

# OIL AND GAS PROCESSING TAX

## Tax Would Have Severe Impacts on State

### Overview

The proposed processing tax plan would place a financial burden of possibly more than \$4 billion on the industry and the people by taxing oil and gas which is produced, consumed, processed or transported through the state.

### The Promises

Numerous promises have been made over the years about how the tax would be used including debt retirement, teacher salaries and public works.. The most recent version calls for the tax to cover the cost of rebuilding Louisiana following Hurricanes Katrina and Rita.

### The Claims

Supporters of this tax claim many things including:

- ◆ The tax will be paid by foreign countries and other states.
- ◆ It will only raise the price of gasoline five cents per gallon because the tax will be spread out all over the country.
- ◆ The processing tax will encourage new drilling activities in the state because the severance tax is being repealed.
- ◆ Other states will see the opportunity and adopt a similar tax.

### The Reality

There has never been anything in past bills to assure the the money would be used as promised. Supporters of the latest version say that the processing tax can be levied and a variety of other state taxes can be repealed, such as income and sales taxes along with the severance tax on oil and gas.

### The Truth

Supporters of this ill-advised plan refuse to understand the impacts of the tax.

- ◆ No foreign country will pay the tax. They can sell their oil elsewhere.
- ◆ Refining gasoline in Louisiana will cost 25 cents or more more per gallon. Consumers will pay part of that cost.
- ◆ The burden of the processing tax will discourage drilling. The processing tax can be more than the severance tax.
- ◆ This tax would discourage new investments in Louisiana

### What You Should Know About The Processing Tax

- ◆ This tax is going to be paid by the people and businesses of Louisiana. If it could be passed on to other states and foreign countries, why would the industry be so concerned?
- ◆ The tax will cause a downsizing of the industry. This downsizing will not happen overnight, it will take place over several years. Thus opportunities for future generations will be lost and the state will suffer from the loss of economic activity.
- ◆ Offshore and foreign oil will bypass Louisiana. Less activity will take place. Service companies will close or relocate in other states. The tax base will shrink. Jobs will disappear. The cost of doing business in Louisiana will increase, making the state noncompetitive with other states.

**THE PROCESSING TAX WILL BE  
AN ECONOMIC DISASTER FOR LOUISIANA**

*American Sugar Cane League of The U.S.A., Inc.*

*Greater Baton Rouge Chamber of Commerce*

*Greater Lafayette Chamber of Commerce*

*Greater Slidell Chamber of Commerce*

*Iberia Industrial Development Foundation*

*Louisiana Ammonia Producers*

*Louisiana Association of Business and Industry*

*Louisiana Association of Electric Utilities*

*Louisiana Chapter of the National Federation of Independent Businesses*

*Louisiana Chemical Association*

*Louisiana Independent Oil and Gas Association*

*Louisiana Landowners Association*

*Louisiana Mid-Continent Oil and Gas Association*

*Louisiana Oil Marketers Association*

*Louisiana Oilfield Contractors Association*

*Louisiana Propane Gas Association*

*Louisiana Pulp and Paper Association*

*MetroVision Economic Development Partnership of New Orleans*

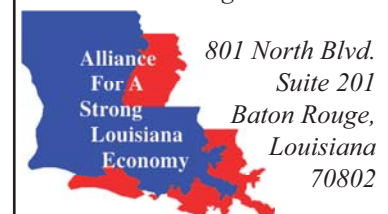
*Natural Gas Association of New Orleans*

*The Harvey Industrial Canal Association*

*The Chamber New Orleans and the River Region*

*World Trade Center of New Orleans*

*The Alliance for a Strong Louisiana Economy (ASLE) is organized to oppose new taxes on oil and gas.*



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