the use of these precious and deserved tax breaks and subsidies. So it is easy to see that it is more than the taxes and subsidies that are to blame for this issue. The return on investment is easy to see. Pay for a lobbyist and that in return buys you a politician or two. Thus the immediate return is that they expect the taxes and subsidies to remain on place without any interruption or modification.

Currently the Senate and House Budget Committees are meeting in an “attempt” to arrive at a general consensus and find a way to reduce this un-needed and un-justifiable taxes and subsidies. Notice the key word is reduce, I guess it’s a start but I think that this word needs to be replaced with eliminate. I guess like everything else in big business and politics we have to start with baby steps first. But by taking the extra step and eliminating these breaks and stripping the tax code we could re-invest these billions of dollars in taxes, incentives and subsidies and re-direct them into more needed public programs that are directed at the people and programs that need them more. Can you imagine what an infusion of multi-billions of dollars could do to such areas such as cancer research, medical, food stamps, school and other middle and lower-class income levels would do for the economy and? It’s easy to see. Eliminating these tax-breaks would have an immediate and positive effect and thus would protect and enhance many of our vital investments that deal with our health, safety and over-all prosperity.

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